

Factors affecting the Textile Industry in India



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Abstract

Textile Industry is one of the oldest industries in India referred as the “Traditional Industry” and also known as the leg of economy of the industry and also the largest employment provider. Textile Industry plays an important role in the economic development of the country. The scenario started changing after liberalization of Indian Economy since 1991. Availability of abundant raw material and skilled labour force has given Indian Textile Industry a competitive edge in export market and also contributes to the economy in terms of direct and indirect employment generation, net foreign exchange earnings and industrial production. The purpose of this paper is to study the impact on various facts relating to Indian Textile Industry. Also factors affecting Textile industry. Some recent Government policies/schemes of Textile Industry are also discussed in this paper.

Keywords: Exports, Employment, Industrial Production, Government Schemes.

Introduction

Textile Industry provides the vast employment opportunities that provide a gateway for developing countries to meet out the problem of large scale unemployment problem. It is the second largest provider of employment in India after agriculture. Textile Industry plays an important role in the economic development of the country. Indian Textile Industry made a major contribution to the economy in terms of exports, direct and indirect employment, net foreign exchange earnings and boost industrial production. India is the third largest producer of cotton, second largest producer of silk, the largest producer of jute and the fifth largest producer of man-made fibres and yarn. The major exports are from textiles and apparel sector in India.

Textile Industry is one of the oldest industries in India referred as the “Traditional Industry” and also known as the leg of economy of the industry but the scenario started changing after liberalization of Indian Economy since 1991 (Sharma and Dhiman, 2015).

The Textile industry is the labor-intensive industry which provides a gateway for developing countries to entering into the global market. The economic performance of the textiles industries in India has large impacts on employment opportunities especially for women, the development of Small and Medium Enterprises (SMEs) and spill over into the informal sector.

Table 1: Indian Textile Industry across the Globe

Cotton	Second largest cotton and cellulosic fibres producing country in the world.
Silk	India is the second largest producer of silk and contributes about 18% to the total world raw silk production
Wool	India has 3rd largest sheep population in the world, having 6.15 crores sheep, producing 45 million kg of raw wool, and accounting for 3.1% of total world wool production. India ranks 6th amongst clean wool producer countries and 9th amongst greasy wool producers
Man-Made Fibres	The fourth largest in synthetic fibres/yarns globally.
Jute	India is the largest producer and second largest exporter of the jute goods

Source: Confederation of India Textile Industry (CITI)

Today, developing countries produce half of the world’s textile exports. Countries such as China, Bangladesh, Sri-Lanka, Vietnam and

Mauritius have experienced high growth in this sector (Chakrabarty, 2014). China is the world largest producer and exporter of textiles and has witnessed high growth in spinning and weaving equipment than any other country.

Aim of the Study

The aim of this study is,

1. To analyze the impact on various facts relating to Indian Textile Industry.
2. To study the scope of recent Government policies/schemes of Textile sector in India.
3. To study the scope for future growth in the Textile industry.

Research Methodology

This paper consists of application of secondary data. The secondary data has been collected from the various published statistics, reports,

journals, previous studies, research papers, websites etc.

Exports of textiles and clothing products have steadily increased over the last few years. Textile Yarn, Garments and Apparel are the major exports of India which employs nearly 12.3 million persons and garment sector including ready-made garments, man-made fibres and other textile clothing contributes around 43% to the Indian exports. (Annual Report, Ministry of Textiles, 2014-15). Currently the industry shares 4.7 % in world market of textile and clothing and growing around 9-10% with Indian economy. (Lal, R, 2011).

Presently , Indian Textile export are limited by garment category with includes a majority share of around 43% of yarn, fabrics, fibre, and other textile products like carpets ,Non-woven. etc. (Annual Report, Ministry of Textiles, 2015-16).

