Textiles and Apparel
Textiles and Apparel Industry - Global Scenario
Global Overview

► Global apparel market worth US$ 1.7 trillion, as on 2015.
► Constitutes 2% of the World’s GDP
► EU, USA & China are among largest apparel market with combined share of 54% (2015).
► Top 8 apparel consuming nations form dominating share of 70% of the global apparel market size
► Global apparel market expected to reach US$ 2.6 trillion in 2025 growing by a projected rate of 4% with 2015 as base year.
► After China, India is a emerging apparel market adding around US$ 121 Billion by 2025.
Market Scenario

Advantage India!
► Abundant and low price supply of raw-materials: More cost-competitive than China and Brazil across a range of materials; diverse supply of raw materials
► Availability of low cost skilled labour: Labour costs significantly low as compared to other countries

Source: IBEF, Textiles and Apparel: Market & Opportunities

Emergence and Localisation of Textile Industries

Scenario till 80’s
► Till 1980s, production base was centered in USA and European Union (EU).
► High cost of production and unprofitability leads to search for alternative locations.
► Production of commodities shifted majorly to developing Asian countries
► China emerged as major hub due to liberalization of its industrial Policy in 1980s.
► Asian economies such as India, Bangladesh, Indonesia, Pakistan, Vietnam, Cambodia and Thailand experience upsurge in the sector
► Over the time, USA and EU have become largest consumption base while Asian countries such as India, Bangladesh, Vietnam etc.as manufacturing base.

Source: Global Shifts in Textile Industry & India’s Position, 2016
Other Potential Areas

Hosiery Knitwear Processing

Well defined into three product segments: socks, tights, andnylons. Socks accounts for 70% of the market, followed by tights (20%).

Major growth drivers include increasing concern about personal appearance, rise in demand for hosiery from older and plus size consumers, increasing demand for more comfortable and stylish hosiery and rise in e-commerce sales.

Product innovation through technological advancement helps manufacturers to lend product differentiation, such as improvements in cutting accuracy with the use of the ultrasonic cutting system.

Non-woven textiles

Global nonwoven market is expected grow at a CAGR of 7% during 2013-2020. Increasing consumption in emerging economies of China, India and Brazil is expected to have a positive influence on the market growth.

Asia Pacific was the leading regional market and accounted for 42.4% of total market demand in 2013.

Spun-laid is the leading technology used in the global nonwoven fabrics market and accounted for 48.5% of total market volume in 2013.

India is forecasted to be the 11th largest market for U.S. non-wovens by the year 2015.

Agrotech

The global technical textile industry is estimated at US$142 billion as of 2015 and is forecasted to reach US$165 billion by 2019.

Global demand is driven by developing countries such as China, India, and Brazil.

Agro textiles with US$8.4 billion market, accounts for 6% of the total technical textiles market globally.

Meditech

The global meditech industry is expected to reach USD 20.23 billion by 2022 from US$14.94 billion in 2014.

Growth factors include rise in elderly population, ongoing technological advancements and increase in health consciousness.

Non-implantable products accounts for about 30% of the global medical textile industry on account of increasing incidence of injuries, rising prevalence of diabetes and obesity.

The global sutures market was valued at US$2.80 billion in 2014 and is expected to reach US$3.59 billion by 2020, growing at a CAGR of 4.2% between 2014 and 2020.

On the other hand, global hygiene product market will grow to US$78.9 billion, over 551 billion units, by 2018.

Sources:
Euromonitor
Technavio
EY research
“Baseline survey of the Technical Textile industry in India”, Office of the Textile Commissioner, 29 March 2016
http://www.technicaltextile.net/promotion/nonwoven-report/
Global Technical Textiles Market 2015-2019, Technaviovia EMIS Database
Textile and Apparel Industry in India
India Overview

- Global textile and apparel trade is nearly 5%.
- Second largest textile manufacturing capacity.
- Accounts for 18% of world's spindles and 9% of world's rotor.
- Largest cotton and jute producer in the world.
- Sector contributes 10% of manufacturing production, 2% of GDP and 13% of India's export earnings
- Nearly 9 million tonnes of fibre production in 2015-16.
- Export of Textile and Apparel, for year 2016-17, reported as 19,594 USD Million

Subsectors

Fibre
- Largest cotton producer worldwide with 5,984 mn. kg production in 2015-16.
- 2nd largest producer of Manmade Fibre and Filament in the world with 2,511 million kg production in 2015-16.
- Worldwide leading producer of Silk and Wool

Spinning
- Second largest installed spindle capacity in the world with more than 50 million spindles in 2014-15.
- Second largest installed rotor capacity in the world with more than 8 million rotors in 2014-15.

