

INDIA'S TEXTILE AND APPAREL INDUSTRIES AND FUTURE OPPORTUNITIES

Manoj kumar

Assistant Professor

Govt College Kekri, Ajmer, Rajasthan

ISSN 2277-7733

Volume 12 Issue 1,

June 2023

Abstract

Textile in India have long history dating back to further than 5000 BC and there were archeological substantiation that we had an abundant coffers and van in supplying the finest cloth products to the rest of the world. This sector cannot be ignored because it's the second largest sector furnishing employment openings both organized and unorganized sectors. The cloth assiduity employs about 51 million people directly and 68 million people laterally. The cloth assiduity has two broad parts. First, the unorganized sector consists of handloom, crafts and sericulture, which are operated on a small scale and through traditional tools and styles. The textiles and apparel industry in India has strengths across the entire value chain from fiber, yarn, fabric to apparel. The Indian textile and apparel industry is highly diversified with a wide range of segments ranging from products of traditional handloom, handicrafts, wool, and silk products to the organized textile industry in India. The organized textile industry in India is characterized by the use of capital-intensive technology for the mass production of textile products and includes spinning, weaving, processing, and apparel manufacturing. India's readymade garment exports to see a CAGR of 12-13% and surpass \$ 30 Bn by 2027. The alternate is the organized sector conforming of spinning, vesture and garments member which apply ultramodern ministry and ways similar as husbandry of scale. The Indian cloth assiduity exhibits rich artistic heritage of India with wide variety of fabrics, ways and tinges that reflect the different set of people and traditions across the country. One of the oldest diligence in India, it covers an expansive diapason of parts, from hand woven/ hand- spun, unorganized member on one end to capital and technology ferocious organized member on the other. India is the largest patron of Jute in the world and is the second largest patron of silk and cotton encyclopedically. This composition explores with the current performance of Indian Textile and Apparel assiduity & Government programs and future of this sector.

Keywords: *Indian Textile and Apparel Industry, strengths Market Size, export, Employment, Economic Development and Growth. Traditional*

The textile sector is the oldest and largest manufacturing sector in India. During the past decade, the Indian textile industry was plagued with many issues such as regulations regarding to licensing and policy distortions which had fragmented the industry. It was a roller coaster ride for the Indian textile sector. It was not able to capitalize more on the global trade regime. Indian textile sector saw countries like China Bangladesh, Sri Lanka, and Pakistan racing ahead of it even without any significant upstream textile industry strength. Despite all concerns, the industry saw a GDP of more than 6%. The domestic sector also saw a significant growth 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

OPPORTUNITIES IN TEXTILE AND APPAREL INDUSTRIES

largest contributors to India's exports with approximately 15 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers.

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 decentralized power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

The Indian textile and apparel market size reached US\$ 172.3 Billion in 2022. Looking forward, IMARC Group expects the market to reach US\$ 387.3 Billion by 2028, exhibiting a growth rate (CAGR) of 14.59% during 2023-2028. The increasing demand for premium quality clothing and footwear items, rising number of schemes launched by the Government of India to empower weavers, and the growing ethically sourced sustainable materials represent some of the key factors driving the market.

Textile refers to various fiber-based materials made by knitting, weaving, or stitching yarns and fabrics, while apparel refers to clothing and footwear items, such as shirts, pants, coats, skirts, suits, heels, sneakers, and boots worn by adults and children. They are intricately designed by skilled weavers and are produced from cotton, linen, leather, satin, lace, crepe, chiffon, silk, and denim or a blend of various materials. They rely on handlooms and power looms and play an integral part of the fashion industry. They are also dyed with various vibrant pigments and often coated with chemicals to make them water-resistant and durable.

Indian Textile and Apparel Market Trends

At present, the rising demand for textiles and apparel to manufacture premium quality clothing and footwear represents one of the key factors influencing the market positively in India. Besides this, the Government of India is undertaking initiatives to empower domestic textile manufacturers. They are consequently providing financial assistance to the weavers by launching production-linked incentive (PLI) schemes to improve the production of textiles and apparel in the country. In addition, the easy accessibility and availability of various raw materials, such as cotton, wool, and silk, in India is contributing to the growth of the market. Apart from this, key market players are manufacturing textiles and apparel with sustainable and ethically sourced materials, such as vegan leather and plant-based faux fur, to prevent animal cruelty and reduce the implementation of unethical practices in rearing animals. They are also

