

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/320539330>

The performance of textile & apparel industries in India and its future prospects

Article · September 2017

CITATIONS

5

READS

1,399

2 authors:



R. Nandhakumar

NIFT

3 PUBLICATIONS 9 CITATIONS

SEE PROFILE



Magesh Rajarathinam

83 PUBLICATIONS 124 CITATIONS

SEE PROFILE



THE PERFORMANCE OF TEXTILE & APPAREL INDUSTRIES IN INDIA AND ITS FUTURE PROSPECTS

R. Nandhakumar

Research Scholar (PT) - Dept. of Management Studies,
Vels University, Chennai, Tamilnadu, India

Dr. R. Magesh

Associate Professor, Dept. of Management Studies,
Anna University, Chennai, Tamilnadu, India

ABSTRACT:

Textiles in India have long history dating back to more than 5000 BC and there were archeological evidence that we had an abundant resources and forefront in supplying the finest textile products to the rest of the world. This sector cannot be ignored because it is the second largest sector providing employment opportunities both organized and unorganized sectors. The textile industry employs about 51 million people directly and 68 million people indirectly. The textile industry has two broad segments. First, the unorganized sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organized sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

The Indian textile industry exhibits rich cultural heritage of India with wide variety of fabrics, techniques and hues that reflect the diverse set of people and traditions across the country. One of the oldest industries in India, it covers an extensive spectrum of segments, from hand woven/hand-spun, unorganized segment on one end to capital and technology intensive organized segment on the other. India is the largest producer of Jute in the world and is the second largest producer of silk and cotton globally.

This article explores with the current performance of Indian Textile and Apparel industry & Government policies and future of this sector.

Keywords: Indian Textile and Apparel Industry, Market Size, export, Employment, Economic Development and Growth.

Cite this Article: R. Nandhakumar and Dr. R. Magesh, The Performance of Textile & Apparel Industries In India and Its Future Prospects, International Journal of Mechanical Engineering and Technology 8(9), 2017, pp. 357–362.
<http://www.iaeme.com/IJMET/issues.asp?JType=IJMET&VType=8&IType=9>

1. INTRODUCTION:

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 15 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralized power looms/ hosiery and knitting sector form the largest component of the textiles sector.

The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

2. NEED FOR THE STUDY:

Indian textiles and apparel have a history of fine craftsmanship and global appeal. Cotton, silk and denim from India are highly popular abroad and with the upsurge in Indian design talent, Indian apparel too has found success in the fashion centres of the world.

The Indian textile and apparel industry is one of the largest in the world with an enormous raw material and manufacturing base. The present domestic textile industry is estimated at US\$ 33.23 billion and unstitched garments comprise US\$ 8.307 billion.

The industry is a significant contributor to the economy, both in terms of its domestic share and exports. It accounts for a phenomenal 14 per cent of total industrial production; around 4.78 per cent share in the country's total exports in 2013-14. It is very important to monitor the performance of Indian Textile sector in the future as it is a livelihood for more than 100 million people and key factor in deciding the national development.

3. LITERATURE REVIEW:

The various articles related to Indian Textile industry and their performances were studied. The extracts are taken from the India Brand Equity Foundation (IBEF), Department of Policy & Industrial Promotion, Textiles and Apparel sector, Achievement Report, Ministry of Textiles, November 2016, Indian Trade Portal – Apparel Industry in India etc.

4. PERFORMANCE OF INDIAN TEXTILE & APPAREL INDUSTRY:

4.1. Market Size:

The Indian textiles industry, currently estimated at around US\$ 120 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 4 per cent to India's Gross Domestic Product (GDP), and 14 per cent to overall Index of Industrial Production (IIP).

Indian khadi products sales increased by 33 per cent year-on-year to Rs 2,005 crore (US\$ 311.31 million) in 2016-17 and is expected to exceed Rs 5,000 crore (US\$ 776.33 million) sales target for 2018-19, as per the Khadi and Village Industries Commission (KVIC).

The total area under cultivation of cotton in India is expected to increase by 7 per cent to 11.3 million hectares in 2017-18, on account of expectations of better returns from rising prices and improved crop yields during the year 2016-17.

Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2016, mainly led by bedding bath and home decor products and textiles. The Government of India targets textile and garment sector exports at US\$ 45 billion for 2017-18.

This sector offers tremendous employment opportunities for people, especially in the rural regions. The textile sector in India accounts for 10% of the country's manufacturing production, 5% of India's GDP, and 13% of India's exports earnings. Textile and apparel sector is the second largest employment provider in the country employing nearly 51 million people directly and 68 million people indirectly in 2015-16.

4.2. 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\$ 2.47 billion during April 2000 to March 2017.

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

- Future Group is planning to open 80 new stores under its affordable fashion format, Fashion at Big Bazaar (FBB), and is targeting sales of 230 million units of garments by March 2018, which is expected to grow to 800 million units by 2021.
- 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.

4.3. Government Initiatives:

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

The key initiatives announced in the Union Budget 2017-18 to boost the textiles sector are listed below:

- Encourage new entrepreneurs to invest in sectors such as knitwear by increasing allocation of funds to Mudra Bank from Rs 1,36,000 crore (US\$ 20.4 billion) to Rs 2,44,000 crore (US\$ 36.6 billion).
- Upgrade labour skills by allocating Rs 2,200 crore (US\$ 330 million)
- Some of initiatives taken by the government to further promote the industry are as under:
- The Government of India plans to introduce a mega package for the power loom sector, which will include social welfare schemes, insurance cover, cluster development, and upgradation of obsolete looms, along with tax benefits and

marketing support, which is expected to improve the status of power loom weavers in the country.

- The Ministry of Textiles has signed memorandum of understanding (MoU) with 20 e-commerce companies, aimed at providing a platform to artisans and weavers in different handloom and handicraft clusters across the country for selling their products directly to the consumer.
- Memorandum of Understanding (MoU) worth Rs 8,835 crore (US\$ 1.3 billion) in areas such as textile parks, textile processing, machinery, carpet development and others, were signed during the Vibrant Gujarat 2017 Summit.
- The Union Minister for Textiles inaugurated Meghalaya’s first-ever apparel and garment making centre to create employment opportunities in the region. The Union Minister for Textiles also mentioned Meghalaya has been sanctioned Rs 32 crore (US\$ 4.8 million) for promotion of handlooms.
- The Government of India has announced a slew of labour-friendly reforms aimed at generating around 11.1 million jobs in apparel and made-ups sectors, and increasing textile exports to US\$ 32.8 billion and investment of Rs 80,630 crore (US\$ 12.09 billion) in the next three years.
- Skill Development Under the Integrated Skill Development Scheme (ISDS), the Ministry has trained more than 5.3 lakh youth in textile trades over the last two years, particularly in the garmenting segment. More than 81 % of persons trained have been placed including 79 % of the trained women. Year wise break up of total trained and placed under the scheme.

Year	Trained	Placed	Women Trained	Women Placed
2014-15	131233	54767	94111	43653
2015-16	219908	188399	171921	139700
2016-17 (till September)	185542	150197	143158	112988
Total	536683	393363	409190	296341

4.4. Key Markets and Export Destinations

The main markets for Indian textile and apparel exports are:

- United States
- European Union
- Parts of Asia
- Middle East

In the near future, India's apparel exports to developed markets are expected to increase considerably. Apparel exports from India are expected to reach US\$ 82 billion by 2021 and total cloth production in India is expected to reach 112 billion square metres by FY17. In 2013-14, India exported apparels worth of US\$ 14.93 Bn.

5. STRATEGIES ADOPTED

5.1. Focus on high growth domestic market

As of November 2016, the Ministry of Textiles signed MoUs with 20 e-commerce firms to engage with various handloom and handicraft clusters. In strategic alliance with importers from UAE, the 1st ever exhibition of, “Incredible Indian Textiles” was held in Dubai in February 2017. The event was organized by Synthetic and Rayon Textiles Export Promotion Council (SRTEPC) of India and witnessed participation of 19 Indian companies. In March 2017, Welspun India Ltd opened a new plant - Needle Entangled Advance Textile Plant in Anjar, Gujarat, to manufacture multi-layer composites for various applications. The plant is worth US\$ 23.35 million.