Weaving
- Contributed highest i.e. 42% to the textile and apparel export basket of India during 2015-16.

Apparel
- World's highest installed weaving capacity with more than 4.9 million looms (including 2.4 million handlooms) in 2014-15.

Evolution of Indian Textile Sector

Pre 1990s
- 1st cotton mill in Mumbai (1857) and Ahmedabad (1861) was established

1901-2000
- TUFF (1999) was setup
- NTP (2000) was announced

2000-15
- SITP was implemented
- Free trade agreement with ASEAN countries

2016 onwards
- Make in India launched
- Technology Mission for Technical Textile continued

Source: Make in India, Textile Annual Report, 2016-17, Ministry of Textiles
1. Textile market size was USD 137 billion in 2016 and is expected to touch US$ 226 billion market by 2023, growing at a CAGR of 8.7 per cent (between 2009-23).

2. Domestic textile and apparel industry is projected to reach from USD 137 billion in 2016 to US$ 223 billion by 2021, with CAGR of 12.84%.

3. Textile and apparel exports from India is expected to increase from USD 36.63 billion in FY17 to US$ 82 billion by 2021 with CAGR of 12.06%.

4. Total cloth production in India stood at 53.5 billion square metres in FY17 (upto January 2017).

Foreign Direct Investments
- As on 2015, cumulative amount of inflow of FDI equity in the sector 1.75 USD (in Billion)
- Percentage inflow of FDI to cumulative amount of FDI Equity inflows is 0.7 %.

Import and Export of Textile Items (in million USD)

<table>
<thead>
<tr>
<th>Category</th>
<th>Import</th>
<th>Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Textiles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Made ups</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RMG</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fabrics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yarn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fibre incl waste</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>10,000</td>
<td>20,000</td>
</tr>
</tbody>
</table>

Source: FDI Scenario in Indian Textile Sector, 2016
FDI data inflow glance, Ministry of Textiles
Textiles and Apparels, IBEF, July 2017

Top 10 Export Markets of India
USA, United Arab Emirates, China, United Kingdom, Bangladesh, Germany, France, Spain, Italy and Turkey

Top 10 Import Markets of India
China, Bangladesh, USA, Australia, Taiwan, Republic of Korea, Thailand, China, Hong Kong, Japan and Germany
Financial Impetus for the Sector

Key Provisions Of Budget 2016-17

- **Basic Custom Duty**
  - reduced from 5% to 2.5% on certain speciality fibres and yarns
  - Exempted on import of certain fabrics of value equivalent to 1% of Free on

- **Excise Duty**
  - 2% without CENVAT credit and 12.5% with Central Value Added Tax (CENVAT) credit imposed on branded readymade garments
  - increased from 6% to 12.5% with CENVAT credit on re-cycled Polyester Staple Fibre and Polyester Filament Yarn
  - **Tariff value** of readymade garments and made up articles of textiles changed from 30% of retail sale price to 60% of retail sale price

**Tax Incentives**

- Lower tax limit increased for MSMEs with turnover of USD 0.30 million
- Corporate income tax rate for companies with turnover not exceeding USD 0.76 million has been lowered from present rate of 30% to 29%, plus surcharge and cess
- Service tax exempted on services provided under DDU GKY* and services provided by Assessing Bodies empaneled by MoSDE
- Higher drawback rate has been provisioned

**State Incentives**

- Each state in India offers additional incentives for industrial projects. Some of the states also have separate policies for the textiles sector
- In Karnataka, Nuthana Javali Neethi 2013 - 2018
  - Incentives in areas like subsidized land cost, relaxation in stamp duty exemption on sale/lease of land, power tariff incentives, concessional rates of interest on loans, investment subsidies/tax incentives, backward areas subsidies and special incentive packages for mega projects.