OPPORTUNITIES IN TEXTILE AND APPAREL INDUSTRIES

minimizing the use of various toxic chemicals in the textile processing and dyeing method to reduce water pollution in India. Additionally, the rising utilization of various silks and leather by luxury apparel brands to manufacture multiple clothing items and durable bags and footwear is propelling the growth of the market in the country. Moreover, the growing number of e-commerce businesses and distribution channels selling premium quality fabrics and apparel online is offering a favorable market outlook. Furthermore, the increasing demand for durable and long-lasting clothing and footwear items due to the rising awareness about the harmful impacts of fast fashion on the environment is bolstering the market growth in India.

Industry in 2023 - Trends

Textile industry in India growing at 15.3% until 2023. India is the second largest producer of textiles and garments in the world. India's fashion and apparel industry is a significant contributor to the country's economy, accounting for 2.3% of the GDP. The industry is projected to experience strong growth in the coming years, with a projected CAGR of 10%, and is expected to reach US\$ 190 billion by 2025-26.

According to the Indian E-commerce Trends Report of Unicommerce, the online fashion and accessories industry in India witnessed an order volume growth of 20.9%, becoming the segment with the highest order volumes in FY22 as compared to the previous financial year.



Source: E-commerce Trends Report of Unicommerce

Keeping up with the fast-paced nature of the industry can be difficult for brands and retailers, as they need to stay ahead of the latest trends and styles while also managing costs and maintaining profitability. With a rotational shift happening in the industry, Unicommerce decided to go ahead and curate e-commerce fashion trends, challenges, opportunities, and solutions that can help you manage and schedule your business action plan in 2023.

Application of Textile

The most common application of textile is making apparel, bags, and other clothing accessories. Examples cover a wide range of application such as carpeting, towels, coverings, bedsheets, backpacks, tents, nets, handkerchiefs.

OPPORTUNITIES IN TEXTILE AND APPAREL INDUSTRIES

The textile is used in sports activities as the making of a parachute, or even in as making of a national flag. Textiles used for industrial use are referred to as technical textiles having its peculiar features.

Technical textiles are functional fabrics having applications across various industries including automobiles, civil engineering, agriculture, healthcare, and industrial safety, etc.

Market Overview

The Indian textile industry operates in both organized high scale and fragmented low scale structure. At one end of the spectrum, the traditional handspun located mostly in rural areas operates and on the other is the largely urban-based capital – intensive sector.

India is also the third largest producer of cotton, accounting for 15 percent of the global cotton crop. Likewise, India has the largest number of looms in place to weave fabrics, representing 64 percent of the world's installed looms. Of which, 98 percent of the looms are held by powerloom and handloom sectors. Composite mills account for 2 percent of India's installed looms and 4 percent of India's fabric output. India has a total of 2.37 million handlooms occupied by 4.33 million weavers.

The Indian textile and apparel industry contributes about 7% to industry output in value terms and approximately 4% to the country's GDP. Further, the industry contributes 14% to the manufacturing and 13% to the export earnings of the country. The industry is the second largest employer after agriculture, employing over 45 million people directly and over 65 million people indirectly. The industry accounts for nearly 15 percent of total exports. Currently, India is the third largest exporter of textiles and apparels with about 4.6% market share.

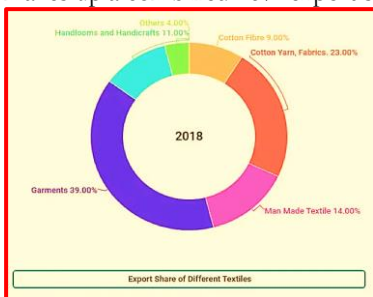
India is behind only China and the European Union. China accounts for 35.15% global share, while Vietnam holds 4.11% and Bangladesh enjoys 4.07% global textile share leading the Textile and Apparel exports as major manufacturing activities are concentrated in these regions. Home textile and furnishing sector comprise a major part of the overall textile industry. It includes terry towels, bed sheets, top of beds, curtains, pillow cases, rugs, carpets, etc. Bed and bath linen together constitute about 67% of the home textile industry.