Table 2: Textile & Clothing (T&C) Exports Update

Type of Commodity	April to October 2016 US\$ Mn.	April to October 2017 US \$ Mn	% Change (2017/2016)	Share in ACE's (April-October 2016), %	Share in ACE's (April-October 2017), %	Share in T&C (April-October 2016), %	Share in T&C (April-October 2017), %
All Commodity Exports (ACE's)	155344.4	169349.4	9.0	100.0	100.0		
Textiles & Clothing Products (T&C)	19625.2	20411.7	4.0	12.6	12.1	100.0	100.0
Clothing	9820.7	10004.8	1.9	6.3	5.9	50.0	49.0
Textiles (Excluding Clothing)	9804.4	10406.8	6.1	6.3	6.1	50.0	51.0

Source: Ministry of Commerce, December 2017, Compiled & Created by Confederation of Indian Textile Industry, New Delhi

The Indian government has come up with number of export promotion policies for textile sector which offers the important opportunities to start industrializing their economies and in course of time diversify away them from their own commodity dependence. The government policy provides several opportunities for maintaining the incipient export growth which helps in increasing production and productivity in cotton, cotton yarn, promoting rich heritage of handlooms and handicrafts and enhancing value addition in garmenting and apparel sector. It also attracts high capital flow and Foreign Direct Investment. (Tandon, N and Reddy, E.E, 2013).

Government Policies/Schemes and Initiatives in Recent Years

The Government has come with number of policies and schemes for export promotion and employment generation opportunities in recent years. It allows 100 percent FDI in the textile sector under the automatic route.

Technology Upgradations Fund Scheme

The Scheme was introduced for the first time in 1999 in order to drive the capital investment for technology upgradation and modernization of the Indian Textile Industry by providing them capital subsidy and specific interest reimbursement.

Further the Revised Restructured Technology Up- gradation Fund Scheme (RR-TUFS) comes in 2015 which includes manufacturing of major

machinery for technical textiles for 5 per cent interest reimbursement and 10 per cent capital subsidy in addition to 5 per cent interest reimbursement scheme also provided the specified technical textile machinery. Its gives option to MSME textile and jute industry avail benefits of money margin subsidy on investment in machinery.

The Schemes for Integrated Textile Parks (SITP)

It is the flagship Scheme which provides world class infrastructure facilities to the Indian Textile Industry implemented under the 10th five year plan. Common Infrastructure like compound wall, roads, drainage water supply, electricity supply including captive power plant, effluent treatment plant, telecommunication are essential part of infrastructure development of park. Under this scheme the technical textile units can also avail its benefits. GoI provides financial support up to 40% of the project cost subjected to the maximum of Rs. 40 Crore. Around 80 Textile Parks have been approved under the schemes and are under various stages of implementation. By 2020 many more Textile Parks are to be sanctioned (Annual Report, Ministry of Textiles, 2016-17)

Integrated Skill Development Scheme

The Scheme focused on sector-specific skill development training. Integrated Skill Development Scheme provides skill-based training to around 1.5 million people and covers all the sub-sectors of textile

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such as textiles and apparel, handicrafts, handlooms, jute and sericulture.

Integrated Processing Development Scheme

Integrated Processing Development Scheme for sanctioning Textile processing parks has been initiated. Around INR 5 billion has been earmarked for this scheme.

Common Effluent Treatment Plant

The Government has taken major steps towards the solution for textile wastewater management is implementation of a comprehensive effluent collection sewerage network and Common Effluent Treatment Plant (CETP) for treating the textile effluent includes the system of Zero Liquid Discharge (ZLD). No park can work without common effluent treatment facilities.

Technical Textile

Technology Mission on Technical Textile (TMTT) comes under with the objective of setting up Centres of Excellence in order to provide infrastructure support in the production of technical textiles, to support and meet the growing needs of both inland and export markets with the overall outlay of Rs. 200 Crore.