**Export Incentives**

- Export Promotion Capital Goods Scheme (EPCG).
- Duty Exemption & Remission Scheme.
- Merchandise Exports from India Scheme (MEIS)

**Area based Incentives**

- Incentives for units in Special Economic Zones (SEZs) / National Investment & Manufacturing Zones (NIMZs) as specified in respective acts or the setting up of projects in special areas such as the North-East, Jammu & Kashmir, Himanchal Pradesh & Uttarakhand

*Deen Dayal Upadhyay Grameen Kaushalya Yojana, Ministry of Skill Development & Entrepreneurship*
## Policies and Projects

### Recent INITIATIVES to Strengthen and Encourage the sector

**Technology Upgradation Fund Scheme (TUFS)**
- Modernisation and upgradation by providing credit at reduced rates and capital subsidies

**Scheme for Integrated Textile Parks (SITP)**
- To provide funding for infrastructure, buildings for common facilities like design & training centre, warehouse, factories and plant & machinery,

**Integrated Processing Development Scheme (IPDS)**
- To make Indian textiles more competitive and environment-friendy

**Integrated Skill Development Scheme (ISDS)**
- To bridge that skill gap by training 1.5 million people for which USD 300 million has been allocated

**Amended Technology Upgradation Fund Scheme for textiles industry (ATUFS)**
- To provide incentives to entrepreneurs and business owners for upgrading technologies

**Market Access Initiatives (MAI)**
- To promote the Indian exports in a sustained manner through various market studies and surveys to assist exporters

**Market Development Assistance (MDA)**
- To encourage exporters to conduct promotional activities for their products

**Technology Mission for Technical Textiles (TMTT)**
- Consists of two mini missions to create a healthy ecosystem for the production of technical textiles

**Special package for Textile and Apparel sector**
- To boost exports, labour-friendly policies, scaling up the production and to generate over 10 million jobs in the textile industry over the period of next three years

**Implications of Goods and Services Tax (GST) for Indian Textiles Sector**
- Will result in ‘Fibre-neutrality effect’ wherein all man-made and natural fibres will be treated equally from the tax point of view.

### MoT Policies

- Textile Export Quota Policy 2000-2004
- National Jute Policy 2005
- National Textile Policy 2000

**Source : Ministry of Textiles**

### MoT Schemes

- Powerloom Sector Schemes
- North East Textile Promotion Schemes
- Handicrafts Schemes
- Handlooms Schemes
- Catalytic Development Schemes
- Pashmina Wool Development Scheme
- Jute Technology Mission
- Textile Workers Rehabilitation Fund Scheme (TWRFS)

**Source : Ministry of Textiles**
Presently, the per capita consumption of non-woven fabric is touching the 155 gm mark, however, some experts estimate that this number will reach 600 gm mark by 2020.

Domestic production of non-woven in India is estimated to be around 3.54 lakh MT for FY16 and worth approximately, USD 692 million. During 2011-2016, the non-woven production grew at a CAGR of 13%.

There are nearly 50 nonwoven plants already existing in India with both European and Asian technology. These plants produce spun bound nonwoven fabric, melt blown nonwoven fabric and spun bound melt blown combination (SMS) composite nonwoven fabric.

Gujarat is the hub for non-woven textile production in India, accounting for 45% of the total production. Maharashtra, Delhi and Haryana accounts for another 30% of the total production.

Indian hosiery market* stood at INR 67 billion in 2015 and is expected to grow at 7% CAGR to reach USD 1.48 billion by 2020

Sheer hosiery comprises of socks, tights, stockings through which skin of the wearer can be seen.

