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INDIAN TEXTILES INDUSTRY: PROSPECTS AND CHALLENGES—AHEAD

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Abstract:-

The Indian textile sector is one of the critical sectors of the Indian economy, accounting for approximate 7% per cent of the total GDP and more than 12 per cent of the manufacturing sector and 13% in export earnings. The sector is also the second largest provider of employment in India, after agriculture sector. Further, India's share in global textile exports is significantly high at 5.2 per cent and in apparel exports 3.7 per cent. It provides employment to an estimated 45 million people directly and to another 60 million indirectly through allied activities. Domestic home textile market is estimated to grow at a CAGR of 4% and reach \$13 billion, whereas technical textile market is estimated to grow at CAGR 10% and reach \$42 billion during the same period. In terms of global ranking, India is ranked 2nd in textile export with 7% share and 6th in apparel export with 3% share.

Post-covid there is also a boost in the demand and the government support in form of attractive schemes such as Production Linked Incentive (PLI), Mega Investment Textile Parks (MITRA) will further drive the way for above the \$250 billion target by 2025-26, the report suggests. The new textile policy, stated to release by game changer. However, a roadmap to achieve the full potential of the industry is what the industry needs to deliver this target in time

Key Words: Global, GDP, Economy, Apparel, Textile Sector

1. Introduction:

The Indian textiles industry has been a vital component of the country's economy for centuries, with a rich cultural heritage and a prominent position in the global market. It encompasses a wide range of sectors, including textile manufacturing, spinning, weaving, and garment production, providing employment to millions of people and contributing significantly to India's GDP.

The Indian textiles industry holds immense significance for the country's economy, contributing to employment generation, export earnings, and overall socio-economic development. However, the industry faces numerous challenges that need to be addressed to sustain its growth and competitiveness in the evolving global landscape.

This research paper aims to provide insights into the prospects and challenges faced by the Indian textiles industry. Drawing up on secondary data from various sources such as literature reviews, industry reports, and statistical data, the paper analyzes the current state of the industry, identifies potential growth areas, examines the challenges impeding its progress, and proposes strategies to overcome them. The findings of this study contribute to a comprehensive understanding of the future trajectory of the India textiles industry. Despite its significant contribution to the economy the Indian textiles industry faces numerous challenges. The industry has been struggling to keep pace with global competitors in terms of technology, productivity and sustainability. The COVID-19 pandemic has further exposed the industry's vulnerability with disrupted supply chains and reduced demand affecting the industry's growth.

1.1 Background

The Indian textiles industry has a rich heritage and has been a significant contributor to India's economy for centuries. It encompasses various sectors, including textile manufacturing, weaving, spinning, and garment production. The sector provides employment to a large number of people particularly in rural areas and is a vital source of foreign exchange earnings through exports.

1.2 Objectives This research paper aims to achieve the following objectives:

- Analyze the current state of the Indian textiles industry.
- Identify the prospects and growth opportunities for the industry.
- Highlight the major challenges faced by the industry.
- Propose strategies to address these challenges and enhance the industry's growth prospects.

1.3 Research Methodology :

This study relies on secondary data analysis from various sources, including scholarly articles, industry reports, government publications, and statistical databases. The data collected from these sources and analyzed to identify trends, patterns, and insights regarding the Indian textiles industry's prospects and challenges.

2. Overview of the Indian Textiles Industry

2.1 Historical Development –

A brief overview of the historical development of the Indian textiles industry. India is one of the leading producer and exporter of Textiles in the world. Indian Textile industry has evolved over a period of time. The Indian Textiles industry has a rich history which is more than 5000-years-old. The industry has undergone significant developments starting from its modest beginnings as handlooms in villages to large scale modern-day textile mills.

2.2 Contribution to the Indian Economy –

The textile sector is one of the critical sectors of the Indian economy, accounting for more than seven per cent of the total GDP and more than 12 per cent of the manufacturing sector gross domestic product (GDP). The sector is also the second largest provider of employment in India, after agriculture.