Various facts in Textile Industry

Exports

Worldwide, Textile is one of the major contributing sectors of Indian exports. It contributes 14 percent of Industrial Production, 10 percent of manufacturing production, 2 percent of India's GDP, employs around 45 million people and occupies around 13 percent share of Indian exports. Exports of cotton have emerged as a major source of foreign exchange earnings for the country. Cotton being the, commercial crop of India is grown in 84 million hectare but the per hectare yield in India is lower in compare to other textile competitive countries like China, Australia, turkey and USA in terms of quality standard and machinery (Saksena, K.D 2002).

However, share of export is far more than import in textiles in India. In recent years there is a slowdown in import growth of Indian textiles in US and EU markets. Although faster clearance of exports and imports can reduce the business competitiveness and transaction cost. India should need to force on enhancing the share of its exports in the world market to improve Textiles and Apparel performance.

Mega textile shows need to be held more frequently to capture new markets in Japan, South Asia, Australia, Latin America and South America. Improved methods for upgradation of High technology, development of skilled manpower, credit for large scale investment have the potential to increase exports ratio which automatically help in increasing the contribution of textiles in the GDP as well as strengthen India's global position in textile industry.

Employment

In India, Textile Industry is the single largest industry with around 50 lakhs people are employed directly or indirectly with respect to 1800 textile mills located in different parts of country. The strength of this industry is from its strong production base of wide variety of fibres/yarns, natural fibres like cotton, jute,

wool and silk, synthetic, man-made fibres. It is the second largest industry which provides employment at large scale terms of direct and indirect employment. (Ramachandram, M and Raichurkar, P, 2015).

There are very big opportunities in textile industry to generate plenty of jobs because the fashion industries are dominating in textile sector. The small scale units which can produce readymade garments according to the requirement of their local market can certainly generate employment especially for women in multifold i.e. stitching, accessories, designing etc.

Marketing Initiatives

Today, E-marketing is the largest platform for more flexible and cost effecting business. It is the easiest way of doing business these days which also helps us to create awareness about the different textiles fibres, organic textiles, and easy excess of ready-made garments directly from the manufactures. E-marketing businesses have been developed by Central Cottage Industries Corporation of India and the Handicrafts and Handlooms Export Corporation of India.

E-marketing initiatives should need to pursue in such an order to cut down intermediaries and increase wage earnings of weavers which attracts and also there is a need to meet out the demand of latest fashion trends in youth towards the handlooms. But at the same time cost ratio is quite high in terms of high competition, design effective website, and high advertising cost. The Government should part with the cost of these products so that they should be cost effective, as per recent trend and at affordable price.

Entrepreneurship

Textile Industry is the only industry which can provide a large number of jobs by setting up small units in the form of Cottage, Small and Micro units. The increasing demand of readymade garments with latest fashion trend can boost the setting up of small and cottage textile units because requirement of capital and other infrastructure is one of the major benefits to encourage more and more people to setup units in their area.

Government can encourage people especially women to setup small units by giving subsidy and incentives for such units. If the textile industry can be setup with minimum capital and formalities, the problem of huge unemployment can be solved by promoting entrepreneurship in youth today.

Conclusion and Suggestions

In recent year, Textile Industry has gone through several changes regarding exports, employment, Market and Entrepreneurship. It is considered as the largest growing industry. Availability of raw materials and skilled labour force has made India a sourcing hub. Current and improved schemes show potential growth in the development of textile industry in terms of GDP.

Despite various Government incentive and schemes the textile industry is finding itself in problem because there is huge investment and environmental issues and also facing tough competition from other countries. In addition, frequently changes in fashion

trends and demand of multinational brands are also affecting the growth of textile industry in India. Therefore, there is need to evaluate the schemes and policy for setting up a textile industry. It is better to encourage small and cottage industries to meet out the requirements of local market at cheaper rates which can generate more and more employment at minimum investment and infrastructure.

The Government needs to focus more on strengthening and increasing employment, investment opportunities for technical textiles, garments and retails brands and sustainable growth. Changing lifestyle and increasing demand for quality products are needed to enhance in a sustained way. The Government and textile industry need to collaborate and promote superior quality exports opportunities, favorable trade policies which leads to increase in domestic demand for higher textile production.

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