Penetration and usage of sheer hosiery is still at nascent stage in India, however the increasing influence of western culture is expected to fuel its future growth

Non-sheer hosiery comprising opaque socks, tights and stockings, accounts for 75% of total hosiery sales in India. It is expected to grow a 8% CAGR during 2015-2020

Apparel and footwear specialist retail operators such as Bata India, Adidas India and Liberty Shoes will continue store expansions to help increase the penetration of the organised hosiery market in India

Counterfeits and hosiery products sold at roadside stalls and markets will continue to pose a threat to branded hosiery products
Agro textiles market in India is estimated to reach INR11.9 billion in 2015-16
The total market size of Agro textiles in India is estimated at USD 127.7 million in 2013, of which close to 97% is catered by domestic supply.
The market is driven by domestic consumption with exports market contributing 23% to the total market.
In agro textiles market, there are about ten different products, most of which are netting products.
Fishing nets have the largest market share among the agro textile products in India, contributing to 79% of the market size.
Shade nets is another product that has shown significant growth over the last few years.
With the focussed efforts by the government to promote use of agro textiles through various schemes of National Horticultural Mission (NHM) and National Horticultural Board (NHB), the demand for shade nets are expected to grow in the coming years.

Defencetech

Market Size of Defence Tech (USD million)

<table>
<thead>
<tr>
<th></th>
<th>2012-13</th>
<th>2013-14</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>30.6</td>
<td>13.4</td>
<td>14.9</td>
</tr>
<tr>
<td>Exports</td>
<td>242.3</td>
<td>259.7</td>
<td>300</td>
</tr>
</tbody>
</table>

CAGR 6.9%

The entire market of Defencetech is mostly catered by domestic production with imports accounting for minimal share.
There is high potential for growth of Defencetech due to growing terror threats across the world as well as policy initiatives undertaken by the national governments aiming to provide better safety measures to soldiers and army personnel.
The procurement of majority of the products, including bullet-proof jackets, high-altitude clothing, sleeping bags, tents and tarpaulins, by the India’s Ministry of Defence, is approximately 2/3rd of the total procurement.
► For most of the developed countries such as China and the US, technical textiles contribute ~20% of the overall textile market, whereas in India technical textile accounts for ~12% of the overall textile market.

► The technical textile market is expected to rise to the similar levels driven by huge potential demand driven by rising healthcare sector and policy support by government.

► Furthermore, over FY13-16, the Meditech exports are expected to grow at a CAGR of 12% to reach INR8.7 billion in FY16.

► Out of the overall Meditech exports, surgical disposable exports are expected to grow at a CAGR of 10% over FY13-16 to reach USD 7.0 mn in FY16; surgical dressing will grow at 5% to reach USD 58.9 mn in FY16.

► For most of the developed countries such as China, and the US technical textiles contribute 20% of the overall textile market, whereas in India technical textile accounts for ~12% of the overall textile market.

► The technical textile market is expected to rise to the similar levels driven by huge potential demand driven by manufacturing facilities of automobiles and policy support by government.

► During 2012-2015, the mobiltech exports also grew at a CAGR of 14% and expected to grow by 20% till 2020.

Other Potential Areas
Karnataka Overview
Advantage Karnataka

Garment Capital of India
20% of national garment production valued at USD 1.56 billion

Contribution
65% to silk, 12% to wool and 6% to cotton production of the country

Ranked 1st
In number of units registered in 2015-16, under MSMEs, Manufacturing of Wearing Apparel; dressing and Dyeing of Fur.

Ranked 2nd
By investment of MSME units registered in 2015-16; producer of textiles and garments

Human Resource Development
144 skill development centres and 168 private training centres which have trained more than 1,60,000 personnel

Contribution
15% of India’s export earnings
14% of India’s industrial production
5% share in global textiles and apparel trade

Keen to emerge as a leader of Technical textiles (Builtech, Clohtech, Hometech, Meditech, etc.) with Mysore, Hassan and Bangalore being growth beds of Technical Textiles. The state has already attracted investments worth INR 1480 crore in the segment.

