

A role of textile industry in Indian economy

Divya P Solanki

Assistant Professor, Mirambika College of Management, Rajkot, Gujarat, India

Abstract

This paper is made on textile industry of India and it is a part and partial of research study on working capital management of selected textile company of India. It covers introduction of textile industry, history of textile industry, development of textile industry, about the sample unit, the role of textile industry in the Indian economy and at the world level, difficulties of textile industry facing in India, future prospects and at the last summary of whole article.

Keywords: (TMTT) technology mission on technical textiles, north east region (NER), the revised restructured technology up gradation fund scheme (RRTUFS), scheme for integrated textile parks (SITP), integrated skill development scheme, zero defect and zero effect approach

1. Introduction

Indian Textile industry is a second largest industry after agriculture in terms of economic contribution and employment generation. Today, the India has great confidence to invite outsider for the investment as well for employment also. Textile industry is a oldest industry in India having huge cultural heritage with extensive range of textile stuffs, method and type that reproduce the various set of people and customs across the country. The Industry includes a widespread range of section, from hand woven, unorganized segment on and goes towards capital intensive technological segment. India is a number one jute producer in the world and second chief producer of silk and cotton worldwide. The textile sector offers huge employment opportunities for Indian people, especially for the people reside in rural area. Textile and apparel sector contributes 14% to industrial production, 4% to India's Gross Domestic Product (GDP) and constitutes 15% of the country's export earnings. Textile and apparel sector is the second largest employment provider in the country employing nearly 51 million people directly and 68 million people indirectly in 2015-16. Textile exports of India stood at USD 40 billion in 2015-16. India's fiber production in 2015-16 is 9 million Tonnes in 2015-16 and is expected to reach 10 million Tonnes in 2017-18. The total fabric production in India is expected to grow to 69 billion sq.mts by 2017-18 from 66 billion sq.mts in 2015-16.

India textile industry is being rehabilitated by providing good facilities to the cottage based habitual sector like handlooms, handicrafts, jute and wool and try to enter in a whole chain. The government has been providing huge incentives to the textile manufacturers and farmers of the raw material of textile industry this way encourage them. Minimum price band is set to the farmers for the raw materials, subsidies in up gradation in technology of handloom, providing trade facilitation to them. For the promotion of this sector decide to celebrate a National Handloom Day so everyone can come to about this sector. This is cheering the Young generation to wear more

handloom products; hence it is growing the market reach for these products. The other sector like Power loom industry is also increasing by good finance assistance for upgrading technology.

2. History of Textile Industry

Indian textile industry is too old it grows with human civilization and with time history of textile industry enriched by itself. In India in 400 AD the silk was introduced, while cotton traces back to 3000BC. Due to the Industrial revolution discovery of various synthetic fibers like nylon created a huge market for textile goods and gradually go ahead to the invention of new and better sources of natural thread means fiber. Furthermore the development of transportation and communication facilities make possible the road map of transaction of localize talent and textile skill among different countries.

The revolution of textile industry in the 18th century made possible the mass production of yarn and cloth. In 1734 in Bury, Lancashire, John Kay invented the flying shuttle one of the first of a series of inventions associated with the cotton industry. Indian textile industry is going smoothly towards different area of textile industry, the main players of textile industry are Shri Jamshedji Tata in 1869 bought a bankrupt oil mill and converted it in to cotton mill and renamed "Alexandra Mill", next to it in duration 1900 to 1960 players came in existence in textile industry Shri G G Birla, Lala sriram (DCM), Shri Mafatlal Gaganbhai, Shri Piramal Chaturbhai, JK/Raymond, Wadia – Bombay Dyeing, others 1970 Shri Dhirubhai Ambani (Reliance Industries) 1980 Shri S.P Oswal (Vardhman), others 1990 Shri Sanjay Lalbhai (Arvind), others 2000 Jiwrajka family, others e.g. SKNL, BRFL, Welspun, Abhishek - each already or poised to soon become a billion US\$ integrated textile.

