



Tex-Connect

An initiative by the Textiles Department, Government of Maharashtra



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I am pleased to announce the launch of Tex-Connect, a quarterly newsletter by the Textiles Department. Tex-Connect aims to be a medium through which the Department can provide its latest updates and shed light on recent news, trends, technology, and innovation in the sector.

Maharashtra is currently poised at a unique inflection point in the textiles sector, and with

the release of the Integrated and Sustainable Textile Policy 2023-2028, the state is expected to experience sustained growth in textile production leading to increased investment and employment. The policy is in line with the 5F (Farm to Fiber to Factory to Fashion to Foreign) vision of the Government of India and aims to provide an economically conducive, interconnected, and growth-focused business environment. This edition of Tex-Connect highlights the features of the policy, market insights, and notable achievements of the Department this last quarter. I hope you find this newsletter insightful and informative.

Shri. Chandrakant (Dada) Patil
 Hon'ble Minister Textiles
 Government of Maharashtra

POLICY OVERVIEW: Integrated and Sustainable Textile Policy 2023-2028

Introduction

The Integrated and Sustainable Textile Policy 2023-2028 released on 2nd June 2023 lays down the direction and expectations for the textile industry in Maharashtra across the next five years.

The policy is 'integrated' as it encompasses the entire textile value chain by providing incentives to each process or sub-sector namely ginning and pressing, spinning, powerloom, handloom, processing, knitting, hosiery and garmenting, sericulture, traditional textiles, wool, non-conventional fibres, synthetic yarn, and technical textiles.



Press Briefing by Hon'ble Minister of Textile, Shri. Chandrakant Patil and Secretary (Textile), Shri. Virendra Singh

The policy has also been envisioned as 'sustainable' as it places a significant thrust on the use of clean energy & ecologically conscious technology towards implementing the 3R model of Reduce, Reuse, and Recycle.

In implementing the policy, the Textiles Department aims to increase the processing capacity of cotton from 30% to 80% in the next 5 years and attract investment to the tune of INR 25,000 crore leading to the generation of up to 5 lakh employment opportunities.

In order to increase employment, the Department will provide impetus to skill development and

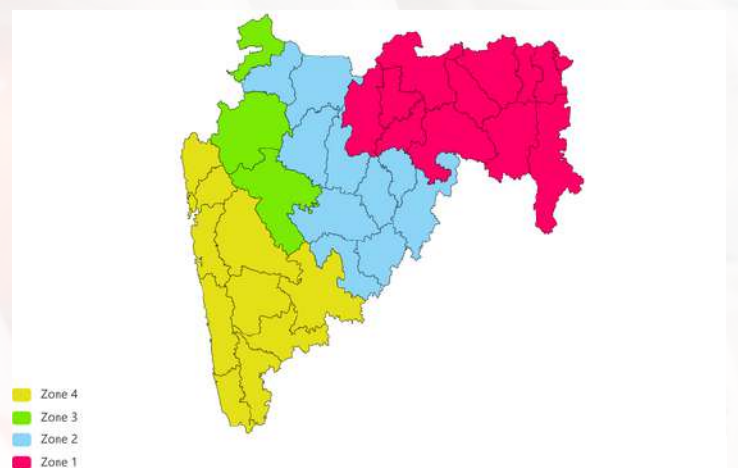
building, taking efforts to preserve, develop and promote the traditional textile sector. The policy also intends to promote women's empowerment and incorporate gender mainstreaming by encouraging the participation of women at all levels. In addition, the Department will deploy software tools to plan, execute and monitor the achievement of its policy objectives.

The State Government has also taken initiatives to discuss the newly launched policy with various sectors of the industry and is taking feedback and suggestions for necessary changes if any.

Zoning under the Policy

Maharashtra has been divided into 4 zones based on the status of development of the textile sector and the availability of resources, namely:

- Zone 1: Vidarbha (Nagpur and Amaravati divisions)
- Zone 2: Marathwada (Aurangabad division, Dhule and Jalgaon districts)
- Zone 3: North Maharashtra (Nashik division excluding Dhule and Jalgaon districts)
- Zone 4: Western Maharashtra & Konkan (Pune and Konkan divisions)



Map of Maharashtra depicting zonal classifications under the Integrated and Sustainable Textile Policy 2023-2028 (map is not to scale)

POLICY OVERVIEW: Integrated and Sustainable Textile Policy 2023-2028

Policy Highlights

The key highlights of the policy are as follows:

Administrative Measures

- The Commissionerate of Textile and the Directorate of Silk will be merged to create the Commissionerate of Textile and Sericulture with corresponding mergers at regional levels.
- A statutory corporation, Maharashtra State Textiles Development Corporation (MSTDC) will be set up through a functional merger of three existing corporations.

