



TECHTEX INDIA 1
OPPORTUNITIES IN INDIAN TECHNICAL TEXTILES – Potential & Challenges
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“CAN INDIA BECOME A WORLD
SUPERPOWER IN THE TECHNICAL TEXTILES
INDUSTRY ?”
IF SO , HOW !

A Presentation By

J B S Bakshi

MR. J. B.S. BAKSHI**Brief Bio Data**

Mr. Bakshi is a qualified Mechanical Engineer from Delhi University after which he undertook Management Degrees from the Ashridge Management College U.K. and on International Business at IMEDE Switzerland an affiliate institution of Harvard University.

His professional management career covered assignments in India, UK and in the United States for three decades was with leading international firms in the polymers, petrochemicals and international business areas.

He is the main promoter along with as co promoter, an affiliate of the Asian Development Bank of Unimin India, India's pioneer in the field of Non Woven Spunbond Technical Textiles. The company has successfully established markets all over the world.

Mr. Bakshi is a well known speaker and he has addressed a variety of audiences all over the world on many subjects. These include talks on Entrepreneurship at the IAS Academy of the Govt. of India , on Career Development at the various IIMs , IIT's, Public Schools etc , on polymers in India and with the Plastics Institute UK and the Role of Emerging India with NRI 's and many other premier organizations in the U.K , Europe and the United States etc .

Mr. Chairman, Distinguished Guests, Ladies and Gentlemen:

I have chosen the provocative title of my presentation with a overwhelming sense of serious deliberation with the conviction to convey the compelling significance of the Technical Textiles Industry.

I prefer to refer to it as the Technology Textiles Industry or the TT Industry for short.

If I am able to create some inquisitive interest, excitement and perhaps trigger a debate I would consider my objectives as having been served well.

Semantically I am motivated by the great impact India's IT Industry has made on the Global scene in the last decade or so, not just in economic terms of having brought India's Services Sector to become a major contributor to the country's GDP but perhaps more significantly by way of becoming our National Icon of the Intellectual , Entrepreneurial and Management respect for India and Indian's in the eyes of the world.

It is my belief that what IT contributed to India's Economy , National pride and place of respect on the global map in the 1990's is what could be repeated and emulated by the TT Industry in the coming decade. Just like IT encompasses almost every sector of economic growth so does the TT.

Our destiny and national aspiration to become a leading world economic power is now seen and believed by both by ourselves and the rest of the world credibly and at best the only question of on going discussion is whether this is a goal that will take us 10 or 15 or 20 years more. Strategically we are on the right highway though we are sometimes forced to negotiate a change of lanes.

The gist of my proposition this morning is not really so much whether India should, can or cannot become a economic superpower in the TT industry but the crucial fact that we can ill afford to even entertain the idea of ever achieving our national aspirations without simultaneously giving serious attention and focus to the development of this vitally important industry - the TT industry.

Before I proceed further may I hasten to say that I propose to adopt a frank hopefully what will be perceived as a professionally objective stance in what I say and I might end up expressing some of my thoughts with a level of candour carrying the risk of sounding like criticism. With utter humility I seek the consideration of all concerned in the audience.

The growth and development of infrastructure, roads highways ports airports, improvements in the standards of building construction etc cannot be even imagined without the use of TT Geo Textiles. In the past 25 or 30 years we have built up the distinction of perhaps being the only nation in the world which is yet debating the justification, need and benefits of the use of Geo Textiles. And we are the same nation which continues to silently and patiently suffer the total collapse of our roads every year during and after every single monsoon. We have built up the dubious reputation of being

a nation that knows how to build and develop nuclear technology but does not know how to make a road that can last more than a year. To be fair , even though India should have been making Geo Textiles 25 years ago when the first pioneering venture was aborted for whatever reason , there is no doubt that some very enlightened awakening is being witnessed in the very recent past few years. But this is not enough. We just cannot take it easy any more and the earlier we can put in place the mandatory use of Geo 's the better. Simply put we need to put in place a law that compels the use of Geo's before any single kilometer of road is built any where from tomorrow and no body should be allowed to carry out any construction of any dwelling without assuring that Geo's will be used on even smalls drive or walkways. I think no building or road plan should get approval or a completion certificate issued by the Municipal or concerned Authorities without such a compliance.