Karnataka is the first State in the Country to launch State Textile Policy known as “Nuthana Javali Neethi 2013-18”, which aims to attract Rs.10000 crore of investments by 2018 and creating employment to nearly 5 lakh persons, being implemented after completion of Suvarna Vastra Neethi 2008-13.
**Export Performance of Karnataka (INR Crores)**

- **Readymade Garments**
- **Silk Products**
- **Leather products**
- **Wool & Woolen products**

<table>
<thead>
<tr>
<th></th>
<th>2013-14</th>
<th>2014-15</th>
<th>2015-16</th>
<th>SEP-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>176</td>
<td>450</td>
<td>650</td>
<td>565</td>
<td>736</td>
</tr>
<tr>
<td>450</td>
<td>543</td>
<td>478</td>
<td>1,427</td>
<td>6,864</td>
</tr>
<tr>
<td>8,900</td>
<td>9,821</td>
<td>14,427</td>
<td>6,864</td>
<td></td>
</tr>
</tbody>
</table>

- **Karnataka's exports amounted to about INR 3,25,414 Crore which constituted about 14.5% of the Country’s exports in 2015-16**

- **The state’s share of merchandise exports in the National exports constitutes around 7.37% in 2015-16**

- **Readymade garments share of state’s exports during the year 2016-17 is 4.43%**

**Role of MSMEs**

- In 2016-17 (up to September 2016) 32.50 million meters of handloom textiles was produced in Karnataka providing employment to 0.90 lakh persons, while during 2015-16, 25.79 million meters of handloom textiles was produced in Karnataka providing employment to 0.71 lakh persons.

- **Manufacturing of Wearing Apparel; dressing and Dyeing of Fur has registered an investment of 37.24% (2016-17)**

- Out of 25656 units that were registered in Karnataka during 2015-16, about 12.63% (i.e. 3242 units) of the units were related to manufacturing of Wearing Apparel; dressing and Dyeing of Fur followed by Manufacturing of Textiles is 9.04% (2016-17)

- In terms of employment, Manufacturing of Wearing Apparel; dressing and Dyeing of Fur generating about 11.93% of the total employment closely followed by Manufacturing of Textiles with about 8.13% (2016-17)

**Details of MSMEs registered in Karnataka 2015-16**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>No of Units</th>
<th>Investment in Lakh Rs</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing of Wearing Apparel; dressing and Dyeing of Fur</td>
<td>3,242</td>
<td>1,84,221</td>
<td>26,462</td>
</tr>
<tr>
<td>Manufacturing of Textiles</td>
<td>2,320</td>
<td>41,999</td>
<td>18,034</td>
</tr>
</tbody>
</table>

Economic Survey of Karnataka 2016-17
Talented and Skilled Workforce

Textile Institutes in Karnataka

<table>
<thead>
<tr>
<th>Institute Type</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D Centres</td>
<td>103</td>
</tr>
<tr>
<td>Universities</td>
<td>11</td>
</tr>
<tr>
<td>Engineering Colleges</td>
<td>257</td>
</tr>
<tr>
<td>Health Education</td>
<td>114</td>
</tr>
<tr>
<td>Polytechnics</td>
<td>181</td>
</tr>
<tr>
<td>ITIs</td>
<td>600</td>
</tr>
<tr>
<td>International Schools</td>
<td>13</td>
</tr>
</tbody>
</table>

► 144 Skill Development Centers and 168 private training centers funded by Department of Handloom and Textile, have trained 1,65,200 personnel till date

► Karnataka is an education hub, due widespread presence of institutes imparting technical as well as vocational training across the State

Handloom Weavers and Looms in the State

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weaver Population</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>61,632</td>
<td>6,447</td>
<td>68,079</td>
</tr>
<tr>
<td>Female</td>
<td>60,056</td>
<td>6,203</td>
<td>66,259</td>
</tr>
<tr>
<td>Total</td>
<td>1,21,688</td>
<td>12,650</td>
<td>1,34,338</td>
</tr>
<tr>
<td>Weaving workforce</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of adult weavers</td>
<td>35,894</td>
<td>4,038</td>
<td>39,932</td>
</tr>
<tr>
<td>No. of adult allied workers</td>
<td>33,762</td>
<td>3,125</td>
<td>36,917</td>
</tr>
<tr>
<td>Total</td>
<td>69,686</td>
<td>7,163</td>
<td>76,849</td>
</tr>
<tr>
<td>Looms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working</td>
<td>30,394</td>
<td>4,212</td>
<td>34,606</td>
</tr>
<tr>
<td>Idle</td>
<td>5,268</td>
<td>614</td>
<td>5,882</td>
</tr>
<tr>
<td>Total</td>
<td>35,662</td>
<td>4,826</td>
<td>40,486</td>
</tr>
</tbody>
</table>