Schemes and Incentives

- Schemes for cooperative units such as rehabilitating sick units, leasing or renting, and permitting the sale of excess land will be formulated.
- Share capital will be provided to cooperative units as per Zones between 30% to 45% of the project cost approved by the Government.
- Financial Assistance in the form of capital subsidy for private units as per Zones will be 30%-45% for MSMEs, 25%-40% for Large Enterprises, and 40% (maximum up to INR 75 Cr., whichever is less) - 55% (maximum up to INR 250 Cr. whichever is less) for Mega enterprises. Special incentives will be provided to Ultra Mega Projects.
- State Government is introducing MAHA-TUFS which will reimburse capital investment on machinery of eligible spinning and powerloom units as per Zones up to 40% (or INR 25 Cr. whichever is less).
- Financial assistance in the form of capital subsidy will be given for adopting environment-friendly technologies. Subsidy for Effluent Treatment Plants (ETP) up to INR 5 Cr., Zero Liquid Discharge plants (ZLD) up to INR 10 Cr., Common Steam Generation Plants up to INR 1 Cr., and Recycling Projects up to INR 2 Cr.

- Capital subsidy will be provided for the installation of solar plants up to a maximum of 4MW capacity and there shall be no cap of 1MW on Net Metering for the textile units.

Policy Implementation Targets

The Department has identified sector-wise targets for policy implementation over the next five years as follows:

Textile Units & Weavers

- Registration of new textile units
- Operationalization of under-construction units
- Technology upgradation of units
- Establishment of Urban Haats
- Establishment of decentralized garmenting units
- Establishment of Plug and Play premises
- Registration of Master Trainer weavers
- Establishment of technical textile parks

Sericulture

- Establishment of new grainage centers
- Increase the capacity of existing grainage centers
- Establishment of basic seed farms
- Expansion of Mulberry farming
- Increase in Tasar beneficiaries
- Establishment of open Government cocoon markets
- Establishment of raw silk exchange markets
- Establishment of Model Silk Farms/ Silk Training Centres
- Establishment of Paithani weavers' clusters
- Establishment of drying centers and godowns

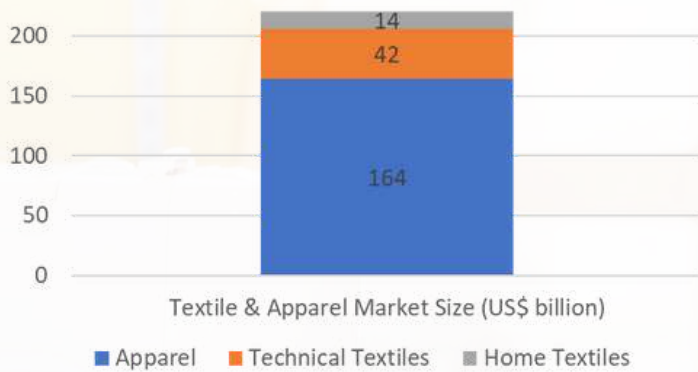
Sustainability Initiatives

- Establishment of ETPs
- Establishment of ZLDs
- Establishment of Solar Plants
- Establishment of Recycling Plants
- Establishment of Common Steam Generation Plants

MARKET INSIGHTS

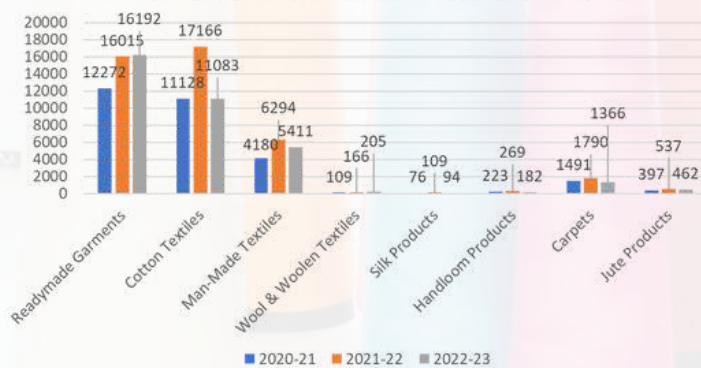
Overview

India is the second-largest producer and the sixth-largest exporter of textiles and apparel in the world and is expected to grow at a CAGR of 12% by 2026. While three-quarters of the growth envisioned is expected to be from the apparel industry, the remaining quarter of the market size is expected to be taken up by technical and home textiles.



Segment-wise market size allocation forecast for the Textile and Apparel sector by 2025-2026

The Directorate General of Commercial Intelligence and Statistics (DGCI&S) has provided segment-wise export and import data for the textiles and apparel industry (illustrated below).

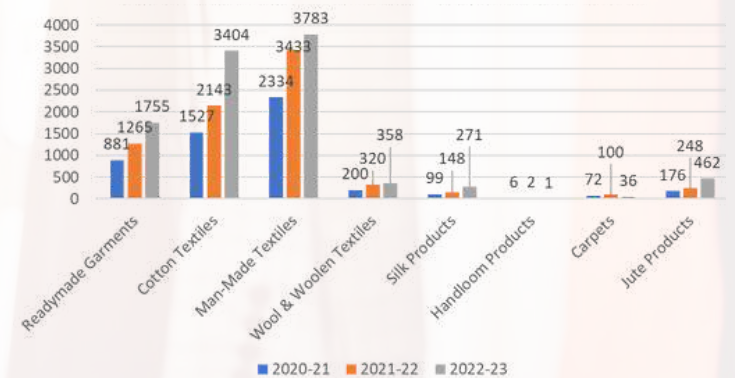


Segment-wise export trends for the Textile and Apparel sector between 2020 and 2023

As depicted in the graph above, FY 2022-23 experienced fewer exports across all segments than the previous two years. This coupled with reduced textile production in the country may be indicative of a reduced international demand due to the ongoing economic slowdown. Exports in

FY 2022-23 however were higher than those prior to 2020 which illustrates that the industry is recovering despite a challenging few years of lockdowns due to the COVID-19 pandemic.

