



ORIGINAL RESEARCH PAPER

Social Science

AN ANALYSIS OF GROWTH AND DEVELOPMENT OF GARMENT INDUSTRY IN INDIA

KEY WORDS:

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ABSTRACT

India's Garment Industry has been rapidly growing in last few years. Exports have been rising as there is an increase in orders from global buyers accompanied by a rise of investments in the garment sector of the country. In this paper, an attempt is made to analysis of Growth and Development of Garment Industry in India. The study shows that over the last few years, Indian products have gained significant market share in global home textiles. The Indian garment industry is largely split and dominated by unorganized sector and small and medium industries.

Introduction

Indian sub continent is the second largest manufacturer of garments after China being the global leader in garment production. India is known for its high quality garments for men and most of the garment manufacturers are in the Small and Medium scale industry. Indian men's clothing industry has been growing steadily over the past few years, this has been possible owing to the Indian male becoming more fashion conscious, and hence there is more consumption which has increased global demand of men's garments by the rest of the world. Over the years, its profile has undergone significant changes. Technology has been gradually upgraded and there is qualitative and quantitative improvement in apparel industry in India. Now India is well known for its fine garment products and emerged as strong destination of all types of high end garment products. India's garments are exported to almost all parts of developed world. Most of the leading fashion brands are sourcing substantial quantities from India now.

India Garment Industry has an advantage as it produces and exports stylish garments for men at economical prices due to cheap labour rates. India's Garment Industry has been rapidly growing in last few years. Exports have been rising as there is an increase in orders from global buyers accompanied by a rise of investments in the garment sector of the country. The Garment Industry is of major importance to the Indian economy as it contributes substantially to India's export earning, it is estimated and analyzed that one out of every six households in the country depends on this sector either indirectly or directly for its livelihood. India's Garment Industry is a well-organized enterprise and is among the best in the world. It constitutes of designers, manufacturers, exporters, suppliers, stockists, and wholesalers. Indian Garment Industry has carved out a niche in the global markets and earned a reputation for its durability, quality and beauty. Indian garment industry's has a decentralized production structure - subcontracting, which is low risk and low capital-has served the industry well but has excluded Indian products from the mass market for clothing, which demands consistent quality for large volumes of a single item.

Objectives and Methodology

In this paper, an attempt is made to analysis of growth and development of garment industry in India. The study is based on secondary data. The secondary data were collected from books, journals, research reports, and other published materials etc. The data were analyzed by using the simple percentage and average wherever appropriate.

Growth and Development of Indian Garment Industry

Textile and Clothing (T&C) industry is one of the key contributor in Indian economy. The textile industry accounts for 14% of industrial production and 4 per cent to GDP. The garment industry is one of the largest sources of employment generation in the country. Around 45 million people depend on garment industry in India. The industry has already given ample hint of ingenuity, as is evident from the revival of consumer enthusiasm in the seemingly stagnant menswear segment, besides remarkable growth in

categories like sportswear, casual wear and party wear. The apparel market has grown 15.5% to INR 1,224 billion. The sector is announcing strong growth over the years. In this connection the following table depicts the size of India's garment market.

Table – 1: India's GARMENT Market Size

Years	Market size
2009	70
2010	78
2011	89
2014	99
2015	108.5
2016	137
2017	150
2019	250
CAGR	13.58

Source: Ministry of Textiles, Govt of India

The table 1 shows that the size of India's garment 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 garment exports by 2024-25 and create an additional 35 million jobs.

Growth of Exports and Imports of Garment Industry Products

Capacity built over years has led to low cost of production per unit in India's garment industry; this has lent a strong competitive advantage to the country's garment exporters relative to key global peers. The sector has also witnessed increasing outsourcing over the years as Indian players moved up the value chain from being mere converters to vendor partners of global retail giants. Exports have been a core feature of India's garment and apparel sector, a fact corroborated by trade figures. In this connection, the following table depicts the export and import of garment products.

