

A STUDY ON EMERGING TRENDS IN TEXTILE INDUSTRY IN INDIA

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Abstract:

Sustainability in Textile and Apparel industry has three facets Social, Economic and Environmental. Globalization has had a positive impact on textile exports of India. Countries producing and exporting textiles have increased investment in spinning and weaving equipment. Even though Developing countries have comparative cost advantage in domestic and international market still they are implementing structural changes to meet the needs of the global stringent buyer. Indian Government has changed its aim of incipient export growth to increasing productivity. Technology Up gradation Fund Scheme, E marketing, CETP in Tiruppur, Postage Stamps, Integrated Textiles and Business are amongst the fifteen trends discussed in this paper.

Key Words: Sustainability, TUFS, CETP.

Introduction

Apparel has retained an important place in human life starting from historical era to today's modern world^[1]. Apparel industry in the contemporary market is a global industry. The history of clothing production can be traced back to the year 2000 BC. Apparel production became one of the large scale economic activities providing significant employment, next to agriculture. The Indian textile and clothing industry provides a valuable wealth of craftsmanship both skilled and semi-skilled work force which is the major contributor towards the development of apparel units^[2].

Textile and apparel industries are vital parts of the world economy, providing employment to tens of millions, mostly, women workers in nearly two hundred countries. The garment industry is experiencing production and organizational changes globally, with deepening trade activity altering employer – employee relations. The world garment industry is on the threshold of far-reaching institutional changes in the near future. Despite being one of the most global industries in the world, the exemplary trade practices in a globalizing world are still

distorted in favour of advanced economics. Over the past 3-4 decades, trade restrictions, price and quality; have come to play a major role in conditioning the patterns of the sector's development^[3].

Traditional giants in the production of textile and apparels are China, India, Pakistan and Vietnam which are competing with each other. Although the industries are geographically dispersed throughout the world, today, China dominates the scene with respect to textiles and apparels.

China is the world's largest producer and exporter of textiles and it has invested in more spinning and weaving equipment than any other country^[4]. The various factors that contribute towards the sickness in the cotton textile industry world wide are outdated technology and persistent labour problem in spite of positive growth factors such as eco-friendly, bio-degradable character of cotton, it's versatility, exports and export potential, the employment generated by it in the agricultural and industrial sectors and employments potential. Hence, it was felt that necessary protection needed to be given to the entire cotton sector to maintain its level of production and employment and enable

it to diversify, modernize and improve its productivity levels and compete effectively in both domestic and international markets^[5].

Globalization is inevitable and unavoidable under the present world economic situation. Many industries are affected positively or negatively with the globalization trend. The textile industry is no exception. It has been facing a crisis

situation in the past few years. It faces a tough competition in the world market^[6]. The global textile and clothing trade has increased by around 60 times from \$ 6 billion in 1962 to \$395 in the year 2003. In general, it has been seen that the developing countries have a comparative advantage in textiles and clothing trade^[7]. The following Table 1 shows the world trade in textiles and clothing.

Table - 1
World trade in Textiles and Clothing (all figures in US \$ billion)

Year	Textiles (T)	Clothing (C)	Total	T:C Ratio
1990	104	108	212	1.036
1995	151	159	310	1.050
2002	152	201	353	1.320
2003	169	226	395	1.340

Source: Issues of international trade statistics, WTO, 2003.

As the world textile trade has increased by 30 times and trade in apparels more than 100 times, apparel trade has taken the lion's share of total textile and clothing trade. The regional flows of textile and clothing trade shows that

around 20 percent flows from Western Europe and North America^[8]. However, around half of textile trade is accounted within Asia and Western Europe. The textile exports from the Asian region are given in Table 2.

TABLE- 2

Textile exports by International Trade and Market Access Data: WTO(in Mill US \$)

Country	2005	2010	2011
India	8331.5	9110.5	15016
China	41050	59823	94410
Bangladesh	705.2	885.7	1589.8
Pakistan	7087.5	6509	9082
Srilanka	135.9	139	198

Source :International Trade and Market Access Data WTO 2012

Indian Market

The textiles industry in India accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for nearly 11% share of the country's total exports

basket^[9]. Exports of textiles and clothing products from India have increased steadily over the last few years, particularly after 2004 when textiles exports quota stood discontinued. India's textile exports for the year 2011 was reported at 15016 million US \$ by the WTO in

International Trade and Market Access Data . refer Table 3

TABLE-3
Textile Exports in India (in Mn US \$)

Items	2008-09	2009-10	2010-11	2011-12
Ready made	10383	10064	11026	13072
Cotton	4803	5711	8684	11321
manmade	3325	3970	4704	5630
Woolen, yarn	484	470	442	508
silk	684	596	631	473

Source: ministry of textiles , Intl. Trade Section, Updated on 04-09-2012)