3. Development of Textile Industry

Textile industry of India is one of the largest in the global with

a huge raw material and textiles manufacturing foundation. In India its very wide scope in the textile industry because Abundant availability of raw materials such as cotton, wool, silk, jute and manmade fibers. Furthermore, producer gets relative advantage in terms of skilled manpower and cost of production over chief textile producers across sphere. Fabric and attire segment contributes 14% to industrial production, 4% to India's Gross Domestic Product (GDP) and constitutes 15% of the country's export income.

Textile and apparel sector is the second largest employment provider in the country employing nearly 51 million people directly and 68 million people indirectly in 2015-16. Export of textile of India placed at USD 40 billion in 15-16. The fiber production in 2015 -16 is 9 million tones and it is expected 10 million tones in 2017-18. The total fabric production is expected to raise to 69 million sq.mts by 2017-18 from 66 sq.mts in 2015-16. The India becomes the largest producer of cotton with 5984 million kg in 2015-16. In the area of Jute also become largest producer with 1710 kg million in 2013-14. The India became the second largest producer of silk in the world with 29 million kg in 2014-15. If we talk about wool production in this area also has become major producer in the world with 48 million kg in 2014-15 and second largest producer of manmade fiber and filament in the world with 2511 million kg in 2015-16.

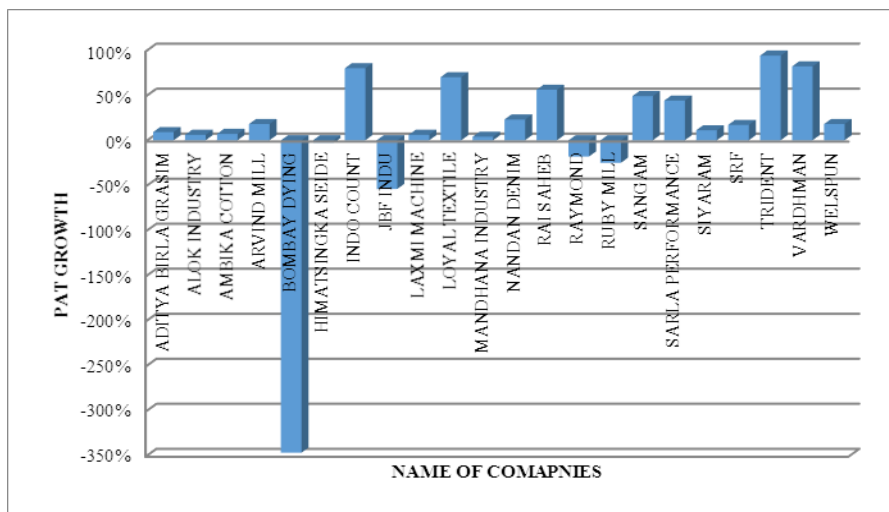
The growth of this industry widely depends on major two factors one is geographical as well government policy as India has good geographical climate and land for the raw material for the production of fabrics. Another factor plays a vital role behind growth of industry that government policies are very favorable in terms of boost of textile industry. Right now government is focusing to create all over value chain start from production of natural fiber to the production of Yarn,

cloth material and attire within country as well giving over the countries. Like Bangladesh, Vietnam, especially market is developed for traditional skill sectors i.e. hand loom and handicraft for that market entry arrangement with South Korea, Japan, Asian, Chile as well negotiations with Australia, EU, these country are under process for economic partnership.

4. About the sample Units

Table 1: Growth chart of sample unit as on 31/3/2016

Name of company	Pat growth 2016
Aditya birla grasim	9%
Alok industry	6%
Ambika cotton	7%
Arvind mill	18%
Bombay dyeing	-347%
Himatsingka seide	-3%
Indo count	80%
Jbf indu	-54%
Laxmi machine	6%
Loyal textile	70%
Mandhana industry	4%
Nandan denim	23%
Rai saheb	56%
Raymond	-18%
Ruby mill	-25%
Sangam	49%
Sarla performance	44%
Siyaram	11%
Srf	17%
Trident	94%
Vardhman	82%
Welspun	18%