Man-Made Fibres (MMF)

The domestic MMF industry mainly comprises two components i.e., polyester and viscose, which together accounts for about 94% (in volume terms) of the total textile. India is the second largest producer of Manmade Fibre (MMF) and Filaments globally after China, with the production of around 2,506 million kilograms in 2018. In 2018, 39% of the total exported textile was garments. Likewise, Cotton yarn and fabrics accounted for 23% of the total exported textile. Furthermore, Man Made textile held 14% export share and handloom and handicraft constituted 11% of the export share. The US is the largest importer of Indian textile.

OPPORTUNITIES IN TEXTILE AND APPAREL INDUSTRIES

It imported USD 3.8 billion worth of Indian textile accounting for 17% of total textile export from Indian in 2018. EU is the second largest market for Indian textile slightly lagging behind the USA. India exported USD 3.3 billion worth of textile making up 15% of the export share to the EU. Bangladesh and China are the other two key exporting markets which makes up a combined 16% export share.



List of top 10 export destination for domestic textiles:

Market	FY18 (\$mn)	% Share
USA	3,881	17%
EU	3,318	15%
Bangladesh	2,268	10%
China	1,281	6%
Pakistan	687	3%
UAE	604	3%
Vietnam	554	2%
Sri Lanka	518	2%
Brazil	411	2%
South Korea	339	2%

Market Opportunities

India has a population of 1.5 billion people, denoting a huge domestic market that offers significant growth opportunities in domestic textiles and apparel consumption.

Demand for nonwoven textiles has been growing with burgeoning domestic attraction. The import facilitation has created opportunities to import machinery and technology at preferential tariffs and enter into FDI with foreign firms.

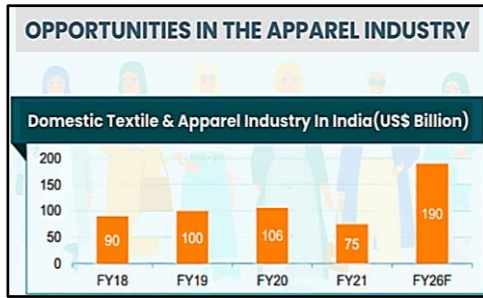
Demand for branded and quality home textiles has dramatically increased recently with increasing consciousness among the Indian population.

Growth opportunities exist for the introduction of quality branded products into this growing market.

India supplies 8 percent of the global demand for denim fabric. Per-capita denim consumption in India is estimated at 0.1 meters, about one-fifth of the global average. Domestic demand is expected to surge with the significant growth in the Indian economy and increased consumer spending on clothing.

Opportunities in the Apparel Industry

The Indian textile and apparel market has significant growth potential, with the industry projected to reach \$190 billion by 2025-26. To reach this target and establish a sustainable textile industry, Indian businesses must take advantage of government support schemes, meet global buyer sustainability demands, and prioritize supply chain traceability.



Source: Wazir Analysis

Textile Industry Challenges

Higher input costs compared to competing nations - India has one of the highest costs of capital compared to most competing countries which affect the cost of production and thus its competitiveness. The present lending rate in India stands at 11.0-12.5% while that in other competing countries like China and Vietnam, ranges from 5-7%. Also, the power cost in India is much higher compared to competing nations.

Absence of fiber neutrality - Globally, manmade textiles and garments are in high demand. But India, despite being a second largest textile exporter in the world, lags in this category because of unavailability of manmade fibers at competitive prices.

Low technology level - The Textile Industry is still equipped with low and outdated technologies especially in the power loom sector, processing, etc. In general, spending on R&D, product development, etc. by textile companies in India is quite low. As a result, India has had a nominal presence in high value-added segments and innovation-driven technical textile segment.

Poor Access to Credit - Major institutions providing input-credit are largely centralized and unable to reach the dispersed and largely home-based weavers and artisans.

Also, very few institutional sources are there to provide working capital to them. Due to this, artisans/weavers depend on their own sources of fund to cater to their fixed as well as working capital needs.

Absence of FTAs with major markets - Countries like Bangladesh, Turkey, Cambodia, Pakistan, etc. have duty free access in the major Textile markets of US and EU. Exporters from these countries enjoy duty preference ranging from 10% to 34%, depending on the product. Indian exports to these nations significantly more expensive compared to that from various other competing countries.

Fragmented nature of industry lacking economies of scale - Indian textile sector is largely unorganized and small in size, especially the fabric manufacturing, fabric processing, and garment manufacturing segments. These segments suffer from lack of capacities and use old technologies.