During the year 2010-11, Readymade Garments accounted for almost 39% of the total textiles exports. Apparel and cotton textiles products together contributed nearly 73% of the total textiles exports. India's textiles products, including handlooms and handicrafts, are exported to more than a hundred countries. However, the USA and the EU, account for about two-thirds of India's textiles exports. The other major export destinations are China, U.A.E., Sri Lanka, Saudi Arabia, Republic of Korea, Bangladesh, Turkey, Pakistan, Brazil, Hong-Kong, Canada and Egypt etc. ^[10]

In textiles, 16.4 million workers are employed all over the world. China was the largest employer, accounting for total employment of 3.1 million which accounts for 19 percent of the world's total. It was followed by the former USSR with 14 percent of the world's total, India with 11 percent, the United states with 5 percent Japan accounts below 5 percent. Other sizable textile employers are Germany, Spain, Taiwan and Italy. There are considerable changes in the production and the export of textile by various countries. China gained importance by employing 41 percent of the world's total in the textile industry. India is the second largest employer in textile industry ^[11].

Indian textile industry is one of the largest and the most important sectors in the economy in

terms of output, foreign exchange earnings and employment generations. The Indian textile industry contributes about 14 percent to the national industrial production and about 35 percent to the total national export earnings. India has also been a significant player in the global textile markets. It 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^[12]. The Indian Textile Industry, being one of the oldest and important sectors earns lot of foreign exchange and employs a considerable percentage of population from both urban and rural areas^[13]. Exports of cotton have emerged has a major source of foreign exchange earning for the country. Cotton being the, commercial crop of India, is grown in 84 million. hectares but the per hectare yield in India is at lowest level compared with other countries like Israel, Australia, Syria, Turkey, China and USA and the quality does not measure up to the world standard.^[14]

Indian Textile industry has been witnessing a big structural change, continuously reinventing and rediscovering it to meet the needs of the stringent global buyers. Indian Companies have started raising their standards and also aggressively pursuing their human resource strategies aimed at image building as well as overall growth. India is emerging from the quota

era to set up strong vertically integrated textile operations and aiming to become a leading source to the world for its high-end textile needs, from yarns to fabrics to readymade garments. It may be true that India is likely to emerge as one – stop source for creative textiles, offering a formidable combination of product development skills and infrastructure for the contemporary, high-value products across every fibre group^[15]. With over 1700 textile mills, about 40 lakhs people are employed in handlooms, hosiery and processing units. The textile industry is the single largest industry in

the country. A spurt in the man-made yarn exports and a decline in the man-made fibre exports in the liberalization era is a welcoming trend as yarn is a higher value added item which contributes more to export earnings^[16]. Still exports of cotton have emerged as a major source of foreign exchange earnings for the country. The ratio between woven clothing and knitwear shows an increasing trend in knitwear in the US market. The Table 4 shows the export trend of textiles to clothing and woven to knit wears^[17].

Table – 4
Textiles to clothing ratio and knit to woven wear ratio
(Ratio in the US Market)

Year	Textiles to Clothing Ratio	Knit to woven wears Ratio
2001	1:3.9	1:1.2
2002	1:3.6	1:1.1
2003	1:3.6	1:1.1

Source: Computed from World Trade Atlas Database.

The export trends of Indian textile in US market show an average annual increase of 3.6 percent in knitwear sector.

In the textile imports, India is ranked at the 7th place with 6.55 percent market share. In clothing imports, China emerged as a top player and it consists of 14 percent market share surpassing Mexico which is marginally and consistently losing over the years. In knitted clothing, India is ranked at 20th place^[18].

Emerging Trends

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. These are being addressed in the following stages: Fibre production, textile manufacturing, garment manufacturing, distribution, retailing, consumption, and aftermarket.^[19]

The Government policy has changed from earlier objective of maintaining the incipient export growth momentum to increasing production and productivity in cotton and cotton yarn, enhancing value addition in garmenting and apparel sectors, promoting rich heritage of handlooms and handicrafts, institutional strengthening in jute sector, and enhanced acreages under mulberry production and safeguarding employment opportunities. ^[20]

It is now attracting larger capital flows and foreign direct investment by providing fiscal stimulus, increased the plan allocation from Rs 4,090 crore to Rs 4,500 crore, encompassing an

enhanced allocation of Rs 3,140 crore for Technology Up gradation Fund Scheme (TUFS).^[21]

Fifteen emerging trends in Textile industry are described below:

1. **Technology Up gradation Fund Scheme (TUFS):** This scheme started by the Government aims towards the modernization of the textile industry. Subsidy was released on August 06, 2009, in a single tranche, for the first time, with the amounts credited to the bank accounts of all beneficiaries in 3 working days reconstituting an effective addition to the stimulus packages announced by the Government.
2. **E-Marketing:** E-marketing platforms have been developed by the Central Cottage Industries Corporation of India (CCIC), and the Handicrafts and Handlooms Export Corporation of India (HHEC). More than 1000 contemporary designs with technical details and regional language interface have been hosted for free download on the website of National Centre for Textiles Design (NCTD).
3. **Common Effluent Treatment Plant (CETP):** An allocation of one time grant of Rs. 200 crore has been made, for the first time, to 20 Common Effluent Treatment Plants installed by dyeing units in Tirupur in Tamil Nadu to ensure zero liquid discharge.
4. **Marketing Initiatives:** Niche handloom and handicraft products are provided a marketing platform via 'Handloom Week' in December 2009. These marketing Initiatives of crafts -

mela and 'pradarshinis' are held in all states periodically.