Source: 2009-10 Handloom census conducted by Govt. of India; [www.textiles.kar.nic.in](http://www.textiles.kar.nic.in)
Infrastructure - Cluster and Parks

Presence of integrated textiles and apparel clusters servicing industry units across the value chain

9 handloom clusters in Bagalkote, Bangalore Rural, Bangalore Urban, Bijapur, Chitradurga, Chamrajnagar, Dharwad, and Gulbarga

233.3 hectare Textiles SEZ proposed to be developed by KIADB at district Hassan

Dedicated Apparel zones planned in Bengaluru Rural, Tumkur, Kolar, Mandya, Belgaum, Bidar and Dharwad along the Suvarna Karnataka Development Corridor

A US$10.4 million ‘Silk City’ is proposed to be developed near Bengaluru

Dodaballapura Integrated Textile Park

► First textile park in Karnataka
► 48-acre integrated textile park with 85 units focusing on weaving, sizing, and warping
► With 700 power looms already established, the park is currently in Phase III of development
► Expected to generate direct employment of 2,000 and indirect employment of 5,000
► Park is expected to attract investments of US$44 millions

Legend

Ready made Garments
Handloom Clusters
Industrial MSME Clusters
Apparel Park
Apparel Park (proposed)
Textile Parks (proposed)
Infrastructure - Existing Projects

SEZ units of KIADB SEZ Hassan - Textiles
► Elites Creations
► Home Fabrics Hassan
► New Minerva Mill
► Novamexx India Pvt. Ltd.
► PNP Polytex Pvt. Ltd.
► Precot Meridian Limited
► Reid Braids (India)

Textile-based organizations and institutions in Karnataka
► Apparel Export Promotion Council, Bangalore
► Central Silk Board and Silk Exchange
► Textile Committee, Bangalore
► Weavers Service Center, Bangalore
► Karnataka Handloom Development Corporation, Hubli
► Karnataka State Powerloom Development Corporation Ltd, Bangalore
► Spinning Mill Federation, Bangalore
► Central Silk Technological Research Institute, Bangalore
► National Institute of Fashion Technology, Bangalore
► Government Institute of Textile Technology, Bangalore
► Karnataka Handloom Technology Institute at Gadag
► Advanced Handloom Weaving Training Centre, Jamakhandi

Key projects under KIADB
► Apparel Park 1st & 2nd Phase, Doddaballapura, Bengaluru Rural District
► Obedanahalli Industrial Area, Doddaballapura, Bengaluru Rural District
► Narasapura Industrial Area, Jakkasandra Industrial Area, Vemgal Industrial Area, Kolar District
► Malur Industrial Area 1st, 2nd, 3rd & 4th Phase, Kolar District
► Gowribidnur Industrial Area 1st & 2nd Phase, Chikkaballapur District
► Mastenahalli Industrial Area, Chikkaballapur District

Mega Projects
► Kalaburagi State Integrated Textile Park
► Mundargi KIADB Park, Ballari
► Binary Hiryur GTP Park, Chitradurga
► Doddaballapur Integrated Textile park
► Hassan SEZ
► Karur KIADB park, Davangere
► Shahi Exports, Shivamogga
► Precot Meridian, Hassan
► ETCO Denim, Vijaypura

Source: www.kiadb.in
Silk

India is 2nd largest producer of silk and Karnataka produced approximately 47% of India’s silk in the year 2015-16

► Production of cocoons account for 52,280 MT in 2016-17.
► Area under mulberry cultivation in the State was about 92,687 Ha at the end of September 2016, which is higher than the area under mulberry cultivation in 2015-16.
► Sericulture Sector among major employment generating sectors in the State.
► It generated employment of nearly 1194 lakh people in 2016-17

Wool

► Nearly 11% of India’s total wool production
► Wool production during 2016-17 (till December 2016 was nearly 5,681 tonnes.

Cotton

► Cotton accounts nearly 6% of the total agricultural cropped area of the State.
► During 2016-17, total cotton production estimated was 10.55 lakh tonnes, cultivated in an area of around 4.84 lakh hectares.

