



THOUGHT LEADER

## India to Africa: A first step to going global

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As Executive Director of KPR Mill Limited, a textile manufacturing company based in Coimbatore, India, I have first-hand experience with challenges in India's textile and apparel sector. India is the world's largest cotton producer and second largest textile manufacturer, but the sector faces significant change. This includes growing competition from neighbouring countries, such as Bangladesh and Sri Lanka, and rising production costs.

India has not signed free trade agreements with key export markets such as the United States and the European Union, further hindering international competitiveness. Trends in India are mirrored by global developments – operating in established manufacturing hubs is becoming more expensive.

For Indian textile and apparel companies, it makes sense to explore increasing production through investments in emerging regions. These include East Africa, where trade schemes such as the African Growth Opportunity Act and Everything but Arms provide duty-free, quota-free, access to the US and EU markets, respectively. Even so, lack of understanding and information on the local business climate and realities, as well as perceptions including security concerns, prevent many firms from expanding internationally.

### Access to investment information

A key challenge is the paucity of information on investment opportunities in East Africa. Our decision to invest in Ethiopia, where we have established a manufacturing unit, was made easier by working with the International Trade Centre's Supporting Indian Trade and Investment for Africa (SITA) programme. In our initial discussions with SITA, we had uncertainties about venturing into East Africa as it was not a geography we knew well.

Following information meetings with the SITA team, in April 2018 my Chairman and I went on an exploratory investment visit to Ethiopia and Kenya, the two countries highest on our list. The visit, arranged by SITA, allowed us to meet people in government, institutions and businesses. We also met international buyers, brand owners and representatives in the region.

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By the end of the visit, any doubts had been erased, and our Chairman decided to establish a manufacturing unit in Ethiopia's Mekelle Industrial Park. Ethiopia offered clarity in approach, plug and play infrastructure and abundant labour. By July 2018, we had registered KPR Export PLC in Ethiopia.

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### Action-oriented approach

We have faced challenges with power reliability and water supply; import and export delays; and labour attrition. At the beginning of 2019, we shipped our first overseas consignment from Ethiopia. This is largely due to our company's action-oriented approach. We solved our power issues by importing a generator, and we imported some critical machinery that was not available locally. A positive is the willingness of the country's institutions and officials to listen and work towards solutions.

Careful planning and execution have also been essential. Our general manager for KPR Export PLC was involved with the investment process from the initial stages. He was sensitized on the potential challenges and, with SITA's assistance, he had access to the relevant regulatory bodies and investment authorities.

### Developing skills

Managing human resources is key to success, and we invested in skills development from day one. There have been challenges in adapting the training for a different cultural background and workers whose experience is primarily in agriculture. We train each group of machine workers for three weeks in soft and hard skills, followed by on-the-job training. As it is important that our employees have a sense of belonging to our company, we have done extensive training in India and Ethiopia. We trained 16 middle managers from Ethiopia in our factory in India, who trained our new employees in Ethiopia.

In India, 90% of our employees are women from economically excluded backgrounds. Employees have the option to further their education, and more than 22,000 women who have worked with KPR have increased their education to secondary and tertiary levels, with the company covering the cost.

We hope to institute the same approach in Ethiopia where KPR Export PLC has created more than 700 jobs. At full capacity, the company will have 1,500 Ethiopian machine workers producing 50,000 garments a day for the world market.

### The way ahead

We have taken our first steps towards internationalizing and there is no turning back. Our ambition is to grow, expand and become an international company with a global market and outlook. Yet our growth will be underpinned by our commitment to the people and communities with which we work.

India will always be our origin, and overseas expansion will not come at the cost of our operating capacities there. Our overseas plants will be multipliers. They will also be workplaces known for professionalism, quality and products. But most of all they will be places where people enter to learn, work hard, are proud of their achievements and contribute to transforming their communities and countries.

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