



Cover Page



DOI: <http://ijmer.in.doi./2021/10.07.165>

## A STUDY ON SWOT ANALYSIS OF TEXTILE INDUSTRY – INDIA

**Dr. R. Emmaniel**

Head of the Department

Department of Business Administration

St. Ann's College of Engineering and Technology

Chirala-Andhra Pradesh, India

### Abstract

India has large share in world's textile trade. In fact, it is the one of the largest producers of textiles and cloth in the world. It has eventually become a sourcing centre because of abundant availability of raw materials such as cotton, wool, silk and jute as well as skilled workforce. It provides the structure, growth and performance of Indian textile industry. It also covers the percentage contribution of total cloth production from handlooms, power looms and mills. It expounds the export and import scenario of Indian textile and cloth industry. It is the world's second largest producer of textiles and garments. The Indian textile industry accounts for about 24 per cent of the world's spindle capacity and eight per cent of global rotor capacity. Indian textile and apparel industry has a potential to increase its share in the world trade from current level of 4.5 per cent to 8 per cent and reach US\$ 80us billion by 2020.

**Keywords:** Market Segments, Sophisticated, Power Looms, Decentralized, Gross Domestic Product.

### INTRODUCTION

The Indian Textile Industry renders a widely diverse spectrum of bodily functions with the hand-spun and hand-woven sector at one terminal, and the capital-intensive sophisticated mill sector on the other. The decentralized power loom, hosiery and knitting sectors form the biggest part of the Textiles Industry. The tight linkage of the industry to agriculture and the traditions and ancient culture of the land gets the Indian textiles sector unique in comparing to the textile industry of other lands. This also supplies the industry with the capacity to make a diversity of merchandise suited to the different market segments, both inside and outside the state.

The Textile Industry has been a major contributor towards the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes around 14 per cent to industrial production, 6 per cent of the gross domestic product (GDP), and 13 per cent of the country's export earnings. In India it is largest employment provider, offers direct employment to over 45 million people across the country. The textiles sector is the second biggest provider of employment after agriculture. Therefore, the development and growth of this textile industry has providing needed buzz to the improvement of India's economy.

### Development of Textile Industry in India

Eventually India has turn out to be the world's largest producers of textiles and garments. Ample availability of raw materials such as cotton, silk, jute and wool as well as skilled personnel has made the country a sourcing hub. It is the world's second biggest manufacturer of fabrics and garments. The Indian textile industry holds approximately 25 percent of the global spinning capacity and 8 percent of global rotor capacity. Roughly 27 percent of the foreign exchange earnings are contribution of export of textiles and clothing only. The potential size of the Indian textiles and apparel industry is expected to reach US\$ 223 billion by 2021.

The Indian textile industry is ready for strong growth, enhanced by robust export demand as well as domestic consumption. Further most important conversion in the Indian textile industry has been the advent of synthetic fibres (MMF). India has successfully put its innovative range of MMF textiles in almost all the nations across the world. MMF production recorded an increase of three per cent during the period April-July 2014. As per the data published by the UN Comtrade recently, India has overtaken Germany, Italy and Bangladesh and emerge as second largest textile exporter in the world. India's share in Global Textiles increased by 17.5 per cent in 2013 compared to previous year. The Vision Manuscript formulated by the National Manufacturing Competitiveness Council (NMCC) for textile has proposed that textiles exports of India will reach US\$ 300 billion by the year 2024-25.

### SWOT ANALYSIS

#### STRENGTHS

##### I. Abundant Raw Material Availability

The Indian textile industry is its solid production base of a wide scope of fibre/ yarns from natural fibre like cotton, jute, silk and wool to synthetic/ synthetic fibre like polyester, viscose, nylon and acrylic. In add-on to these all the other inputs like chemicals



Cover Page



DOI: <http://ijmer.in.doi./2021/10.07.165>

and other materials required to make several types of fabric are available. Production of fibre and filament in India is around 11 million tons per year. Raw material availability is one of the central key capabilities of the Indian textile sector. India is considered among the greatest manufacturer, consumer and exporter of various natural and synthetic fibre. At an overall level India produces around 11 million tons of fibre and filaments annually.