Therefore my first point is that we can not entertain the idea of becoming an Economic Super power without adequate and enlightened attention to infrastructure and Geo's are a vitally important component here .

India's Agriculture is in a "cause for concern" stagnant mode for a long period of time since the historic first Green revolution of the 1960's. Simply put it is my assessment that the use of TT technologies have quite a significant potential role in waiting in the triggering of India's second Green revolution. The TT Industry has to reach out to the country's agricultural education and research institutes and to India's villages. It is as important as the need to upgrade seeds, irrigation and fertilizers.

The Middle East deserts have transformed themselves from the status of impossibility of any agriculture to a great level of self sufficiency in growing fruits vegetables fodder and even edible other conventional crops in the last 20 years thanks to the use of nonwoven crop cover TT technologies. The city of Dubai and Abu Dhabi and many others in Saudi Arabia are greener and with more trees than New Delhi thanks to the effective use of Anti Weed and land scaping TT fabrics. The late ruler of Abu Dhabi was accorded several honorary Doctorates in Agriculture by several leading international Agriculture institutions for the pioneering initiatives in the use of TT in promoting Agriculture in locations where growing anything was at one time considered an impossibility. Today they grow so many tomatoes, melon, carrots, vegetables, and fodder in the UAE that a lot of surplus production is being dumped back into the ground or to the sea. All this is not limited to the Middle East alone. The phenomenon is being witnessed in China, Europe & UK , Scotland and the America's.

The international Banana industry became a branded consumer product world wide as it produced extra long unblemished clean skinned consistent quality bananas using TT fabrics as cover stock on the banana plantations. 90 % of the banana's consumed in India are infected and with small pox type of black spots on them.

Seeds & Plant Propagation technologies are TT dependent.

These are just a few random select illustrations and I could spend the rest of this entire one day's seminar time talking about the great potential of TT in Agriculture.

The point I am therefore making emphatically is that TT has a vitally important role in the resurgence of India's Agriculture. Of course the quality of technical textiles required for this end use is very very stringent and high.

India's Automotive Industry both vehicles and components is already demonstrating a huge 20-25% annual growth rate apart from the equally significant strides in technological, marketing and low cost innovations. The very recent flagship story of the Nano has taken the world by storm. Incidentally Nano Technology viz Microfibre Research and Development represents some revolutionary new innovation possibilities by the TT's of the not too distant future - to that extent I have a little grudge of course in good humor with Mr Ratan Tata for having pinched the name Nano from the important futuristic vocabulary of the TT Industry !!!

Auto Carpets and Mats, Seat Covers, Insulation, Inner Decorative, Seat Belts, Tyre Cord and Roofing are the major items. India is the logical manufacturing location both for the needs of the domestic as well as the international automobile industry.

Health Hygiene and Medical Fabrics is my next example where Non Wovens are the TT's we are talking about: Spun Bond, Spun Melt & Spun Lace technology products. Market penetration and per Capita usage of end products like Feminine Hygiene, Diapers, Medical Gowns etc are presently at a level of 10-12% in India compared with over 90% in the developed economies. India; many parts of Asia, Africa etc are at a major take off stage in these end usage markets for TT's.

Permit me to sight for you a very striking recent trend setting indicator as an example. In the past few weeks a very major part of India has been engrossed every evening watching the IPL Cricket series. I wonder whether you noticed that for the first time in Cricket live casts one saw extensive TV advertising by a few leading Brands of Diapers and Sanitary towels. Each 10 seconds spot costs up to Rs 10 lakhs: 20 to 50 spots on some match days. You know what this means - Rs 2 to 5 Crores on advertising every day. Marketers are very shrewd professionals - they don't spend money where they do not see multiple returns. Do I need to say more about the obvious explosive growth that is round the corner of this sector of the TT industry. Some of the most reputed players P & G, KC, J & J, Godrej, Wipro etc have already taken active positions in the Indian market with branded finished products coming in mostly through imports. Very soon these products may be produced in India but there will yet be a stage where Technical Textiles components will continue to be imported. This situation will need to be met by creation of large new capacities of the acceptable stringent quality of specialized Non woven Technical Textiles required. Not only so even for the world market there is a huge potential of exports of these Technical Textiles from India. With such an attractive domestic and export large marketing opportunity there is an extremely strong opportunity for world's scale manufacturing capacities to be set up in India.

