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Industrialized Procedure and Its Collision on the Development of Indian Textile Trade

KEYWORDS

Dr.V.R.Palanivelu	R.Sankar Ganesh
Associate Professor, Periyar Institute of Management Studies, Periyar University, Salem -11, Tamilnadu, India.	Periyar Institute of Management Studies, Periyar University, Salem -11, Tamilnadu, India.

ABSTRACT *Indian textile industry has been a major contributor to the Indian economy. Indian states like Gujarat and Ahmadabad are world renowned for the quality textile produces. The yield and productivity of cotton has been a major debatable issue. There are several instances wherein the quality of Indian cotton is being closely scrutinised and also the farm output is considerably low. In terms of technology, especially in the weaving and processing sector, India is far behind than any of the textile producing countries of the world. To some extent, the modernization) could be done only in the spinning and garment sector, though overall human skill and productivity is yet to be improved through training in all these segments. The present paper attempts to study the aspects which hamper the growth of Indian textiles and the way by which these issues can be resolved and thus placing the Indian textile in the growth trajectory.*

Introduction
Indian textile industry sees another twist and turn on a comeback trail with an overall growth of 15-20% in the years to come. In fact, this comeback trend is observed in the second quarter itself and significantly got improved during fourth quarter. The external factors responsible for this improved trend as against prevailing growth rate of 8% is stated to be due to recovering demand from USA and Europe along with favourable raw material prices. This trend is again supported due to increased cost of manufacturing in China and acute shortage of power, being faced by some of the Asian nations like Bangladesh and Sri Lanka. A thought, therefore, comes to our mind, (1) whether this growth is sustainable? (2) Is it right time for investment with modern technology in textile, technical textile and textile machinery segments? (3) Is it appropriate time to extend policy supports for the growth and sustainability?

Current position
India is the second largest producer of cotton - the prime raw material for Indian cotton textile industry. Four major cotton producing countries are China, India, USA and Pakistan which accounts for approximately three quarters of world cotton production. China is the largest producer of cotton in the world, where as India is the second largest. Interestingly, China with almost half the area covered under cotton production as compared to India, but produces more than 21/2 times yield of cotton as compared to India. India, therefore, needs to improve productivity and yield. Besides cotton, India has strong base of other textile fibres like silk, jute, polyester, viscose and other manmade fibres.

States like Gujarat, Maharashtra, Tamil Nadu, Andhra Pradesh, Punjab and Karnataka are known as leading textile states in the country both with organized and decentralized power loom and hosiery sectors. However, over the last three decades India could not show significant presence in the world textile market mainly with textile processed goods and garments. Majority of the products in the export markets are dominated by cotton yarn and cotton as raw material for some countries like China, Bangladesh, Sri Lanka and others. In terms of technology, especially in the weaving and processing sector, India is far behind than any of the textile producing countries of the world. To some extent, the modernization) could be done only in the spinning and garment sector, though overall human skill and productivity is yet to be improved through training in all these segments.

In the recent past, it is observed that countries like China have substantially reduced the production of cotton as well as textile in general. On the other hand, countries like Sri Lanka, Bangladesh and other textile producing Asian countries are facing acute shortage of power besides non-availability of the prime raw material of textile sector i.e. cotton or synthetic fibres. Textile being a highly labour intensive sector, developed countries in Europe, USA and other parts of the world, have lost their competitiveness mainly due to high cost of labour.

Views expressed by several experts are that India was expected to dominate world textile market mainly in the cotton textile segment by 2022.

A question therefore is raised whether India is ready to capture the emerging opportunities of textile industry in the world market in near future, and will become leader in cotton textile by next two decades.

National Policy Initiatives
Textile sector, having its national importance, is principally driven by national Textile Policy supported by state level policy measures, mainly by leading textile states - Gujarat, Maharashtra, Tamil Nadu and others. Besides, extension of technology up gradation fund Scheme for another year, Union Budget 2012-13 has otherwise extended duty relief to shuttle-less looms and processing machinery which has the weakest link in the whole textile value chain. Budget has also extended concessions rate of customs duty of 5% to other machinery. This will, in turn, extend flexible option to get required technology mainly for cotton spinning and Technical Textile Segment. Support for weighted deduction of 200% for Research and Development expenditure in an in-house facility will give a further boost for functional and technical textile for new product and application.