OPPORTUNITIES IN TEXTILE AND APPAREL INDUSTRIES

Capacity expansion or technology upgradation is a big challenge for these small and medium scale units with limited resources because of the higher risks perceived by lenders and also because of lack of awareness.

Market Size and Forecast

The market value of India's textile market as was around USD 164 billion, which is expected to touch USD 284 billion in value by 2020, growing at a CAGR of 13.58%. 70% of which is domestic consumption while exports constitute the rest 30%.

Domestic home textiles market will grow at 12% CAGR to reach a level of USD 15 billion in 2025 While, the technical textiles market is expected to grow by 13% CAGR over the same period to reach a level of USD 45 billion. In terms of global ranking, India is ranked 2nd in textile export with 6% share and 5th in apparel export with a 4% share. Overall, India holds the second position with a 5% share of global exports.

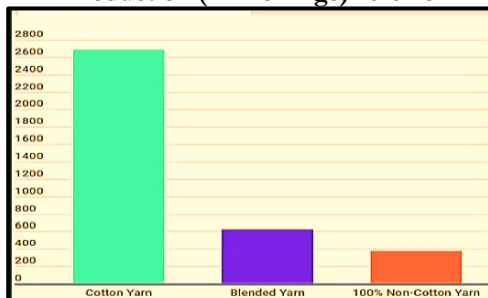
Readymade garment makes up the largest export segment followed by cotton textile and manmade textile. The export of readymade garment fluctuated during 2016-19. In 2017-18, India exported readymade garment valued USD 17.37 billion, an increase of 2.4% from 2016-17. However, the export value declined by 3.8% in 2018-19.

Similarly, the export of cotton textile fluctuated during 2016-19 however, the average export value remained at USD 10.42 billion in 2017-18. As for manmade textile, there was a leveling off of export during the four year period started 2016 with a marginal fluctuation of less than 4%.

On the import side, cotton textile, manmade textile, and readymade garment are the major products shipped in India. Import of cotton textile is dramatically growing since 2016. During 2018-19, India imported USD 2.45 billion worth of cotton textile.

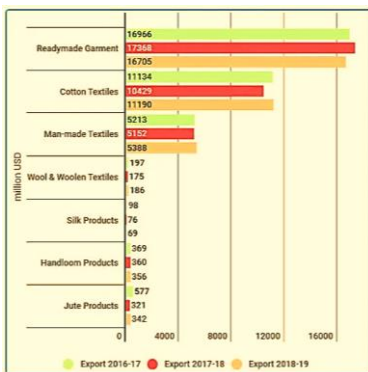
Similarly, import of readymade garment is steadily rising at 30% growth rate. Import of Manmade textile has taken increasing pace to reach USD 2.26 billion import value in 2018-19 despite a slowdown in import during 2017-18.

Production (Million Kgs) 2017-18

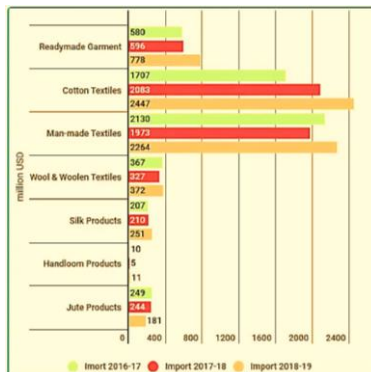


Source:Wazir Analysis

OPPORTUNITIES IN TEXTILE AND APPAREL INDUSTRIES



Source: Wazir Analysis



Source:Wazir Analysis

Indian Textile and Apparel Market: Industry: Growth, Opportunity and Forecast 2023-2028-

The Indian textile and apparel market size reached US\$ 172.3 Billion in 2022. Looking forward, IMARC Group expects the market to reach US\$ 387.3 Billion by 2028, exhibiting a growth rate (CAGR) of 14.59% during 2023-2028.

Textile refers to various fiber-based materials made by knitting, weaving, or stitching yarns and fabrics, while apparel refers to clothing and footwear items, such as shirts, pants, coats, skirts, suits, heels, sneakers, and boots worn by adults and children. They are intricately designed by skilled weavers and are produced from cotton, linen, leather, satin, lace, crepe, chiffon, silk, and denim or a blend of various materials. They rely on handlooms and power looms and play an integral part of the fashion industry. They are also dyed with various vibrant pigments and often coated with chemicals to make them water-resistant and durable.