2.3 Export Performance -

A great deal of work piece was designed by the Indian trade industry which has received heights and significance in the GDP terms, exports, generation of employment and foreign exchange generation. The growth in textile commodities exports rate in the last few years is being approximately 10.06% (CAGR). Taking exports from these US\$ 36 billion in 2017-18 to US\$ 300 billion by 2024-25 would need a CAGR of over 22%.

3. Prospects and Growth Opportunities

3.1 Technological Advancements-

Like in every other industry technology has played a major role in the development and advancements in the textile industry. From each stage starting from yarn to textiles the technological advancements have paved the way for cost-cutting, less wastage of time and increased productivity. The potential of technological advancements, such as automation, digitization, and advanced manufacturing techniques in transforming the Indian textiles industry played a great role in the economy's development.

3.2 Focus on Sustainable Practices-

This may involve raising the worth of local producing goods, extending the life cycle of materials, boosting the value of timeless clothes, minimizing waste and lowering the environmental impact caused by production and consumption. The growing importance of sustainable practices in the textiles industry has a great importance. There is a need for eco-friendly manufacturing processes, recycling initiatives and the demand for sustainable textiles is the need of the hour. It will contribute how the Indian textiles industry can capitalize on the global shift towards sustainability to drive growth and market differentiation.

3.3 Increasing Domestic Demand –

Industry experts feel the current trend is transitory in nature and vibrant domestic consumption will support demand in the coming months along with revival of volumes in exports. Even after accounting for the inflationary trend, fashion domestic consumption will grow nominally due to expansion of GDP and opening up of the economy.

3.4 Emerging Global Markets –

India is continuously becoming a global hub. 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. Promising emerging markets for Indian textiles exports, such as Africa, Latin America, and Southeast Asia at global level.

3.5 Government Initiatives and Policies –

Initiatives taken by the government to overcome such problems :

- The government has allowed 100% FDI in the sector under the automatic route.
- India-Japan pact on cooperation in textiles will facilitate Indian exporters to meet the requirements of Japanese importers as per the latter's technical regulations.
- A National Technical Textiles Mission is proposed for a period from 2020-21 to 2023-24.
- The New Textiles Policy 2020 for the overall development of the sector was released by the Ministry of Textiles.
- Cabinet Committee on Economic Affairs (CCEA) approved mandatory packaging of food grains and sugar in jute material for the Jute Year 2019-20.
- Amended Technology Up-gradation Fund Scheme (A-TUFS), estimated to create employment for 35 lakh people and enable investment worth Rs. 95,000 crores by 2022.
- Integrated Wool Development Programme (IWDP) to provide support to the wool sector, starting from wool rearer to end consumer with an aim to enhance quality and increase production during 2017-18 and 2019-20.
- The Cabinet Committee on Economic Affairs (CCEA), approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector.

The role of government initiatives and policies in shaping the prospects of the Indian textiles industry has a very vital role. Policies related to trade facilitation, export promotion, infrastructure development, skill enhancement, and ease of doing business are the key factors for boosting textiles industry.

4. Challenges Faced by the Indian Textiles Industry:

4.1 Global Competition-

The intense global competition in the textiles industry is there. The challenges posed by low-cost manufacturing countries, such as China and Bangladesh etc. also create pressure on Indian market. To overcome these problems new strategies of production of low cost manufacturing is to be formulated.

4.2 Inadequate Infrastructure -

The infrastructure challenges faced by the Indian textiles industry, including inadequate logistics, power supply, and transportation networks is a big problem to deal with. These challenges always affect the industry efficiency to a large extent.

4.3 Skilled Labour Shortage-

The shortage of skilled labour in the textiles industry is many a time create sudden problem in the industry. This shortage of labourer's could be due to a mass return. The need of the hour is for skill development initiatives, and highlighting successful models to overcome shortage of labour.

4.4 Compliance with Environmental Regulations-

The increasing focus on environmental sustainability and compliance with regulations is very necessary for industrial growth. The challenges faced by the textiles industry in meeting environmental standards and explore strategies to adopt eco-friendly practices and technologies have to be taken care for industry's betterment.

