

TRENDS AND FUTURE ACTION PLAN OF TEXTILE INDUSTRIES IN INDIA

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ABSTRACT

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 11% of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale. The textiles industry has made a major contribution to the national economy in terms of net foreign exchange earnings and contribution to the GDP. The textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of India's economy. Textiles exports from India will touch US\$ 185 billion by the year 2024-25. This paper discusses the present and future direction of textile industries in India.

INTRODUCTION

The Indian textile industry has strength across the entire value chain from natural to man-made fiber to apparel to home furnishings. Its share in the nation's GDP is 6% and in exports is 13%. The sector is the second largest employer after agriculture. After the phasing out of export quotas in 2005 India's export performance has been below expectations. Its share of global exports is around 5% whereas it was expected to rise quickly towards China's level. The Chinese share in global exports is 39%. Vietnam and Bangladesh have shown remarkable success. Vietnam could achieve a peak export growth rate of 30% while Bangladesh could achieve a growth rate of 18%. Taking innovative measures in partnership

with the industry and learning from experience, India could aspire to achieve 20% growth in exports over the next decade. In any case the achievement of 15% growth rate in exports should be feasible. In the domestic market, sustaining an annual growth rate of 12% should also not be difficult. This implies that with a 12% CAGR in domestic sales the industry should reach a production level of US\$ 350 billion by 2024-25 from the current level of about US\$ 100 billion for the domestic market. With a 20% CAGR in exports India would be exporting about US\$ 300 billion of textile and apparel by 2024-25 while with the lower 15% CAGR in exports, India would be exporting about US\$ 185 billion of textile and apparel by 2024-25. Considering the targeted growth in exports, India should by then have a market share

of 15% to 20% of the global textile and apparel trade from the present level of 5%. During this period India should also attempt a structural transformation whereby it becomes a net exporter of finished products. This would imply that growth rates in exports of fibre and yarn should start declining and growth rates of apparel, homes furnishing, technical textiles and other finished products should grow very rapidly. This would maximise employment generation and value creation within the country and the fulfilment of the Prime Minister's Vision of "Make of India". In the process, investment of about US\$ 180 billion to US\$ 200 billion would take place

and about 35 million additional jobs would get created.

TEXTILES EXPORT

Exports of textiles increased to USD 41.67 billion in 2014-15 by 3%. In rupee terms, to Rs.2.55 lac crores as against Rs.2.48 lac crores in the last year there by showing a growth of 3%.

- Growth in exports of certain segments were high such as handicrafts (17%), carpets (15%) and readymade garments (12%),

India has a share of approximately 5% of the global textile and apparel trade. The break-up of our current exports are as follows:

SI no.	ITEMS	SHARE %
1	Cotton Fibre	9%
2	Cotton Yarn, Fabrics and Made ups	23%
3	Man-made Textiles	14%
4	Garments	39%
5	Handlooms & Handicrafts	11%
6	Others	4%

Source: Ministry of Textile, Govt. of India

Projections for India in World Exports

Year	World Textiles Export (\$ billion)	India's Exports billion)	(\$
2016	860.6		54.4
2017	903.6		62.6
2018	948.8		72.1
2019	996.2		83.0
2020	1046.0		95.5
2021	1098.3		109.9
2022	1153.3		126.5
2023	1210.9		145.6

Source: Ministry of Textile, Govt. of India

STRENGTHS

- Availability of low cost and skilled manpower provides competitive advantage to industry
- Availability of large varieties of cotton fibre and has a fast growing synthetic fibre industry.
- India is one of the largest exporters of yarn in international market.
- Growing economy and potential domestic and international market.
- Industry has large and diversified segments that provide a wide variety of products.

OPPORTUNITIES

- Emerging retail industry and malls.
- Elimination of quota restriction leads to greater market.
- Growth rate of domestic textile industry.
- Shifting towards branded readymade garment.
- Product development and diversification
- The slowdown in the Chinese economy has rendered the cost of textile production in China high. So, Chinese textiles manufacturers have lost competitive advantages of lower cost of production in the last few months
- This has offered an opportunity for Indian textiles sector to grab the market share of China in the developed world, especially the European Union and the United States, which cumulatively comprise around 60 per cent of the global export market. This is the right time to increase our market share in exports.