5.2. Focus on backward integration

During Textiles India 2017, the Ministry of Textiles signed 65 memorandums of understandings (MoUs). MoUs were signed between various domestic and international organizations from industry and government; three of the MoUs signed are G2G MoUs. The MoUs signed relate to exchange of information and documentation, Research & Development, commercialization of handloom products and silk production, cooperation in Geo textiles, skill development, supply of cotton and trade promotion with overseas partners, etc.

5.3. Focus on forward integration

In February 2017, Future Retail, entered into an agreement with UK based home furnishing brand - Laura Ashley, to operate and own stores and websites in India. The Indian fashion retailers' online market is poised to grow to US\$ 30 billion by the 2020; currently the online market is valued at US\$ 7-9 billion

5.4. Diversification

Raymond group under its group company J. K. Helene Curtis is looking to ramp up male grooming segment by unleashing new variants of shampoos and does.

6. FUTURE OF INDIAN TEXTILE INDUSTRY:

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 apparel market in India is estimated to grow at a Compound Annual Growth Rate (CAGR) of 11.8 per cent to reach US\$ 180 billion by 2025.

The Indian cotton textile industry is expected to showcase a stable growth in FY2017-18, supported by stable input prices, healthy capacity utilization and steady domestic demand.

Exchange Rate Used: INR 1 = US\$ 0.0155 as of April 17, 2017.

7. CONCLUSION

From the review of various articles listed in this paper, it is evident that Indian Textile and Apparel sector has a very positive sign of growth. The Government of India has completing to boost this sector by setting -up of Integrated Textile Parts, Technology Fund Up gradation Scheme, allowing 100% Foreign Direct Investment etc. As per the latest report, India topped number one in the cotton production.

The other factors which boost the Indian textile & Apparel sectors like

- Increased penetration of Retail Sector
- High Income of Middle class segments
- Development of infrastructure
- Favorable Government policies
- Abundant raw materials availability
- India enjoys a comparative advantage in terms of skilled manpower and in cost of

Productions relative to major textile producers are considered very important for the growth of this sector. As per the report of Indian Brand Equity Foundations for the month of July 2017, it was mentioned the Textile and apparel industry in India would reach 223 billion USD from 108 billion USD in the year 2015. This would give confidence to the millions of people working in this diversified Indian Textile & Apparel industries.

8. ACKNOWLEDGEMENT

I take this opportunity to thank my guide, Dr. R. Magesh, Associate Professor, Department of Management studies, Anna University, Chennai, India for continuous guidance and support. I would like to express my sincere thanks to my internal guide Dr. Vasantha, Associate Professor, Department of Management Studies, Vels University for her support advises. My study would not have been possible without the support of the companies in which I had collected the information and I thank them specially. I also thank Prof. M. Ramani, Ms. Geetha Swaminathan, my fellow research scholars for their support.

REFERENCES:

- [1] Ministry of Textiles, Indian Textile Journal, Department of Industrial Policy and Promotion, Press Information Bureau, Union Budget 2017-18
- [2] <http://www.ibef.org/industry/indian-textiles-and-apparel-industry-analysis-presentation>, Textiles and Apparel, India Brand Equity Foundation (IBEF)–June 2017.
- [3] Department of Policy & Industrial Promotion, Textiles and Apparel sector, Achievement Report, Ministry of Textiles, November 2016.
- [4] <http://www.indiantradeportal.in/vs.jsp?lang=1&id=0,30,50,163>
- [5] <http://www.ibef.org/industry/indian-textiles-and-apparel-industry-analysis-presentation>, Textiles and Apparel, India Brand Equity Foundation (IBEF) –July 2017
- [6] Dr. V.S. Dhekale and Dr. B.T. Bandgar, Labour Absenteeism in a Textile Unit at Kolhapur. International Journal of Management, 7(7), 2016, pp. 162–171.
- [7] Dr. K. K. Ramachandran and M. Madhumathy. A Study on Capital Structure and Financial Performance of Indian Textile Industry. International Journal of Management, 7(3), 2016, pp. 313–322.
- [8] Dr. Cevdet A. KAYALI, The Relation Between R&D Expenditures and Financial Performance of Textile Firms Traded in Istanbul Stock Exchange (BIST): Evaluation through Panel Data Analysis. International Journal of Management, 8 (3), 2017, pp. 148–155.