

Fabric

industry facing a mismatch in demand and supply

India is one of the top denim fabric producers in the Asia Pacific region. Capacity has been increasing consistently though demand has not kept pace. This is putting pressure on manufacturers especially the small and mid level players, find out **Shubhangi Bidwe** and **Ajay Kumar Goswami**

Denim has risen as the most preferred choice of Indians across age groups. With growing demand for denim apparels, fabric manufacturers have mushroomed with capacity being added. As Subir Mukherjee, Business Head, Bhaskar Denim says, "India has an installed capacity of about 1.7 billion meters in denim dying modules. Further about 200 million new capacity is in the pipeline. Actual production is around 1.1 billion meters. With a large capacity remaining un-utilized, new projects are likely to slowdown. Over last five years, installed capacity has grown at a CAGR of 15 per cent in India." Agrees Ashish Agrawal, Group CEO, Kanoria Chemicals and Industries and adds "The denim fabric industry in India has been growing in a fast and consistent manner between 10 to 15 per cent per annum."

Rise of casual wear driving denim demand

One of the major factors driving the denim fabrics demand in India is the increasing demand for casual wear. "Kidswear has more or less shifted to denim. Women's bottom wear segment too has boosted denim consumption in India. Its multiple usage, and conventional yet trendy appeal are some

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- Current denim fabric market is dominated by men's segment
- Functional finishes like two-way stretches, moisture management, anti-microbial properties are in demand
- India does not produce high end denim
- GST and demonitisation have had a deep impact on denim fabric manufacturing

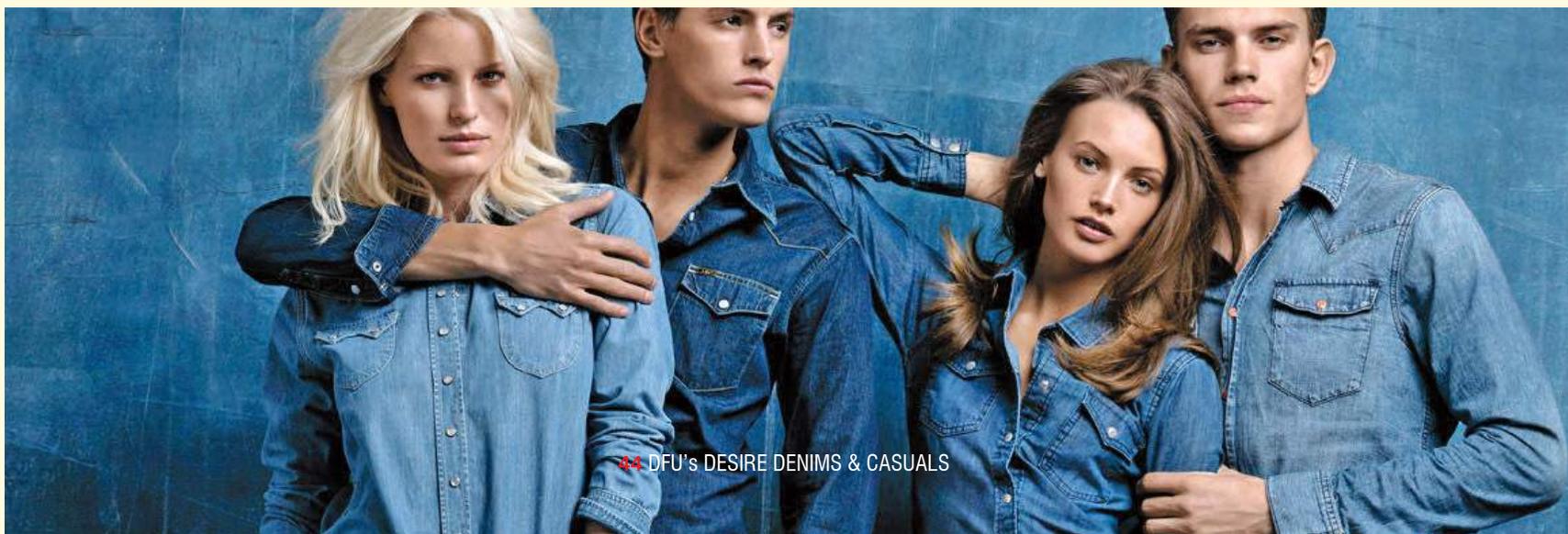
of the major factors attracting consumers towards denim," says Ravi Taparia, Sr Vice President, Sangam India.

