



Growth and performance of textile industry in India- an overview

Dr. M. Sasi Bhushan, Associate Professor, Krishna Chaitanya Institute of Technology and Sciences, Markapur, Prakasam (District), Andhra Pradesh, India,

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 per cent of total exports. The textile industry is also labor intensive and is one of the largest employers. 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 ambiguity was not strikingly reflected in the textile policy. The textile policy attempted to promote mills and handlooms simultaneously and consequently, ended up in contributing to sickness of mills and decimation of handlooms. A third sector, namely power looms, came up to push both sectors on the back foot and ran away with all incremental demand of textiles. It can be debated how far the ascendancy of power looms was policy induced or an outcome of gradual development of a different pattern of industrial organizations. This paper highlights the growth and prospects of textile industry in India

Key words: Ambiguity, Economy, Export, Growth, Policy

Introduction

The textile industry employs about 40 million workers and 60 million indirectly. India's overall textile exports during FY 2015-16 stood at US\$ 40 billion. 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 earliest evidence of weaving comes from impressions of textiles and basketry and nets on little pieces of hard clay, dating from 27,000 years ago and found in Dolni Vestonice in the Czech Republic. The development of textile and clothing manufacture in prehistory has been the subject of a number of scholarly studies

since the late 20th century. These sources have helped to provide a coherent history of these prehistoric developments. Evidence suggests that humans may have begun wearing clothing as far back as 100,000 to 500,000 years ago.

Historical perspective of Textile Industry in India

The record of ancient and medieval Indian textiles exists mostly in literature and sculpture. There is archaeological evidence of a cotton textile industry at Mohenjo-Daro in the Indus Valley around 3000 B.C and a few fragments survive from much later periods. Most of the extant textiles are dated after the seventeenth century, because the monsoon climate has been



very destructive to early specimens. The Greeks with Alexander the Great wrote of the fine flowered muslins and robes embroidered in gold they had seen in India. They may also have seen the cotton fiber that grew on trees.

Indian textiles were more important to the Dutch and the English than to the Portuguese. The Dutch East India Company was chartered in 1597, the East India Company in 1600. Their ships went first to India with bullion to exchange for the cotton textiles that could be bartered for spices in the Malay Archipelago. Eventually, the Dutch gained a monopoly in Indonesia, with trade centered in Java, and the English withdrew to India to establish trading stations known as "factories." One of the intentions of the East India Company was to sell English woollens in Asia, but broadcloth was never more than a novelty in India. By 1649 the British were sending chintz and cheap cotton calico to England. Much was for re export to America, the Near East, West Africa, and the slave plantations in the West Indies. A four-cornered trade developed. The East India Company shipped calicos to London where they were sold to the Royal Africa Company. The latter shipped them in turn to West Africa as *guinea-cloth* to be bartered for people. These slaves, and any remaining cloth, were shipped to the West Indies and exchanged for sugar, cotton, and tobacco-all cargoes bound back for England.¹⁰

Methodology : This paper was fully based on secondary sources of data. The

secondary data have been collected from various annual reports of Ministry of Textiles, Government of India, Foreign Trade Statistics of India, Journal, Magazines and Websites. This paper covers a period of 10 years from 2004 to 2014. Percentage and growth rate have been used to evaluate the production, consumption and exports of textiles products in India.

Overview of Textile Industry in

India: The Indian textile industry is one the largest and oldest sectors in the country and among the most important in the economy in terms of output, investment and employment. The sector employs nearly 35 million people and after agriculture, is the second-highest employer in the country. Its importance is underlined by the fact that it accounts for around 4% of Gross Domestic Product, 14% of industrial production, 9% of excise collections, 18% of employment in the industrial sector, and 16% of the country's total exports earnings. Cotton textiles continue to form the predominant base of the Indian textile industry, though other types of fabric have gained share in recent years. In 1995-96, the share of cotton and manmade fabric was 60% and 27% respectively. More recently, cotton fabrics accounted for 46% of the total fabric produced in 2005-06, while man-made fibers held a share of 41%. This represents a clear shift in consumer preferences towards man-made fabric.

Table 1, shows the variety wise production performance of textile industry in India. In this concern, cotton production was showing increasing trend from number 4131 million kgs in 2004-05 to number 6630million kgs in 2013-14, except the year 2005-06 and 2008-09.