I have made references to 4 of the more important sectors to be able to draw some ground level developments and to highlight the significance of the TT industry. It is neither feasible nor my intention to review comprehensively the entire gamut of all the very extensive and very diverse sectors of the entire TT industry. What is relevant and important are 3 points of the overall perspective.

1. World wide we are talking about a significantly large and growing industry - something of the order of 20 million tones - value over USD 100 Billion : yet growing and expected to reach 25 to 30 million tonnes level and a value of USD 125 -135 Billion over the next few 5 to 8 years.

If India is to become a global player in TT we are talking about capacities of 5-6 million tones with a turnover potential of USD 20 billion. I have quantified these numbers to indicate how gigantic this task is. This vision can not be achieved without having at least 5 or 10 very large manufacturing companies which could develop into size of USD 1 or 2 billion in TT in India. Of course there are tremendous opportunities in the SME and small scale sectors in niche market positioning specially in the converting segment of the TT industry.

2. The growth of this very diverse industry with over 200-300 different types of products is not going to be uniform throughout its products and technology range and certainly not in its geographical spread in different parts of the world. Further there are continuous and major technological developments & innovations being witnessed in the Industry.

3. The projected growth rates of different sectors and geographic regions are not going to be uniform. I would like to draw your attention specially to the fact that the major growth in consumption is going to come in double digit percentages from India, China and the Asian and African regions. In fact it is foreseen that in some areas a negative growth is being forecast for some sectors due to the trend of an anticipated geographic shift in manufacturing to more economic locations such as India and China over the next few years.

In developing India's Strategy of growth there are some major pitfalls and "don't s" to be avoided in

- a. Very small scale, untested and unreliable technologies, old and second hand plants, simply must and somehow be avoided. If we let this happen, and I regret to say that it is already happening, then India's TT Industry will go down the drain and India becoming a global player will remain a dream forever. Bluntly put I am really pointing out at the undesirability of bringing in cheap Chinese technology and discarded technical textiles plants from Europe, United States and other parts of the world where many of them are lying shutdown in the last 5-7 years in particular.
- b. Brakes must be put in every practical way to discourage and try to stop the declining standards on product quality.
- c. Follow the Chinese Model but very selectively and primarily in terms of encouraging the world majors' producer of TT to produce locally.

We must catalyze the encouragement to some of the large international majors or leaders of the TT Industry to take a manufacturing and not merely a marketing interest in India. We must get the Duponts, Fredenburg, PGIs, Courthalds, to name a few of the world to invest in manufacturing in India.

Finished products import into India which uses a lot of Technical Textiles must be discouraged. Such as baby & adult diapers, medical apparels, sanitary towels, etc. coming in large volumes from Malaysia, China, Saudi Arabia. Etc.

Finally but most importantly may I refer to the present Govt. of India initiatives. I can only shower my unqualified compliments on all the wonderful and positive initiatives already taken by the Govt. of India. I refer to the Prime Minister's personal initiative on the formation of the technology mission on TT and the Ministry of Textiles initiatives in respect of TUFSS and the formation of Development Council etc.

All this is wonderful. However, I think the problem is that the Great India TT welcome story is not being aggressively marketed internationally. This needs to be done with a great sense of urgency and more importantly in professional style. The promotional efforts must cover the large financial institutions, private equity & venture capital providers of the world. For some reason the Indian TT Industry potential has not yet caught the eye of these Fund Managers.

May I also say that it is a misconception that TT field is an attractive add-on to existing Textile Industry players and entrepreneurs alone. Of course existing Textile companies are welcome into TT fold but they must realize that the TT field is almost an entirely new and independent industry in its own right. Some months ago I had the opportunity of being invited by the Chairman of one of India's premier Textiles Association for an introductory interaction on TT. At the end of this interaction his two summation remarks were that this was an exciting new field but the present Textile Industry was almost totally ignorant about TT.

There is also an understandable negative mind set in the minds of some of India's Textile Industry stalwarts which have had not too pleasant an experience, for whatever reason in their textile ventures, and many in fact ultimately have exited out of the Textile Industry totally .

If you see many of the top TT companies of the world you will find a very large number which have had no ancestry of the Textile Industry at all. The world's largest Nonwoven company ancestry is leather. Another very major producer diversified into TT from a background of being an aircraft maintenance leader, Spain's largest TT producer came from a background of real estate, Saudi's largest TT producer background was the Food & Agriculture Industry, another large European player in TT has its major business interests in shipping and I can give many more examples to support my point.