As illustrated in the graph below, imports on the other hand have steadily increased across segments in FY 2022-23, barring those for handlooms and carpets that fared better in FY 2021-22.



Segment-wise import trends for the Textile and Apparel sector between 2020 and 2023

This may be a result of neighboring countries such as Vietnam and Bangladesh having captured a large portion of the textile market. Increasing imports, however, may also provide an impetus for domestic textile production to improve.

Key Drivers of Growth

While an increase in processing and manufacturing capacity across segments is essential to drive growth, an impetus on research and development in the sector will provide India's textile sector with an advantage in the international market.

The industry is in need of innovation across process efficiency, use of materials, design, and sustainability in production amongst others.

Focussed research on e-textiles or smart textiles that leverage responsive nanotechnology and motion sensors is an example of a key trend that may be leveraged in the sector.

SECTOR IN FOCUS: Technical Textiles

Overview

Technical textiles, designed primarily for their functional properties are categorized into 12 types based on their features and use and play an essential role in most industries in India.

According to a report published in 2020, technical textile accounts for 0.7% of India's GDP and contributes to close to 13% of India's total textile and apparel market, with the largest share held by the PackTech segment. During the COVID-19 pandemic, India was the second-largest producer of PPE kits and masks globally. India's technical textile market is expected to grow at a CAGR of 4.7% from 2023 to 2030.



High visibility or reflective clothing/ material is categorized as Protective Textile or ProTech

The Technical Textiles industry has a large array of applications across a number of sectors and segments, with a significant opportunity delta as a sunrise industry in Maharashtra. Maharashtra also boasts its own GeoTech Centre of Excellence at the Bombay Textile Research Association (BTRA).

Technical textiles in India require strong policy and regulatory support with a complete end-to-end focus on the entire supply chain and support for diversification. As a primarily cotton-growing region, Maharashtra has multiple areas of application for technical textiles that primarily compose of cotton such as Hometech, MedTech, and InduTech.

Government Initiatives

The Government of India has also recognized the market potential of the sector and has already begun taking initiatives for enhancing its growth. In its Union Budget 2023-24, the Government allocated INR 450 Cr. towards the National Technical Textiles Mission (NTTM). The Mission has four major components:

- Component I: Research, Innovation, and Development)
- Component II: Promotion and Market Development
- Component III: Export Promotion
- Component IV: Education, Training, Skill Development

So far, the Mission has approved 74 research projects valued at INR 232 Cr. The Production Linked Incentives Scheme provided by the Government of India also proposes to incentivize man-made fibre and 10 types of technical textile products, for which it has approved incentives of INR 10,683 Cr.

In 2019, the Ministry of Textiles dedicated 207 Harmonized System of Nomenclature (HSN) codes to technical textiles.

FROM THE POLICY

The policy places significant thrust on this sector and aims to establish six (6) Technical Textile Parks in the State. Additionally, a Maharashtra Technical Textiles Mission will be set up to ensure consistent growth of the technical textiles sector. To promote research and development in these emerging technologies, a budget provision of INR 50 Cr. will be made available every year.

EVENTS

Stakeholder Discussions

A stakeholder discussion meeting chaired by the Hon'ble Minister of Textile, Shri. Chandrakant Patil was held at the office of the Minister on the 27th of June 2023 with representatives from the spinning, powerloom, and handloom industries in Maharashtra.

The purpose of the discussion was to shed light on the features of the Integrated and Sustainable Textiles Policy and highlight how the industry is expected to benefit from it. Suggestions towards policy implementation and queries regarding the features of the new policy in relation to the previous policy were discussed.



Stakeholder discussion chaired by Hon'ble Minister of Textile, Shri. Chandrakant Patil

Industry stakeholders also used the platform of the audience with the Minister to discuss existing problems they are facing, particularly around power, raw material costs and availability of funds.

ANNOUNCEMENTS

Launch of the New Textiles Website

The Textiles Department has developed a new website <https://mahatextile.maharashtra.gov.in/>. With an improved interface, user-friendly navigation, and bilingual content, the new website aims to help viewers stay informed and up-to-date with the latest trends, news, and developments within the Department and the textiles sector at large. The new website will be launched this month.

Sericulture Services available on Aaple Sarkar

The Department has notified four services, Registration of Sericulture Farmers; Registration of Chawki Centres, Registration of Reelers, and Technical Guidance to Sericulture Farmers/Beneficiaries, as part of the Right To Services (RTS) Act which will be made available online on the Aaple Sarkar Portal of the Government of Maharashtra.

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