



THE GROWTH OF COTTON TEXTILE INDUSTRIES IN INDIA

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ABSTRACT

Cotton is a white gold. It is one of the most important cash crops in India. As a raw material for the textile industry, cotton contributes significantly to the agricultural and industrial economics of India and exerts considerable influence on India's economy. India is one of the major cotton producing as well as cotton consuming countries in the world. The area under cotton crop in India is the largest, constituting nearly one fourth of the world cotton area. Cotton is of vital importance, both in our agricultural economy as well as in our industrial economy. The Textile Industry of which the cotton is the predominant raw material contributes 14 percent to industrial production and 4 percent to the GDP of the country and is the largest foreign exchange earner for the country. With over 45 million people, the industry is one of the largest sources of employment generation in the country. The size of India's textile market as of July 2017 was around US\$ 150 billion, which is expected to touch US\$ 250 billion market by 2019, growing at a CAGR of 13.58 per cent between 2009-2019. The central government is planning to finalize and launch the new textile policy in the next three months. The policy aims to achieve US\$ 300 billion worth of textile exports by 2024-25 and create an additional 35 million jobs. The Textile and clothing industry constitutes an important source of income and employment for many countries in the world. This industry is very diverse and heterogeneous with its activities range from the production of raw materials (fibre) to the manufacture of a wide variety of semi finished (yarn, fabric, made-ups) and finished (Apparel/garments) products. Textile and clothing industry is also intertwined with primary industries like agriculture, chemicals and machineries. Because of its rich contribution to income, exports and employment, this industry plays key role particularly in the development process of developing countries. . The Government and the industry needs to collaborate and establish 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 soon be key to sustainable growth in

DR. S. R. CHIKKALLAVAR

1P a g e



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 competition for sustainability.

Key Words : White Gold, Growth, GDP, Market size, FDI,

INTRODUCTION

Cotton is a white gold. It is one of the most important cash crops in India. As a raw material for the textile industry, cotton contributes significantly to the agricultural and industrial economics of India and exerts considerable influence on India's economy. Textile industry is an important and emerging sector in both the global and Indian economy. India has many of the ingredients conducive to a thriving cotton textile industry, which incidentally is one of the oldest organised industries in India. The ingredients include a burgeoning middle-income population, a huge annual cotton crop and a textile tradition of thousands of years.

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The size of India's textile market as of July 2017 was around US\$ 150 billion, which is expected to touch US\$ 250 billion market by 2019, growing at a CAGR of 13.58 per cent between 2009-2019. The central government is planning to finalize and launch the new textile policy in the next three months. The policy aims to achieve US\$ 300 billion worth of textile exports by 2024-25 and create an additional 35 million jobs.

Hence growth and development of cotton and cotton industry has a vital bearing on the overall development of the Indian economy. The industry provides direct employment to over 20 million people and indirect employment to millions engaged in allied activities like cultivation of cotton, ginning and pressing, manufacture of man-made fibres filaments, textile machinery, stores and spares and byes and chemicals and contributes annually to the coffers of the government.

Cotton accounts for more than 75 percent of the annual fibre consumption in the spinning mills in India and about 58 percent of total fibre consumption in the Textile sector in India. It engages millions of farmers, while another about 60 million people depend on activities relating to cotton cultivation, cotton trade and its processing for their livelihood. More than

DR. S. R. CHIKKALLAVAR

2P a g e



85 lakhs hectares of land is under cultivation of cotton in India and we produce nearly 160 lakhs bales of cotton in a year. India has a strong base of textile mills with an installed capacity of 3.7 crore spindles and the industry employs about 3.5 crore people. Besides crores of people are engaged directly or indirectly in marketing of cotton, cotton yarn and cotton fabrics both knitted and woven and marketing of innumerable varieties of garments catering to the needs of 100 crore people of our country.

Objectives of study:

1. To study the growth of cotton textiles industries
2. To Study the importance of cotton textiles industries
3. To know the role of Government Initiatives and market size of cotton textiles industries
4. To Study the emerging trends on cotton textiles industries

Methodology:

This paper based on secondary information collected from the Research Volumes, Economic Annual Reports and Internet. The collected information and data are calculated in percentile form.