Currently, the denim fabric market is dominated by the men's segment which contributes 60 per cent to the total Indian market. As Agarwal says, "India has about 55 denim fabric mills with a manufacturing capacity of 10 million meters per annum to 110 million meters per annum. Though the market is currently dominated by men's wear, other segments are catching up fast. Almost 85 per cent of the market is dominated by men, with 10 per cent

comprise women segment and kids segment is about 5 per cent." However, of late denim production has been more than demand which has created push situation rather than pull and all denim mills are going through a rough phase in India. And to add to this GST and demonetization has also impacted business.

Fabric innovations rule of day

No more just a miner's work wear, denim





Subir Mukherjee

Business Head, Bhaskar Denim

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today has become a fashion product with lot of innovations happening in the segment. Current denim trend for the domestic market is moving towards stretch with structured weaving. “Global brands are opting for stretch fabrics, light weight and dark shades. Recycle, cotton made in Africa, BCI cotton are few sustainable denims picking mostly in European market,” adds Agarwal.

Functional finishes like two-way stretches, moisture management, anti-microbial properties are in demand. “The

concept of recycled denim is also picking up. The advent of social media and various fashion exhibitions have fuelled demand for international denim trends in India,” explains Paritosh Agarwal, Managing Director, Suryalakshmi Cotton Mills. “We can see new product avatars like cropped jeans, baggy jeans, straight leg jeans, detailing & embellishment jeans, etc. Denims also offers many functional benefits like water repellent apart from washes like cloud wash, towel wash, raisin process, etc” he adds.

Colored denim as an alternative to indigo

Fabric trends in denim are also changing with brands like ETCO experimenting a lot on denim. The brand offers blends like cotton poly, dubbies, dobby mix, dobby poly etc. “We have knit denim, 2/1 cotton poly, cotton poly satin, cotton- cotton satin. Overdyeing, colored polly lycra and colored denim in all the ranges is available with us,” adds ETCO’s spokesperson. The brand is currently working on colored denim as the availability of indigo is poor and pricing is high. “Colored denim have emerged as an alternative to indigo but don’t know how long this trend will run. Mix and match garmenting in which garment will be half indigo and the other half in different color will be next big thing in fashion,” he notes. ETCO denim produces about 21 lakh meter denim fabric per month, out of which 5 lakh meter is exported to countries like Bangladesh, Peru, Columbia and South Korea etc. Lycra denim is more in demand in international markets.

Elaborating on the current wash trends in denim, Agarwal says, “Selvedge, stone wash, waxed, acid wash, destroyed are latest wash trends making denim market hyperactive.” The brand’s denim collection is segmented



Ramesh Shah

CMD, ETCO

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as per consumer preferences in fashion or core. In fashion segment the brand offers the ‘Worn Out Collection, DX Collection, Backyard Collection, Miami collection’, while in core it offers the ‘Lustrous collection’. “We do tapered, narrow, slim and super skinny fit. Accessories and trims play a vital role as differentiator in denim, like contrast trims underneath, metal id for branding or logo, visible prints, etc,” he adds.

Technical expertise of Indian denim mills

Technologically, India is equally or at par with any other denim fabric producers globally. With over 55 denim mills, recently denim production in India has created





Paritosh Agarwal

Managing Director,
Suryalakshmi Cotton Mills

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a push rather than pull situation with all denim mills going through a rough phase. To add to this, GST and demonisation have impacted businesses As Agarwal notes, India dominates denim production in the Asia Pacific region. “About 75-85 per cent of the total denim production is consumed domestically,” adds Agarwal. The total denim fabric capacity worldwide is approx. 7.5 billion yards and is expected to touch 10.5 billion yards by 2021. China is the leading global denim fabric producer and

supplier producing around 2-2.5 billion yards of denim fabrics per annum.

India lacks behind in producing high end denim. Only a couple of big manufacturers like Arvind and Raymond are known for high end denim fabrics. “The reason being, they have good infrastructure to support the production requirement. Mid category players are neither in a position nor do they get material to manufacture quality fabrics,” says ETCO’s spokesperson.

Demand-supply imbalance impacts prices

The biggest challenge that India faces at the moment is demand supply imbalance in the market. “This imbalance is putting tremendous pressure on players in the mid segment as production and supplies are extremely high as compared to demand. This is increasing the prices of the incoming materials by 25 per cent thus burdening smaller players in the segments,” adds Agarwal.

Demonetisation, GST and rising inputs costs are some other bug bears manufacturers list out. “For denim market, pricing is a challenge. Steep increase in input costs like cotton, indigo and chemical auxiliaries has pushed fabric prices higher. With many many players both domestic and international it is increasingly becoming difficult to get a price rise from buyers,” explains Paritosh Agarwal

Challenges notwithstanding, the per capita consumption of denim in India is expected



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GCEO, Kanoria Chemicals & Industries

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to grow from 0.8 per cent per annum per person to more than 1 per cent. “This in turn will fuel production of denim fabric in India,” Agarwal sums up.