The message I am conveying is that the attractive opportunity of the TT Industry needs to be brought into limelight and to the notice on a much wider entrepreneurial and new investment platform.

In conclusion I would finally say that the Govt. of India has done a marvelous job here. It has strongly signaled its on going support through the formation of Development Council for TT. The ball is now squarely in the court of the industrialists and entrepreneurs of

India to seize the golden opportunity that IT industry provides in India for the next at least 10 years and perhaps more.

My sincere thanks to the Confederation of Indian Industry for inviting me share my thoughts with you this morning and of course to all of you in the audience for giving me such a patient listening.

Thank you once again.

**PROJECTED GROWTH RATES OF FIBRE CONSUMPTION FOR SELECT
KEY SECTORS OF TECHNICAL TEXTILES FOR THE NEXT FIVE - EIGHT
YEARS PERIOD - 2008-2012/2015**
ALL FIGURES ARE IN % (percentages)

S NO	ITEM (Only major sectors of TT Industry considered)	W EUROPE	USA	CHINA	INDIA
1	Agri applications	5	5	7	7
2	Geo's	5	3	10	6
3	Auto	0	-2	10	7
4	Health/Hygiene/Medical	3	4	12	10
5	Tyre Cord	-3	-3	10	8
6	Apparel Interlinings	-5	-5	10	10
7	Filtration	5	5	10	10
8	Shoe Fabrics	-4	-4	8	8
9	Tarpaulins	0	-2	10	10
10	Wipes	3	4	15	8

NOTES :

1. A Highlight is likely negative growth in several sectors in Western Europe & USA but simultaneously quite a good continuous growth is in the remaining sectors.
2. In virtually all sectors double digit plus growth is forecast for India & China.
3. China represents India's major international competitor.
4. Very large world scale capacities and State of the Art technological TT Industry plants are already operating in the Middle East, Malaysia, South Africa, Latin America and further major expansions will be witnessed. These also represent growing forces of international market competition.

**A TEN POINT KEY ACTION PLAN PROPOSED FOR THE DEVELOPMENT COUNCIL
- TECHNICAL TEXTILES TO ACHIEVE THE OBJECTIVE OF CATALYSING MAJOR
GROWTH AND DEVELOPMENT OF THE INDUSTRY**

1. An International Invest in Technical Textile India Summit Invitation Conference in India and a similar Invest in India theme presence at every major international event and show on TT the Years 2008 & 2009.
2. Constitutes Expert groups with invited International experts to draw out plans to achieve the objective of ensuring Right TT product usage for each key end application and market in our country./
3. Constitute a powerful Advisory Policy and in fact a Caucus group to recommend to the GOI changes or even dismantle every bureaucratic hurdle that may be identified for this important industry with Deptts such as Excise, Sales tax, Octroi, Customs even Stock Exchanges, State Govt., and Central Govt. Agencies at various levels.
4. Provide a credible expert think tank advisory support to achieve the objectives set out for the Technology Mission on TT formed by GOI.
5. Catalyse the launching of education and Indian adapted and need based Research and Development work on TT.
6. Launch the foundation of a NASSCOM type of body for the TT Industry.
7. Constitute a special EXPERT Group dedicated specifically to the potential of TT for achieving the following nationally important objectives.
 - (a) The Second Green Revolution for India's Agriculture
 - (b) Health & Hygiene for India's poorest of the poor.
 - (c) Research into entirely new environmental friendly biodegradable and recyclable TT technologies.
8. A task force dedicated to work on all aspects of conventional as well as unconventional raw materials for the TT industry.
9. A one to one meeting with select erstwhile stalwarts of India's textile industry of the past major to find out what we shall NOT do or allow to happen to the TT industry.

Perhaps a small group of our committee could meet with Mr. Ratan Tata, Arvind Mafat Lal or similar personalities with this specific poser.

Also it may be a good idea to brain storm with stalwarts who may know little of the TT industry but who are India's global industry leaders of today such as Narayanmurthy, Mahindra, Vijay Mallya etc.
10. Most importantly lets learn from China but not carried away by the temptation of the Chinese Business Model of development of this industry. We need to deliberate in depth on this specific issue and formulate a consensus expert recommendations to the GOI.