Table 1: Production Performance of Textiles Industry in India (Million Kgs)					
Year	Cotton	Man-made	Silk	Wool	Jute
2004-05	4131	2132	16.50	44.6	1746
	(100)	(100)	(100)	(100)	(100)
2005-06	4097	2147	17.30	44.9	1843
	(99.18)	(100.70)	(104.5)	(100.67)	(105.50)
2006-07	4760	2510	18.50	45.2	1942
	(115.23)	(117.72)	(112.12)	(101.34)	(111.22)
2007-08	5219	2754	18.30	43.9	1935
	(126.34)	(129.17)	(110.91)	(98.43)	(110.82)
2008-09	4930	2483	18.40	42.8	1763
	(119.34)	(116.46)	(111.51)	(95.96)	(100.97)
2009-10	5185	2791	19.70	43.10	2010
	(125.51)	(130.90)	119.40)	(96.63)	(115.12)
2010-11	5763	2834	20.40	43.00	1805
	(139.51)	(132.92)	(123.63)	(96.41)	(103.38)
2011-12	6001	2697	23.10	44.40	1967
	(145.27)	(126.50)	(140.00)	(95.98)	(112.60)
2012-13	6205	2634	23.10	44.40	1967
	(150.21)	(123.54)	(140.00)	(95.98)	(112.6)
2013-14	6630	2601	23.10	44.4	1967
	(160.49)	(121.99)	(140.00)	(95.98)	(112.6)

Source: Annual Reports of Ministry of Textiles (from 2004-05 to 2013-14)

The growth rate of the cotton production was 160 percent during the study period. Under the manmade production was increased from 2132million kgs in 2004-05 to 2834 million kgs in 2010-11. In the subsequent years, it has decreased to 2601 million kgs in 2013-14. The growth rate of the manmade production was 122 percent during the decade. The silk production was increased slowly from 16.5 million kgs in 2004-05 to 23.1 million kgs in 2013-14. No changes in the production performance of silk

products during the last three years of the study period. The growth rate of the silk production was 140 percent. The wool and jute production was showing fluctuating trend during the whole study periods. The wool production was decreased from 44.6 million kgs in 2004-05 to 44.4 million kgs 2013-14. The growth rate was below the base value of the study period. The jute production was increased from 1746 million kgs in 2004-05 to 1967 million kgs in 2013-14.

India's Textiles Consumption

The consumption of the selected textile products are given in Table -2. The



consumption was analyzed in the kilograms of millions.

Table 2: Consumption of Textiles Products in India

Year	Cotton	Manmade	Silk	Wool	Jute
2004-05	3316	2133	24.9	129.4	1273
	(100)	(100)	(100)	(100)	(100)
2005-06	3723	2135	25.7	135.1	1376
	(112.27)	(100.90)	(103.21)	(104.40)	(108.09)
2006-07	3945	2281	24.1	144.8	1406
	(118.97)	(106.94)	(96.78)	(111.90)	(110.44)
2007-08	4027	2450	26.3	137.0	1403
	(121.44)	(114.86)	(105.62)	(105.87)	(121.73)
2008-09	3893	2397	26.8	108.6	1284
	(117.40)	(112.37)	(107.63)	(83.92)	(100.86)
2009-10	4403	2511	27.0	111.4	1441
	(139.37)	(117.72)	(108.43)	(86.09)	(113.20)
2010-11	4413	2408	26.2	137.8	1355
	(133.08)	(112.89)	(105.22)	(106.49)	(106.44)
2011-12	3972	2236	26.2	137.8	1355
	(119.78)	(104.83)	(105.22)	(106.49)	(106.44)
2012-13	4473	2073	26.2	137.8	1355
	(134.89)	(97.19)	(105.22)	(106.49)	(106.44)
2013-14	4866	1955	26.2	137.8	1355
	(146.74)	(91.65)	(105.22)	(106.49)	(106.44)

Source: Annual Reports of Ministry of Textiles (from 2004-05 to 2013-14)

Table 2, exhibits the consumption of textile products in India, among the fine varieties, the cotton consumption was increased from 3316 million kgs in 2004-05 to 4866 million kgs in 2013-14. The growth rate of the consumption was nearly 147 percent during the study period.

The manmade consumption was decreased from 2133 million kgs in 2004-05 to 1955 million kgs in 2013-14. The growth rate of manmade consumption was less than the base value of the study period. Under the silk consumption shows increasing trend from 24.9 million kgs in 2004-05 to 26.2 million kgs in 2013-14. The growth rate was 105 percent during the decade. The wool consumption was increasing from 129.4 million kgs in 2004-05 to 137.8 million kgs in 2013-14. But the production performance of wool was very low to compare the other products of textiles. The selected textile products export performance was given in Table-3.



Table 3: Export of Textiles Industry in India (Value US\$ Million)

Year	Cotton	Manmade	Silk	wool	Jute
2004-05	3544 (100)	2057 (100)	595 (100)	417 (100)	276 (100)
2005-06	4601 (129.82)	2040 (99.17)	693 (116.47)	456 (109.35)	296 (107.24)
2006-07	5564 (156.99)	2399 (116.62)	706 (118.65)	424 (101.68)	260 (94.20)
2007-08	6859 (193.54)	3177 (154.44)	658 (110.59)	443 (106.23)	328 (118.84)
2008-09	4803 (135.52)	3325 (161.64)	685 (115.12)	484 (116.06)	303 (109.78)
2009-10	5711 (161.14)	3971 (193.04)	597 (100.34)	470 (112.70)	218 (78.98)
2010-11	5792 (163.43)	4705 (228.73)	632 (106.22)	442 (105.99)	460 (166.66)
2011-12	6808 (192.10)	5631 (273.74)	473 (79.50)	508 (121.82)	457 (165.57)
2012-13	7524 (212.30)	5043 (245.16)	406 (68.24)	418 (100.23)	387 (140.21)
2013-14	8887 (250.76)	5694 (276.81)	398 (66.89)	424 (101.67)	424 (153.62)