5. **Cotton Sales Depots:** Cotton Sales Depots were set up at Coimbatore and Rajapalayam in Tamil Nadu. In India, a major portion of garments are being made in the state of Tamilnadu. It has a strong production base and account for about one – third of textiles production in the country and accounts 37.5 percent of India's total production. Textile mills are concentrated in Coimbatore, which is the Manchester of South India, Rajapalayam, Karur and Erode. Tamilnadu has around 1,400 textile mills of which spinning mills alone accounts to 650 with an installed spinning capacity of over 13.0 million spindles. Tamilnadu accounts for about 30 percent of India's export of textiles products. In the garments sector, Tamilnadu has more than 4,500 registered exporters who are concentrated mainly in Chennai and Tiruppur. While Chennai is specializing in export of woven garments, Tiruppur has emerged as a major centre for knitted garments.
6. **The Scheme for Integrated Textile Parks (SITP):** 90 % Government grants have been released for 17 Parks; Infrastructure Development has completed in 5 Parks and production has commenced in 17 Parks out of the 40 parks under implementation in Public Private Partnership mode. ^[22]
7. **National Textile Corporation (NTC):** NTC has modernized 17 mills. Of these, 4 mills in Coimbatore (Tamil Nadu) and 3 mills in Mumbai. ^[23]

8. Skill Development: An ambitious Skill Development Programme has been formulated to train 30 lakh workers over a period of 5 years with an outlay of Rs. 2,200 crore.^[24]

9. Indian School of Textiles and Business: To provide professional education, including research and consultancy, covering the entire spectrum of textiles, an Indian School of Textiles and Business has been setup by upgrading the existing, Sardar Vallabhbhai Patel Institute of Textile Management (SVPITM) at Coimbatore, Tamilnadu.

10. Export Promotion: Despite the global slowdown ,share of textile and clothing exports in total merchandise exports increased to 12.36% (US\$17.37 million)from 11.03% in 2008-09. In a 'Look East Policy', new markets have been tapped to promote exports, besides consolidating existing markets like EU and US. As part of the initiatives, mega textile shows have been held to capture new markets in Japan, South Asia, Australia, Latin America and South Africa.

11. National Institute of Fashion Technology (NIFT): Twelfth Centre of National Institute of Fashion Technology (NIFT) was inaugurated at Kangra in Himachal Pradesh. Two new NIFT centers will come up at Bhubaneswar and Jodhpur and a specialty centre at Coimbatore.

12. Skill Up gradation of Handicraft Artisans: 1,00,155 Artisans were given assistance to upgrade skills and build capacity under the Ambedkar Hastshilp Vikas Yojana, the Human Resource

Development and the Design & Technology Up gradation Schemes.

13. Technology change: Carbon-centric to watercentric, energy access to energy efficiency, printed papers to digital development, increased international campaigns, increased pressure from consumers and legislation, increased innovation and creativity at various supply chain steps.

14. Welfare Schemes: Under Handloom Weavers Comprehensive Welfare Scheme, 16.11 lakh weavers and ancillary workers were provided Health Insurance coverage and 5.10 lakh with life insurance coverage. Under the Rajiv Gandhi ShilpiSwasthyaBimaYojana, 7.33 lakh artisans were provided with health insurance coverage.^[25]

15. Migrant Labour: Industry experts said migrant workers have lot of employment opportunities in their home towns following fast-paced development of infrastructural projects there. They also have ample opportunities to earn money in different government schemes like NREGA.

Devesh Patel, president, Katargam Weavers Association, told TOI, "There will be a shortage of workers and we have to increase the wages in order to attract the skilled workers to our units. The cost of living in the city is very costly for the migrant workers compared to their hometowns. Most of them are looking out for jobs in their native places to cut down on the expenses."^[26]

Conclusion:

Textiles industry and its Labour relations are undergoing profound changes. The retail market has opened and the producers' control over the product market has increased. Improved schemes of credit and skill development for workers have the potential to increase the contribution of textiles to the GDP. The Government and the industry needs to collaborate and develop a plan of action that

addresses key issues and identifies and removes barriers to growth and sourcing strategies. Innovations in Supply chain management, professional services, branding will be the keys to sustainable growth in the textile industry. The worker welfare schemes and new compensation policies are to be executed to retain workers. The textile industry is undergoing changes whereby the management, workers and all stakeholders need be ready to face the competition for sustainability.

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