State Level Initiatives
Various states like Gujarat, Maharashtra, Tamil Nadu and others have already identified textile and garments as focus sectors. In addition, to supports from Union Government, Gujarat and Maharashtra have announced a specific textile policy to attract new investment in spinning and technology up gradation for weaving, processing and other sectors. Karnataka has its own textile policy "Suvarna Vastra Neethi" 2008-13. Similarly, Punjab is expected to announce its Textile Policy by May 2013, Rajasthan by March 2013, Tamil Nadu by May 2013 whereas FICCI has already submitted draft West Bengals Textile Policy - 2022 to increase contribution from 5.24% to 10% by 2022-23.

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Impact of Policy Initiatives

While reviewing various policy measures by national and state Governments since the year 1960 it may be observed that much more initiatives or encouragement could not be done for modernization of this sector to bring at par with the world textile sector. In the year 1960 National Policy has banned on weaving capacity. As a result and as per the need, decentralized powerloom sector came out with discarded looms from the organized sectors which were permitted till 1980 in places like Surat, Ahmedabad, Bhivandi, Ichhalkardi, Erode and other parts of Tamil Nadu. Looking to the need for modernization, Government announced for soft loan in the year 1980. However, this could be attracted only a small part of spinning sector. Other sectors could not take the advantage of modernization because of high cost of machineries and restriction on import mainly for weaving and processing sector. During the said period, spinning was the only sector, could supply yarn in textile with competitive price. In the year 1985, National Textile Policy permitted to regularize all the powerloom sectors even with their obsolete technology. It is only during 1990-91 which allowed import of old and outdated second-hand sulzer technology for weaving. Because of announcement of export-oriented units, many cotton spinning units could be established with modern machineries. In parallel with the discarded second-hand machineries from the organized sectors, many small spinning units came up in the places like Coimbatore and Ahmedabad. Till that time, the cotton spinning modern technology was available only with LMW at Coimbatore. Other indigenous machineries were not at par with the technology required. During the same period, foreign collaboration could be done only in processing machinery sector. As a result, many good processing machinery manufacturing units came up in places like Ahmedabad, Mumbai and other parts of Tamil Nadu. But overall, India continues to become incapable of manufacturing required textile machineries, except spinning.

The major initiative of the National Government came up only with the announcement of TUF Scheme and Cotton Technology Mission in 1999. However, modernization could be done only in the areas of spinning for a period of next three years mainly due to free trade regime. A small part of modern weaving machineries of around 30,000 were established across the country. In fact, technology up gradation fund could be attracted by the processing sector only with 10% credit linked subsidy was announced. In reality with a better market situation, TF Scheme became attractive only from 2005. But, cotton technology mission was significantly accepted by the ginning sector and implemented successfully, wherein 80% of the total ginning industries could go for technology up gradation. In the year 2000, garment sector made out of SSI list, could attract investment by the large sectors though not significantly in terms of number and investment.

State like Gujarat in its Industrial Policy 1990-95 announced for the support of modernization wherein some of the cotton spinning segment could take this benefit. Cost of imported machineries was so high that no other sector in textile could make any investment taking advantage of this support. Since then, interest subsidy scheme under Policy 1995-2000 and 2003 also could not make this segment attractive for the new investment with modern machineries because of high investment cost. In the year 2007, Gujarat announced specific policy on Technical Textiles. Subsequently, Gujarat Textile Policy 2009 also allowed the large sectors to get benefit with a cap. However, Gujarat Textile Policy 2012 addressed both small and large sectors under purview of various financial and infrastructure support. As a result, proposal for over 40 lakh spindles investment for cotton spinning alone is received which will in turn, create a driving force to scale up existing weaving, processing and garmenting in a faster pace. Support for establishing Centre of Excellence and Textile Park is one of the unique approach to empower and competitive for whole segment in the State.

Conclusion

In view of the in progress encouraging situation of Indian Textile Industry, along with various policy supports both from Union and State Governments, country is expected to see new investment with best technology in whole value chain in the next five years with a sustainable model. This model will be replicated in various other formats so as to provide impetus to the textile sector. But cotton textile will be much costlier and for manufacturing high valued items and export only whereas, synthetic and blended textile will be continued for the masses.

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