Source: Data from MONEY CONTROL.COM

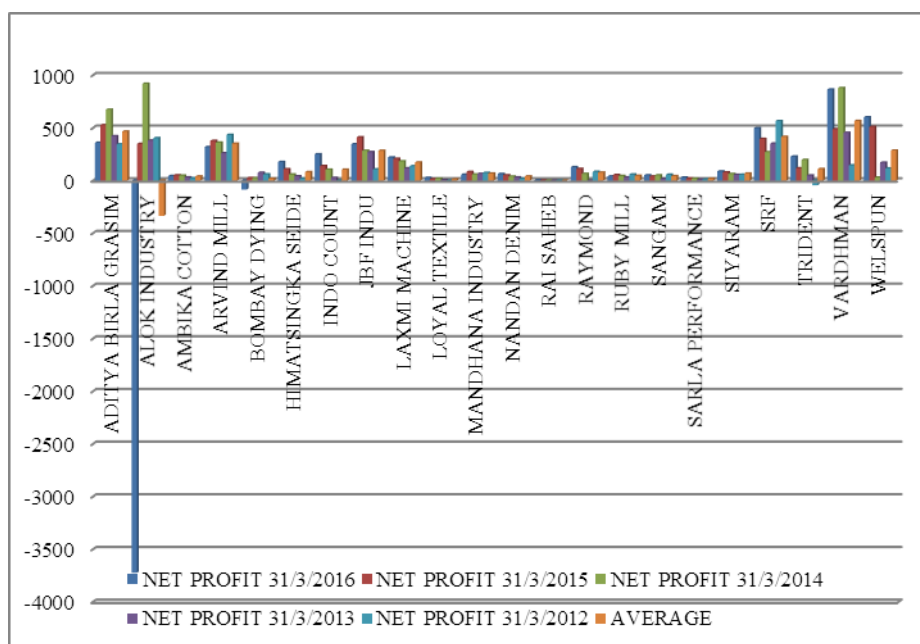
Fig 1: Pat Growth Chart of Sample Units as on 31/3/2016

Above chart shows sample units growth of last year, most of the sample companies are performing well except Bombay dyeing its situation is very bad in term of net profit generation other companies like JBF Industry, Himatsingka Seide, Raymond, Ruby mill these are companies could not able to generate profit. Past record of these companies is good so they

will definitely trying to find causes and will take corrective action. My research on working capital management may help also to light on the dark area of this situation. The companies are performing well they will also follow the same in difficult situation.

Table 2: Sample units' net profit journey

Name of company	Net profit 31/3/2016	Net profit 31/3/2015	Net profit 31/3/2014	Net profit 31/3/2013	Net profit 31/3/2012	Average
Aditya birla grasim	360.02	527.69	673.95	423.05	345.39	466.02
Alok industry	-3,722.80	348.76	920.16	380.53	404.36	-333.798
Ambika cotton	44.46	51.18	48.14	30.98	23.88	39.728
Arvind mill	318.85	377.43	361.39	261.22	434.23	350.624
Bombay dying	-85.24	24.56	24.34	75.7	59.35	19.742
Himatsingka seide	177.98	109.34	58.84	42.34	20.02	81.704
Indo count	250.71	139.04	104.94	27.11	0.13	104.386
Jbf indu	346.01	412.42	284.23	271.45	106.58	284.138
Laxmi machine	219.92	207.45	183.69	117.48	137.02	173.112
Loyal textile	25.98	14.99	19.7	5.04	-1.94	12.754
Mandhana industry	57.13	83.09	59.24	65.34	73.1	67.58
Nandan denim	63.32	51.43	39.31	31.05	18.79	40.78
Rai saheb	3.35	2.15	1.44	0.13	-2.72	0.87
Raymond	128.21	111.58	64.61	-6.82	83.74	76.264
Ruby mill	40.78	53.94	44.9	30.48	58.24	45.668
Sangam	51.57	40.5	51.3	17.08	56.59	43.408
Sarla performance	29.68	22.27	19.48	10.93	12.41	18.954
Siyaram	87.57	78.79	63.57	55.01	56.73	68.334
Srf	497.45	396.11	270.86	352.59	565.86	416.574
Trident	228.45	117.82	197.03	49.33	-43.74	109.778
Vardhman	864.64	489.27	879.38	454.84	145.46	566.718
Welspun	01.74	510.14	29.84	171.41	117.11	286.048

**Fig 2:** Net Profit Journey of Sample Units

5. The role of textile industry in Indian economy

The textile industry of India gives great contribution to the GDP. This industry is providing second largest employment after agriculture sector. And thus, development of this industry directly affect to the Indian Economy. The export of textile of India is targeted to touch US\$ 185 billion by the year 2024-25.