Source: Annual Report of Ministry of Textiles (from 2004-05 to 2013-14)

Table 3 shows the exports of textiles products in India. Out of the selected products, the cotton export shows the increasing trends from US\$3544 million in 2004-05 to US\$8887 million in 2013-14. The growth rate of the cotton export was 251 percent. The manmade product export was increased from US\$2057 million in 2004-05 to US\$5694 million in 2013-14. The growth rate was 277 percent during the study period. Under the silk export was decreased from 595US\$million in 2004-05 to US\$398 million in 2013-14. The Wool and Jute exports was also showing fluctuating trend during the study period.

Importance of Textile Industry in India:

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 fibers (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. 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. In 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 are expected to touch US\$ 60 billion over the next three years, with the help of government support.

Trends of the Textile industry in India:

India is the second highest producer of cotton after China contributing about 21.5% of world production. In case of jute, India is the largest producer contributing about 64% of world jute production. In case of silk, India is a distant second to China, contributing 15.5% of world production. 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.¹¹ An investment of Rs.64,900 crores is required to set up world-class process houses in the country. A broad break up of investments of Rs.1, 75,259 crores is as under in the table: 3

Equity Ratio of 1.5:1, the Equity requirement is about Rs. 56000 Crores and Debt Requirement of Rs.84000 Crores. Textile is the major employer in the manufacturing sector and accounts for 16.8 percent of all manufacturing employment in 2009-10 though it has observed a declining trend from 18 per cent in 1999-2000. Over the decade the sector has observed a jobless growth.

The current study identifies the factor causing the jobless growth in textile sector which is the major employer in manufacturing sector of the economy.

Government Initiatives about Textile Industry in India:

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

The Indian textiles industry, currently estimated at around US\$ 108 billion, is expected to reach US\$ 223 billion by 2021. The industry is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly. The Indian Textile Industry contributes approximately 5 per cent to India's Gross Domestic Product (GDP), and 14 per cent to overall Index of Industrial Production (IIP). The Indian textile



industry has the potential to reach US\$ 500 billion in size according to a study by Wazir Advisors and PCI Xylenes & Polyester. The growth implies domestic sales to rise to US\$ 315 billion from

currently US\$ 68 billion. At the same time, exports are implied to increase to US\$ 185 billion from approximately US\$ 41 billion currently.

Table 4: Investment in Textile and Garment Industry estimated by CRISIL

Sector	Investments (Rs. In Cr.)
Spinning	42,655
Weaving	31,034
Knitting	5,670
Processing	64,900
Garmenting	31,000
Total	1,75,259

Source: CRISIL-Assuming a Debt

Table 5: Share of Textile Sector's Employment in Manufacturing Sector and Overall Economy

Sectors	Employment (Millions)		
Share of Textile in Manufacturing (%)	17.8	18.1	16.8
Share of Textile in Total (%)	1.98	2.21	1.83
Total Employment (in millions)	396.76	457.46	460.22

Source: NSSO and IAMR Concept Paper

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\$ 1.85 billion during April 2000 to March 2016. 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.

Various Committees Recommendations about Textile Sector in India: Instead of giving any facility or financial help to the power looms industry the governments appointed various committees to find out the problems of textile industry in the country. Kanungo committee (1954), Ashok Mehta Committee (1964), Siva Raman Committee (1974) were appointed by the government to study the problems. Among them, the only committee of Ashok Mehta recommended in a true manner and in sympathetic way for the power loom industry. It was the first committee which advised the government to include the power loom sector in Five Year Economic Development Plan. It also granted the power loom industry its social status. Keeping in mind the need to upgrade the skills of textile workers/handloom



weavers, develop competitiveness in the textile industry and increase employability, the Ministry of Textiles, Government of India has launched Integrated Skill Development Scheme (ISDS). Integrated Skill Development Scheme (ISDS) has been launched with the objective to build the capabilities of those institutions that currently provide training and skill development programs in the textile and apparel sectors (this includes Jute and Handicraft).¹²

Conclusion: 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 organized apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period. Exchange Rate Used: INR 1 = US\$ 0.0149 as on September 21, 2016. It is suggested that textile companies will have to strengthen its shareholders funds and working capital to compete and enhancing its current performances in growing textile in global business environment. It has suggested that some policy measures to make the Indian textiles industry globally competitive for enhancing the exports of textiles and clothing from our country. It is suggested that Research should be conducted on natural fibres other than cotton and man-made fibers. It is suggested that centers for training of employees should be established in order to take full advantage of the manpower. It is

suggested that modernization of mills is a must. R&D in Textile Machinery for technological up gradation.

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Corporate catalyst (India) Pvt Ltd. Sateesh.kulkarni@cci.in

India law offices
g.khurana@indialawoffices.com,
www.indialawoffices.com

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