GROWTH

- The Indian textiles industry is set for strong growth, buoyed by strong domestic consumption as well as export demand.
- The most significant change in the Indian textiles industry has been the advent of man-made fibres (MMF). India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. MMF production recorded an increase of 10 per cent and filament yarn production grew by 6 per cent in the month of February 2014. MMF production increased by about 4 per cent during the period April 2013–February 2014.
- Cotton yarn production increased by about 10 per cent during February 2014 and by about 10 per cent during April 2013–February 2014. Blended and 100 per cent non-cotton yarn production increased by 6 per cent during February 2014 and by 8 per cent during the period April 2013–February 2014.
- Cloth production by mill sector registered a growth of 9 per cent in the month of February 2014 and of 6 per cent during April 2013–February 2014.
- Cloth production by power loom and hosiery increased by 2 per cent and 9 per cent, respectively, during February 2014. The total cloth production grew by 4 per cent during February 2014 and by 3 per cent during the period April 2013–February 2014.
- Textiles exports stood at US\$ 28.53 billion during April 2013–January 2014 as compared to US\$ 24.90 billion during the corresponding period of the previous year, registering a growth of 14.58 per cent. Garment exports from India is expected to touch US\$ 60 billion over the next three

years, with the help of government support, said Dr A Sakthivel, Chairman, Apparel Export Promotion Council (AEPC).

- The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted foreign direct investment (FDI) worth Rs 6,710.94 crore (US\$ 1.11 billion) during April 2000 to February 2014.

INVESTMENTS

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US\$ 2.41 billion during April 2000 to December 2016.

Some of the major investments in the Indian textiles industry are as follows:

- Raymond has partnered with Khadi and Village Industries Commission (KVIC) to sell Khadi-marked readymade garments and fabric in KVIC and Raymond outlets across India.
- Max Fashion, a part of Dubai based Landmark Group, plans to expand its sales network to 400 stores in 120 cities by investing Rs 400 crore (US\$ 60 million) in the next 4 years.
- Trident Group, one of the leading manufacturers and exporters of terry towel, home textile, yarn and paper in India, has entered into a partnership with French firm Lagardere Active Group, to launch a premium range of home textiles under the renowned French lifestyle brand Elle Décor in India.
- Raymond Group has signed a Memorandum of Understanding (MoU) with Maharashtra government for setting up a textile manufacturing plant with an investment of Rs 1,400 crore (US\$ 208.76 million) in Maharashtra's Amravati district.

- Reliance Industries Ltd (RIL) plans to enter into a joint venture (JV) with China-based Shandong Ruyi Science and Technology Group Co. The JV will leverage RIL's existing textile business and distribution network in India and Ruyi's state-of-the-art technology and its global reach.
- Giving Indian sarees a 'green' touch, Dupont has joined hands with RIL and Vipul Sarees for use of its renewable fibre product Sorona to make an 'environment-friendly' version of this ethnic ladies wear.
- Snapdeal has partnered with India Post to jointly work on bringing thousands of weavers and artisans from Varanasi through its website. "This is an endeavour by Snapdeal and India Post to empower local artisans, small and medium entrepreneurs to sustain their livelihood by providing a platform to popularise their indigenous products," said Mr Kunal Bahl, CEO and Co-Founder, Snapdeal.
- Welspun India Ltd (WIL), part of the Welspun Group has unveiled its new spinning facility at Anjar, Gujarat - the largest under one roof in India. The expansion project reflects the ethos of the Government of Gujarat's recent 'Farm-Factory-Fabric-Fashion-Foreign' Textile Policy, which is aimed at strengthening the entire textile value-chain.

VISION 2024-25

- The Indian textile industry has strength across the entire value chain.
- Its share in the nation's GDP is 6% and 13% in exports. After the phasing out of export quotas in 2005 India's export performance has been below expectations. Its share of global exports is around 5% whereas it was expected to rise quickly towards China's level.

- The Chinese share in global exports is 39%. Vietnam and Bangladesh have shown remarkable success.
- Taking innovative measures in partnership with the industry and learning from experience, India could aspire to achieve 20% growth in exports over the next decade. In any case the achievement of 15% growth rate in exports should be feasible.
- In the domestic market, sustaining an annual growth rate of 12% should also not be difficult.
- This implies that with a 12% CAGR in domestic sales the industry should reach a production level of US\$ 350 billion by 2024-25 from the current level of about US\$ 100 billion for the domestic market.