The exports of textiles has been up to USD 41.67 billion in 2014-15 that is by 3%. In INR 2.55 lac crores in against Rs. 2.48 lac crores in the previous year. The growth in specific

area was considerable as such handicrafts, carpets and readymade garments 17%, 15%, 12% respectively. The share of Indian textile across the world is 5%.

India's position in the World Textile Economy

Indian textile industry is second largest producer of raw cotton, same position in producing cotton yarn, same in cellulosic fibre yarn, in silk production largest producer of jute and fourth producer of synthetic fibre.

Table 3: Top exporting countries with their growth in Textile & Apparel Exports since 2005

Countries	2005	2010	2011	2012	2013	CAGR 2005-13
China	107.5	198.9	239.8	245.0	283.9	12.9%
India	17.0	27.1	33.4	32.7	40.2	11.3%
Bangladesh	7.7	17.9	23.8	23.8	25.5	16.2%
Vietnam	5.3	13.5	17.4	18.0	19.3	17.5%
Spain	8.3	11.3	13.3	13.4	15.5	8.2%
The Netherlands	7.6	10.2	13.6	12.3	13.1	7.1%
Australia	3.0	3.3	5.5	5.8	5.4	7.7%
Poland	3.6	5.2	5.9	5.4	6.0	6.4%
Cambodia	2.2	3.1	4.0	4.3	4.6	9.5%
Sri Lanka	2.9	3.6	4.3	4.1	4.4	5.3%
Pakistan	10.3	11.6	13.6	12.9	13.7	3.6%
Indonesia	0.0	0.0	13.3	12.5	12.7	-
Turkey	18.7	21.5	24.5	25.1	27.2	4.8%
South Korea	13.7	13.5	15.5	15.1	15.4	1.5%
Rest	265	258	295	277	283	0.8%
Total	473	598	723	707	770	6.3%

Source: UN Comtrade, Wisedge Analysis

Importance of Textile Sector to India

It has 26% manufacturing sector, out of industrial production it has 14%, and it gives 18% industrial employment in addition direct employment is given 45 million. Furthermore, it earns 17% from export activities. Textile industry contributes 4% in GDP.

6. The government policies of textile industry

The government of India has planned to promote all textile sector of India it covers Power loom that includes social welfare schemes, insurance cover, area development as well to upgrade outdated looms, tax benefits and propaganda support, and that is expected to be improving the status of power loom weavers in the country.

The MoU with 20 e-commerce companies has been signed up by the Ministry of Textile of India main objective is to build up platform to artisans and weavers in different handloom and handicraft groups make them able to sell their products directly to the users

The Government of India also has done the MoU value Rs.8,835crore (US\$ 1.3 billion) in areas of recreation facilities, introduction of new technologies in different areas such as textile parks, textile processing machinery, carpet development etc., which is signed during Vibrant Gujarat 2017 Summit.

To develop UN ploughed the ministry for textile started garment making centre in Meghalaya. For the government of India sectioned worth Rs. 32crore for to promote the handlooms. Furthermore government of India does promotion with social media also such as Facebook, Twitter and Instagram there is view to connect the ultimate users specially the young generation

Government police of textile to make available 35 million new jobs that could be possible by gear up foreign investment, figure expected to be 180-200 billion US\$.

For the technical purpose the ministry of textile introduced technology mission on technical textile.

The main objective of TMTT to encourage technological textile around the world by providing world class quality that would be a totally indigenous.