4.5 Fragmented Supply Chain-

The fragmented nature of the textiles industry's supply chain can be analyzed from time to time. The challenges arising from disjointed processes, lack of coordination, and information gaps should be overcome. We can propose strategies for supply chain integration, collaboration, and streamlining to enhance efficiency and competitiveness.

5. Strategies to Overcome Challenges:

5.1 Enhancing Research and Development (R&D) Efforts –

This main emphasis could be provided for the importance of investing in research and development to foster innovation, improve product quality and create value-added textiles. It will be the need for collaboration between industry, academia and research institutions to drive R&D efforts and technological advancements.

5.2 Strengthening Infrastructure Facilities-

The strategies for improving infrastructure facilities in the textiles industry will be explored in this section. It will discuss the need for investments in logistics, transportation, and power infrastructure to enhance operational efficiency, reduce costs, and support industry growth.

5.3 Skill Development and Training Programs-

This section will highlight the significance of skill development and training programs to address the labour shortage in the textiles industry. It will discuss the importance of vocational training, industry-academia partnerships, and apprenticeship programs to develop a skilled workforce capable of meeting industry requirements.

5.4 Promoting Sustainable Manufacturing Practices-

The adoption of sustainable manufacturing practices will be emphasized in this section. It will discuss strategies such as resource optimization, waste reduction and renewable energy adoption to minimize the environmental impact of the textiles industry while enhancing its long-term sustainability.

5.5 Collaboration and Integration in the Supply Chain-

This section will focus on the importance of collaboration and integration within the textiles industry's supply chain. It will discuss strategies for fostering partnerships, information sharing, and coordination among different stakeholders to streamline processes, reduce lead times and improve overall efficiency.

Recommendations for Future Action-

Based on the research conducted on the prospects and challenges faced by the Indian textiles industry in netshull the following recommendations are proposed for future action:

- Enhance Technological Adoption:
- Strengthen Skill Development:
- Foster Sustainable Practices:
- Infrastructure Development:
- Strengthen Market Diversification:
- Enhance Access to Finance:
- Streamline Regulatory Framework:
- Encourage Collaboration and Clustering:
- Promote Branding and Design Excellence:
- Continuous Industry-Government Dialogue:

By implementing these recommendations the Indian textiles industry can overcome challenges, leverage growth opportunities, and strengthen its position as a global leader in the textiles and apparel sector.

The industry has earned a unique place in the economy due to its strong future outlook, numerous employment opportunities have been generated and the strong export numbers can be seen in the upcoming time.

Conclusion:

The analysis of the Indian textiles industry revealed several prospects for growth, including technological advancements, sustainable practices, increasing domestic demand, emerging global markets, and favorable government initiatives. Embracing advanced technologies, such as automation and digitization can enhance productivity and competitiveness. Moreover, focusing on sustainable manufacturing practices and catering to the rising demand for eco-friendly textiles can open new avenues for growth. The industry should also capitalize on the expanding domestic market, driven by population growth, urbanization, and changing consumer preferences. Exploring emerging markets, such as Africa, Latin America, and Southeast Asia, can diversify export destinations and reduce dependence on traditional markets. The supportive government initiatives and policies play a crucial role in promoting the industry's growth and competitiveness.

The findings of this research paper will contribute to a comprehensive understanding of the Indian textiles industry's trajectory, enabling policy makers, industry stake holders and researchers to make informed decisions and implement effective strategies. The recommendations derived from the research will outline actionline steps to overcome the challenges and seize the opportunities, fostering the industry's sustainable development and ensuring its continued contribution to India's economic growth. The Indian textiles industry holds immense potential for growth and development, contributing significantly to the country's economy and employment generation. This research paper has provided valuable insights into the prospects and challenges faced by the industry and proposed recommendations for future action.

In conclusion, the Indian textiles industry has a promising future, provided that the industry and policymakers proactively address the challenges and leverage the growth opportunities. By adopting innovative approaches, investing in technology, infrastructure and skills and embracing sustainability .The Indian textiles industry can maintain its position as a global leader, contribute to economic development and create employment opportunities for millions of people.

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