Source: Economic Survey of Karnataka, 2016-17
**Incentives offered under the policy**

**Credit Linked Capital Subsidy**
- Investment up to INR 99 Crore (USD 16.5 million) - 20% or 15% varying as per the Zonal Classification and Regional Classification and Interest subsidy-50% of the approved layout.
- For Expansion/Modernisation of Existing Units-20% or 15% based on P&M Value and Zonal Classification.

**Incentives for Infrastructure**
- Incentive based on zonal classification for development of Green field Textile Parks, Brown field Textile Parks, Common Effluent Treatment Plan (CETP)

**Market Development Subsidy**
- Reimbursement for Market Development and Branding, Design Development and Product Diversification, Standards and Compliances specific textile zones in backward areas
- Funding support of 50% of the project cost or Rs.50 lakhs, whichever is less

**Skill Development**
- Upto Rs 1 crore funding support to be provided to institutions for Up-gradation of Institution.
- Support to Existing Project Implementation Agencies (PIAs) / Institutes as well as new Project Implementation Agencies towards training cost

**Research and Development**
- Centre of Excellence for Textiles / Technical Textiles to undertake Research & Development projects
- Design Development and Product Diversification- enable handloom entrepreneurs or units
**SUPPORT FOR INDIVIDUAL NEW UNITS**

**Credit linked Capital Subsidy (Investment upto INR 99 Crore (USD 16.5 Mn)- 20% or 15%**
- Varying as per the Zonal Classification and Regional Classification
- Interest subsidy-50% of the approved layout
- Entry Tax, Stamp Duty, Power Subsidy, ESI & PF reimbursements
- Additional Subsidies and Special Credit Linked Capital Scheme

**Soft Inputs**
- Reimbursement for Market Development and Branding, Design Development and Product Diversification, Standards and Compliances specific textile zones in backward areas
- Assistance for Resource Conservation and Environment compliance to existing units

**Cluster Based Facilities**
- Incentive based on zonal classification for development of Green field Textile Parks, Brown field Textile Parks, Common Effluent Treatment Plan (CETP)

**Incentives for Mega Projects**
- Basket of incentives for HK and Non-HK Region
- Subsidies on Effluent Treatment Plants (ETPs)
- Special Incentives will be considered

**For Expansion/Modernisation of Existing Units**
- Credit linked Capital Subsidy-20% or 15% based on P&M Value and Zonal Classification

**Skill Development Support**
- Initiatives for Skill Development Centres and Training Institutes

**Additional/ Special Incentives**
- SC/ST category-upto INR 20 lakhs Capital Subsidy
- Disabled/Minority/Ex-serviceman/Women-Upto INR 5 Lakhs Capital Subsidy
- Eco-Friendly units-upto INR 20 Lakhs Capital Subsidy

**Zonal Benefits**

**Zone 1**
- Maximum benefits to backward districts with potential for textile units
- Bagalkote, Belgavi, Ballari, Bidar, Chamarajanagar, Chikkaballapur, Vijayapura
- Chitradurga, Dharwad, Davangere, Gadag, Kalaburagi, Haveri, Kolar, Koppal, Kodagu, Raichur, Shivamogga, Uttar Kannada

**Zone 2**
- Marginally lesser benefits to relatively developed areas in textile activities and districts with either very little or no textile activities and Anekal Taluka

**Zone 3**
- No incentives. However, Brown field cluster development, capacity building support etc for SPV/project proponents
- Bengaluru Urban with exception of Anekal
Investment and Employment

Industry has witnessed investment across entire value chain and sub sectors

Investments have grown at CAGR of 32.86% during 2000-2013

During the last policy a total of INR 5,710 Crore worth of Investment inflow which created an employment opportunity for more than 2.5 Lakh people

Investment in Textile Manufacturing (in Cr)

During the last policy a total of INR 5,710 Crore worth of Investment inflow which created an employment opportunity for more than 2.5 Lakh people.

Post the announcement of New Textile Policy in 2013, investment has continued upward trend with INR 1,860 Crore investment proposed till date.

For the year 2016-17, nearly 21,582 people were employed under the sector.

Employment (in numbers)
Key Players

Manufacturing in Karnataka
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