Table - 2: Export and import of garment products in India (In Billion)

Years	Export	import
2006	17.60	2.70
2007	19.10	2.80
2008	22.10	3.30
2009	21.20	3.50
2010	22.40	3.40
2011	27.80	4.20
2012	33.30	5.20
2013	33.05	5.40
2014	37.58	5.30
2015	37.66	6.01
2016	36.75	5.85
2017	36.63	6.04
CAGR	7.9	8.5

Source: Ministry of Textiles, Budget 2015

Table 2 depicts the export and imports of garment and apparel products during 2006 to 2017. Exports in garment and apparel sector stood at US\$ 36.63 billion in 2017. As of November 2016, the government has extended the duty drawback facility on all garment products and increased the rates in some cases for one year to boost exports in the sector. The Goods and Services Tax that rolled out in July 2017 is expected to make imported garments cheaper by 5-6 per cent, as the GST regime will levy 5 per cent tax for both domestic garment manufacturers and importers. India took the top spot in market share in the men/boys knitwear shirts cotton' category with respect to garment exports to the US between January-June 2017. The strong performance of garment exports is reflected in the value of exports from the sector over the years. Garment exports witnessed a growth (CAGR) of 7.9 per cent over the period of 2006 to 2017. In the case of imports, garment and apparel sector were increased from US\$ 2.70 billion in 2006 to US\$ 6.04 billion in 2017. Garment imports witnessed a growth (CAGR) of 8.5 per cent over the period of 2006 to 2017. In the coming decades, Africa and Latin America could very well turn out to be key markets for Indian textiles

Recent trends for the development of garment Industry in India

- **Textile Parks:** As of September 2017, the Government of Maharashtra is planning to set up nine textile parks in the northern cotton producing parts of the state, in an attempt to supplement farmers' income via value-added products. As of October 2017, the foundation stone for Kakatiya Mega Textile Park, India's largest textile park, was laid in Warangal district of Telangana. The park will be spread across 2,000 acres and is expected to generate 22,000 direct and 44,000 indirect jobs. 14 companies have already planned to set up units in the textile park worth total investments of Rs 3,000 crore (US\$ 463.39 million).
- **Multi-Fibre Arrangement (MFA):** With the expiry of MFA in January 2005, cotton prices in India are now fully integrated with international rates. In 2014, the government has cleared 13 proposal of new textile parks in different states.
- **Public-Private Partnership (PPP):** The Ministry of Textiles commenced an initiative to establish institutes under the Public-Private Partnership (PPP) model to encourage private sector participation in the development of the industry
- **Technical textiles:** Technical textiles, which has been growing at around twice the rate of textiles for clothing applications over the past few years, is now estimated to post a CAGR of 20 per cent over FY11-17. US\$ 70.83 million has been allocated to promote the use of geotechnical textiles in the North East states.

Recent Strategies for the development of garment Industry in India

- **Focus on high growth domestic market:** As of November 2016, the Ministry of Textiles signed MoUs with 20 e-commerce firms to engage with various handloom and handicraft clusters. In strategic alliance with importers from UAE, the 1st ever exhibition of, "Incredible Indian Textiles" was held in Dubai in February 2017. In March 2017, Welspun India Ltd opened a new plant - Needle Entangled Advance Textile Plant in Anjar, Gujarat, to manufacture multi-layer composites for various applications. The plant is worth US\$ 23.35 million.
- **Focus on backward integration:** During Textiles India 2017, the Ministry of Textiles signed 65 memorandum of understandings (MoUs). MoUs were signed between various domestic and international organizations from industry and government; three of the MoUs signed are G2G MoUs. The MoUs signed relate to exchange of information and documentation, Research & Development, commercialization of handloom products and silk production, cooperation in Geo textiles, skill development, supply of cotton and trade promotion with overseas partners, etc
- **Focus on forward integration:** In February 2017, Future Retail, entered into an agreement with UK based home furnishing brand - Laura Ashley, to operate and own stores and websites in India. The Indian fashion retailers online market is poised to grow to US\$ 30 billion by the 2020, currently the online market is valued at US\$ 7-9 billion.

- **Diversification:** Raymond group under its group company J.K.Helene Curtis is looking to ramp up male grooming segment by unleashing new variants of shampoos and deodorants.
- **Promotion of Khadi:** The Government of India plans to connect around 50 million women in Indian villages to charkha (spinning wheel) in the next five years with the aim of providing employment and promoting the khadi brand.

Summary and Conclusion

The study shows that over the last few years, Indian products have gained significant market share in global home textiles. India's textile market size is growing at a CAGR of 13.58 per cent during 2009 to 2019. Strong performance of textile exports reflects in the value of exports from 2006 to 2017. But, imports of garment and apparel sector were also increased from US\$ 2.70 billion in 2006 to US\$ 6.04 billion in 2017. The Indian garment industry is ready for strong growth due to strong domestic use and export demand. And also urbanization is expected to support higher growth due to change in fashion and trends. The Indian garment industry is largely split and dominated by unorganized sector and small and medium industries. Government policies should change in state and central government levels are facing major challenges to the garment industry.

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