GOVERNMENT OF INDIA INITIATIVES

- The Government of India has started promotion of its 'India Handloom' initiative on social media like Facebook, Twitter and Instagram with a view to connect with customers, especially youth, in order to promote high quality handloom products as **India Handloom Brand**.
- National Textiles Policy aims at creating 35 million new jobs by way of increased investments by foreign companies (expected to be 180-200 billion US\$).
- The Ministry of Textiles launched Technology Mission on Technical Textiles (TMTT), The objective of TMTT is to promote technical textiles by helping to develop world class testing facilities at eight Centres of Excellence across India, promoting indigenous development of prototypes, providing support for domestic and export market development and encouraging contract research.
- The Ministry of Textiles has approved a 'Scheme for promoting usage of geotechnical textiles in North East Region

(NER)' in order to capitalise on the benefits of geotechnical textiles. The scheme has been approved with a financial outlay of Rs 427 crore (US\$ 64.1 million) for five years from 2014-15.

- Technical textiles is among the most promising and fastest growing areas of Indian textiles industry.
- The technical textile sector has demonstrated encouraging growth trends in India with a CAGR of 8% for the last few years it has reached a size of \$13 billion.
- The sector is expected to show a CAGR of 16% to reach \$ 31 billion by 2020-21.
- Globally, technical textiles account for more than one third of all textile consumption. Currently, India accounts for only 8.6% of global technical textiles consumption.
- Technical textiles are bound to play an important role as our economy grows. Increasing disposable income and the growth of various end user segments like **healthcare, roads and highways, agriculture, automobiles etc** are expected to drive the demand for these products at a much higher rate in India.
- The Revised Restructured Technology Up gradation Fund Scheme (RRTUFS) covers 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 also provided to the specified technical textile machinery under RRTUFS.
- Under the Scheme for Integrated Textile Parks (SITP), the Government of India provides assistance for creation of infrastructure in the parks to the extent of 40 per cent with a limit up to Rs 40 crore (US\$ 6 million). Under this scheme the technical textile units can also avail its benefits.

- Skill development under Integrated Skill Development Scheme will provided training to 1.5 Million people to coverall sub-sectors of textiles such as Textile and Apparel, Handicrafts, Handlooms, Jute and Sericulture.
- Concept of Zero defect and Zero effect approach.
- Under the Make in India initiative, investment opportunities for foreign companies and entrepreneurs are available across the entire value chain of synthetics, value-added and speciality fabrics, fabric processing set-ups for all kinds of natural and synthetic textiles, technical textiles, garments, and retail brands.
- Already several foreign companies have invested in India. These include textile machinery manufacturers Rieter and Trutzschler; and apparel retailers like Zara and Mango (both from Spain), Promod (France), Benetton (Italy), etc.
- Government has undertaken a number of steps to improve Ease of Doing Business in India, to function as single window for obtaining government clearances.
- The government has also proposed to extend 24/7 customs clearance facility at 13 airports and 14 sea ports resulting in faster clearance of import and export cargo.

SUSTAINABILITY - WAY FORWARD

- Sustainability today has become a necessity driven by consumer awareness and preference for sustainable products, compliance norms, and a realisation **that to secure the future it is important to act today.**
- Life cycle approach to sustainability in textile and apparel industry entails ensuring the three facets of sustainability

SOCIAL, ECONOMIC AND ENVIRONMENTAL

- Companies need to discover new ideas to sustain in a situation with lesser availability of natural resources.
- Thoughtful research is required to attain the right solutions to the most important issue- sustainability.
- The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The organised apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period.
- The Union Ministry of Textiles, which has set a target of doubling textile exports in 10 years, plans to enter into bilateral agreements with Africa and Australia along with working on a new textile policy to promote value addition, apart from finalising guidelines for the revised Textile Upgradation Fund Scheme (TUFS).
- The Indian cotton textile industry is expected to showcase a stable growth in FY2017-18, supported by stable input prices, healthy capacity utilisation and steady domestic demand*.

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