The Indian textile industry is one of the oldest and largest industries in the country, employing over 4 crores 5 lakh people and contributing significantly to the GDP. The textile segment is considered one of the key drivers of the economy as it accounts for around US\$40 billion.

Indian textile and apparel industry Growth

The Indian textile and apparel industry is expected to grow at 10% CAGR from 2019-20 to reach US\$ 190 billion by 2025-26. India has a 4% share of the global trade in textiles and apparel.

India is the world's largest producer of cotton. Estimated production stood at 362.18 lakh bales during cotton season 2021-22. Domestic consumption for the 2021-22 cotton season is estimated to be at 338 lakh bales. Cotton production in India is projected to reach 7.2 million tonnes (~43 million bales of 170 kg each) by 2030, driven by increasing demand from consumers.

India's textile and apparel exports (including handicrafts) stood at US\$ 44.4 billion in FY22, a 41% increase YoY. India's textile and apparel exports to the US, its single largest market, stood at 27% of the total

OPPORTUNITIES IN TEXTILE AND APPAREL INDUSTRIES

export value in FY22. Exports of readymade garments including cotton accessories stood at US\$ 6.19 billion in FY22.

India's textiles industry has around 4.5 crore employed workers including 35.22 lakh handloom workers across the country.



Source:Wazir Analysis

Conclusion

The outlook for the Indian textile industry seems promising, coupled with both strong domestic consumption as well as export demand. India holds a 4.6% global share for textile export and in the next decade, Indian will enjoy over 10-15% share in global textile export. Majority of the Indian textile manufacturers export more than 40% of their production to the international market.

On the front end, the organized apparel segment is also expected to grow at a CAGR of more than 13 percent over a 10-year period. The Union Ministry of Textiles plans to enter into bilateral agreements with Africa and Australia along with working on a new textile policy to aim to double the textile export in a decade. From the review of various articles listed in this paper, it is evident that Indian Textile and Apparel sector has a very positive sign of growth. The Government of India has completing to boost this sector by setting -up of Integrated Textile Parts, Technology Fund Up gradation Scheme, allowing 100% Foreign Direct Investment etc. As per the latest report, India topped number one in the cotton production.

The other factors which boost the Indian textile & Apparel sectors like; Increased penetration of Retail Sector; High Income of Middle class segments; Development of infrastructure; Favorable Government policies; Abundant raw materials availability

References

- Ministry of Textiles, *Indian Textile Journal*, Department of Industrial Policy and Promotion, Press Information Bureau, Union Budget 2017-18
- Prem Malik, *Brand building in the textile industry*, www.fibre2fashion.com/industry-article/13/1217/brandbuilding1.asp.
- N. Kavitha, *Textile industry in Indian scenario*, www.fibre2fashion.com/services/article-writing-service/contentpromotion-services.asp.

OPPORTUNITIES IN TEXTILE AND APPAREL INDUSTRIES

Annual Report 2020–21, Ministry of Textiles, Government of India,
www.ministryoftextiles.gov.in

<http://www.ibef.org/industry/indian-textiles-and-apparel-industry-analysis-presentation>, Textiles and Apparel, India Brand Equity Foundation (IBEF)–June 2017.

Department of Policy & Industrial Promotion, Textiles and Apparel sector, Achievement Report, Ministry of Textiles, November 2016.

Ann Terlaak, Andrew A. King, ‘The Effect of Certification with the ISO 9000 Quality Management Standard: A Signaling Approach’, the *Journal of Economic Behavior and Organization*

Textiles committee, *TQM Consultancy*, <http://textilescommittee.nic.in/iso1.htm>

<http://www.indiantradeportal.in/vs.jsp?lang=1&id=0,30,50,163>

<http://www.ibef.org/industry/indian-textiles-and-apparel-industry-analysis-presentation>, Textiles and Apparel, India Brand Equity Foundation (IBEF) –July 2017

<http://texmin.nic.in/sites/default/files/AnnualReport2017-18%28English%29.pdf>

http://texmin.nic.in/sites/default/files/FDI_approved_at_a_glance.pdf

http://texmin.nic.in/sites/default/files/Total_FDI_Financial_Yearwise.pdf

http://texmin.nic.in/sites/default/files/FDI_in_Textile_Sector_Calendar_year_wise.pdf

http://texmin.nic.in/sites/default/files/FDI_in_Textile_Sector_Financial_Year_wise.pdf