Importance of Cotton Textile Industries

The Textile and clothing industry constitutes an important source of income and employment for many countries in the world. This industry is very diverse and heterogeneous with its activities range from the production of raw materials (fibre) to the manufacture of a wide variety of semi finished (yarn, fabric, made-ups) and finished (Apparel/garments) products.

Textile and clothing are closely related to each other. Textile provides the major input to the clothing industry, creating vertical linkages between the two. Textile and clothing industry is also intertwined with primary industries like agriculture, chemicals and machineries. Because of its rich contribution to income, exports and employment, this industry plays key role particularly in the development process of developing countries.

Cloth is one of the basic necessities of human beings in the civilised world. India has been the home of cotton for centuries. In spite of the rapid growth of other industries, the cotton textile industry still continues to be one of the important industries in the country from the point of view of investment, cotton consumption, employment, production and export. The textile industry is the second largest employer after agriculture in India.

The cloth is the second basic need of the man, which serves as the second skin to his personality. Variety in clothing necessitates variety in textile. Presently the cotton textile is very much in demand by the individual and society because of its smooth soft textile, Comfort characteristics and over persistence in the fashion world when compared to man-modes. There is always a consistent search for new fashionable cloth that meets the specific requirements of the present generation. Thus value addition in cotton has been playing a vital role and is the need of the day.

Market size

The Indian textiles industry, currently estimated at around US\$ 150 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 2 per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP). The production of cotton in India is estimated to increase by 9.3 per cent year-on-year to reach 37.7 million bales in FY 2017-18. 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.

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. 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.

Table 1: Global Apparel Market Size (US\$ Bn.).

S.No	Region	2015	CAGR	Projected 2025
1	EU 28	350	1%	390
2	USA	315	2%	385
3	China	237	10%	615
4	Japan	93	1%	105
5	India	59	12%	180
6	Brazil	56	5%	90
7	Russia	40	3%	55
8	Canada	25	2%	30
	Others	550	4%	750
	Total	1685	4%	2600

Source: Wazir Research and Analysis. (CAGR - Compound Annual Growth Rate

Export Size

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 .

Table - 2 : 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 account for almost 39% of the total textiles exports. Apparel and cotton textiles products together contribute 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.

Table - 3: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

Investment

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\$ 2.82 billion during April 2000 to December 2017. Some of the major investments in the Indian textiles industry are as follows:



- The Cabinet Committee on Economic Affairs (CCEA), Government of India has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of Rs 1,300 crore (US\$ 202.9 million) from 2017-18 to 2019-20.
- 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.
- In May 2018, textiles sector recorded investments worth Rs 27,000 crore (US\$ 4.19 billion) since June 2017.

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. Initiative will be taken into consideration by Government of India.

- The Union Ministry of Textiles, Government of India, along with Energy Efficiency Services Ltd (EESL), has launched a technology up-gradation scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving the power-loom sector of India.
- The Government has planned to connect as many as 5 crore (50 million) village women to charkha (spinning wheel) in next 5 years with a view to provide them employment and promote khadi and also, they inaugurated 60 khadi outlets which were renovated and re-launched during the completion of KVIC's 60th anniversary and a khadi outlet.
- The Textile Ministry of India earmarked Rs 690 crore (US\$ 106.58 million) for setting up 21 readymade garment manufacturing units in seven states for development and modernization of Indian Textile Sector.

Emerging trends on Growth of Cotton Textile Industries

- i. Technology Up gradation Fund Scheme
- ii. E-Marketing

DR. S. R. CHIKKALLAVAR

6P a g e



- iii. Marketing Initiatives
- iv. Cotton Sales Depots
- v. The Scheme for Integrated Textile Parks (SITP)
- vi. National Textile Corporation
- vii. Skill Development:
- viii. Indian School of Textiles and Business
- ix. Export Promotion
- x. National Institute of Fashion Technology (NIFT)
- xi. Skill Up gradation of Handicraft Artisans
- xii. Technology change:
- xiii. Welfare Schemes
- xiv. Migrant Labour

CONCLUSION

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 in the GDP. The Government and the industry needs to collaborate and establish 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 soon be key 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 competition for sustainability.

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DR. S. R. CHIKKALLAVAR

7P a g e



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