Furthermore to develop un productive are the ministry of textile has sectioned a Scheme for encouraging practice of geotechnical textiles in North East Region in that way make it productive. This scheme has started from 2014-15 with worth Rs. 427 crore. The technical textile is very hopeful and rapid rising area in Indian. It has verified the growth trend in India with a compound average growth rate of 8%. This sector is expected to increase CAGR of 16% to attain 4 31 billion by 2020-21. Technical textiles are playing very important role in our economy growth which helps to do expenses over public facilities like healthcare, roads, highways etc. The Ministry of Textile set up different schemes such as Revised Restructured for the up gradation of textile industry as well. Government of India provides assistance for the infrastructure of park under the scheme o integrated textile parks also get benefits it includes skill development scheme will offer training to 1.5 million people it cover all supported sectors of textile such as Handicrafts, Handlooms, Sericulture, jute, Textile and Apparel etc.

Under the approach of zero error and zero effect foreign companies are invited for the investment for different segments of textile industry which allows opportunities in different areas like specialty fabrics, fabric processing also helps to set ups all types of usual and synthetic textiles as well garments and retail brands. Many foreign companies have invested in India in different areas of textile industry these include ZARA and MANGO from Spain, PROMOD from France, Benetton from Italy. Government of India is taking steps to make business easy and smooth.

Government of India is promoting export import business by extending 24/7 customs clearance facility setup 13 airport and 14 sea ports as a result clearance become easy.

Main aim of Government of India is to make business sustainable resulting consumer awareness and preference,

conformity norms that make future secure. Time succession approach to sustainability in textile and attire industry lead to make sure three faced of sustainability – Social, Economic and Environment.

Achievement of government policy

Report is updated as on 31/3/2017 as below Report is updated as on 31/3/2017 as below

FDI increased 41% in the year 2014-16 in amount USD 303 million FDI equity came USD 563.75, it was in year 2012-14 to USD 428 million. This is upper than aggressive nations like Vietnam, China.

Export status

In the year 2015 – 16 export increased 15% from 13% in the year 2013-14 the garment export will expected to be increased USD 62 billion from USD 38 billion in 2016.

7. Difficulties faced by textile industry in India

The textile industry in India is playing very vital role in terms of employment generation, manufacturing and overseas income. Textile industry always tries to maintain its second rank around the world, it is facing numerous difficulties not only to maintain its position but also develop it. It is true that, textile industry is facing problems and sure come in the way of Make in India concept.

1. Superseded Mechanism and Knowledge: In domestic, we find lacking in development of machinery and technology that left behind our textile industry in against other countries' textile industry. Another one thing is that lack of homemade shuttle-less loom and spindles that makes production delay due to order time is too long to be complete. The Department of Science and Industrial Research, Ministry of Science and Technology, Government of India mark out that spindle in used are 25 years old obvious they are in weak efficient and producing chip quality product. In addition, unawareness regarding investment in research area of textile industry leads to import foreign machinery to compete foreign textile industry. The import of textile machinery is going increase in double recent two years.

It is necessary to introduce new technology for the long run benefits. The Government of India introduced a (TUFS) Technology up-gradation Fund Scheme from 1st April 1999. This scheme opened the door for those who are eagerly waiting for fund to upgrade its technology.

2. Scarcity of Electrical Energy: There are many states facing power shortage problem that leads to loss man power and low production. Research has been done by Fibre2fashion stated the name of states acutely facing power shortage problem; Tamil Nadu and Andhra Pradesh cannot produce as per their capacity and losing Rs.300crores daily due to irregularity in power supply. Compulsory they have to use manual machines for production that ultimately increase the cost of production and make behind than other producers of nation. It is needed uninterrupted power supply to support textile industry of nation.

3. Risk to the Traditional Handloom Sector: Indian Traditional Handloom Sector is very famous world widely.

It should be maintain but there is risk, because of implementation of contemporary technology. This sector has wide variety of potentiality in variety of quality, intertwine and designs spun off the handloom is endless. A major risk to the handloom sector comes from power loom associations. The Sari exemption has been demanded by power loom association. The Act is protecting Handloom sector is Reservation of Articles for Production since 1985. It gives protection to the handloom weavers, specifically of sarees, is being copied by opponents making by machines and power loom. This matter is in court to be judge. Another problem from credit facilities, the necessity was in twelfth five year plan. It was stated in planning commission report requirement was not fulfilled because of constrain of fund, high cost of credit. Weavers are not in way of formal financial system they always faraway from smooth system of marketability. The make in India handloom sector is given emphasis for marketability and traditional weavers sustainability. Start celebration of handloom day on August 7, 2015 in Chennai and Handloom brand given brand value to handloom products, foundation is made of tread facilities of handloom products and laid down at place of Varanasi on November 7, 2014. Integrated office is also setup to give common platform to all stakeholders.

4. Illegitimate Bazaar: We are getting a lot off Technological advancement benefits it opened huge possibility of variety of production and marketability. In against, Imitation production problem comes in front. It is very danger for brand value companies, they are initiative by R&D doing lot efforts to come up with change and foot forward but they don't get those benefits because of imitators. In this case, need constant fight to find them and punish them another thing is to make aware about result of purchase of fake product. That can be controlled by efforts of every purchaser only.

5. Concern to the Workers: In India a large population is always in mood to seeking task. This opportunity is taken by Textile industry and providing employment to them in different area of work requirement and set them in small units. There are many problems related to the labours. Like: Safety and health related problems, Child Labour, unskilled labour, strict labour law and worse working environment.

6. Raw Material Shortage: Cotton is the main base of textile industry even though since consumer choices are increasing and sifting in contemporary manmade fiber. The industry is always facing shortage of good quality raw material to meet demand. Another thing is fluctuating prices, uncertainty in supply and availability direct low production and sickness of mills. To overcome from this situation need to introduce high yielding cotton variants, so as to reach the demand.

7. Collision on Environment: A study by Fibre2fashion stated the summary report on pollution generated by textile activities. Energy production emission from boiler producing N₂O nitrous oxides and sulphur dioxide SO₂, Coating, Dying and curing generates volatile organic components. Particulates generated by cotton handling activities. Nitrozon oxide, carbon monoxide, sulphur oxide

etc. are produced by sizing activities. Dying, bleaching printing finishing, chemical storage, waste water treatment ext. activities generate chlorine, chlorine dioxide, carriers, H₂S, Aniline vapours, hydrocarbons, ammonia, volatile organic component, toxic emissions. It shows carbon intensity due to textile industries' activities how serious it is need to find alternate energy and system to protect our ecosystem.

Future Prospects

A major portion of GDP comes from Indian textile industry, furthermore, generating numerous opportunities for employment and earns huge amount of foreign currency.

The Indian textile export will reach US\$185 billion by the year 2024/25. The export of textile industry increased to US\$41.67bln in 2014 /15 that is 3% according to this Indian textile industry has 5% share in the global textile market.

Estimation of Indian export figure

Table 4: Estimation for Domestic Textile Industry figure

Year	Domestic Industry (\$ Billion)
2016	82.6
2017	88.4
2018	94.5
2019	101.2
2020	108.2
2021	115.8
2022	123.9
2023	132.6

This could be possible, by using potential strengths of industry

1. Low cost and skilled manpower is available gives a lot benefits to industry.
2. Varieties of cotton fiber and speedily develop synthetic fiber in industry are available.
3. Yarn export is done by India worldwide it has large share in the international market.
4. Potential growing domestic and international market is looking forward.
5. Large varieties of products sections also give benefits to the industry

8. Conclusion

In Indian economy, the contribution of textile industry is remarkable. Looking forward to the rising area like demographic change it makes available huge market which absorbs spare man power ultimately increase employment. Emerged culture leads to fashion consciousness that makes better textile industry more power full in upcoming decades.

9. Reference

1. www.moneycontrol.com
2. www.textileindustryofindia.org
3. Current scenario of Indian textile machinery market & future
4. Prospects prepared by – Suvin advisors.
5. Wazir advisors, India submitted to ministry of textiles, 2016.

6. Report on golden decade for India's textile and apparel industry.
7. Achievements report department of industrial policy and promotion, ministry of textiles
8. November 24, 2016.
9. Euler Hermes economic research - global sector report textile, 2017.