## II. Availability of skilled and Low-Cost Manpower

Availability of skilled workers at relatively low wages is one of the key strengths of Indian textile and apparel industry. Though the wages across the world are consistently increasing, wage rate growth in India is still lower than various other textile apparel exporting countries.

**Table: 1.1 Apparel Factory Workers Monthly Wages (in USD)**

Country	2009	2011	2013
China	173	193	220
India	121	135	150
Thailand	295	329	390
Philippines	379	423	440
Indonesia	148	165	180

Data Source: Global Wage Report by ILO and Industry feed back

Wages to factory workers in different nations are shown in a table: 1.1. Indian Textile Industry has an advantage of low wages to the industrial labour. To address the growing need for skilled manpower in textile and apparel sector, Government of India has introduced Scheme for Growth and Development of Technical Textiles (SGDTT) and Integrated Skill Development scheme (ISDI) for the Textiles and Apparel sectors. The strategies focus on enhancing capacities of organisations through providing skill development and organising the sector. Government intervention with countries large population ensures that availability of economic and skilled manpower to the industry.

## III. Government Support for Textile Sector

The Indian Government has been calling for many policy measures and initiated several schemes to support textile sector. These schemes provide numerous benefits to Indian textile manufacturers. Some of these outlines are: I. System for Integrated Textile Parks (SITP); II. Restructured Technological Up Gradation Fund Scheme (RR TUFS); III. Integrated Skill Development Scheme (ISDS); IV. Swarnajayanti Gram Swarozgar Yojana (SGSY); V. Market Development Assistance (MDA); VI. Market Access Initiative (MAI); VII. Technology Mission on Technical Textiles (TMTT).

Besides the central government, many State Governments are also making attempts to attract investments in their states. States like Andhra Pradesh, Tamil Nadu, Maharashtra, Gujarat, Karnataka, Punjab Rajasthan, and Madhya Pradesh have come away with a host of investment related incentives in the industry. The state policies provide financial backing in addition to central Government schemes like RRTUFS, consequently, attracting more investments. These supports mostly include continuous power supply at subsidised rates, demotion of stamp duty, reimbursement of state taxes, etc.

## IV. Presence of Complete Textile Value Chain

India is sanctified with a complete set activity required to make garments. India is one of the few textile manufacturing countries in the universe where all stages of textile value chain i.e. from fibre/ filament to garment manufacturing are present. It has taken the unique identity to the Indian Textiles.

## V. Growing Economy and potential Domestic and International Market

India is developing at a rapid pace and per capita income of the people increasing significantly. As a result of this consumer spending on garments in India, increasing steadily. Indian Textile and Apparel market is estimated to touch US\$ 237 billion by 2023 (both domestic consumption and exports).

## VI. Industry has large and diversified segments that provide wide variety of products

Fabric Industry in India is widespread and has its roots in almost all regions of the state. As masses of this rural area has many cultures and traditions, they bring on a extensive scope of forms of garments. In one hand mill and power loom products serve



Cover Page



DOI: http://ijmer.in.doi./2021/10.07.165

the requirement of people in India as well as other countries, on the other hand the handloom products with the finest quality and designs have demand across the Earth.

VII. More Innovation and Improved Marketing Strategies

Every year, the industry seems to come upward with a lot of raw and improved ideas. Besides, the demand for traditional cloths and home furnishing, the usage of new product lines like technical and nonwoven products has been increasing. And along the strategy front, market demand continues to be served by increasing emphasis on “becoming green” and “Buy American”.

WEAKNESSES

I. Unorganized Fabric Processing and Manufacturing Sector

The fabric handling and weaving sector is mostly unorganised in India. The unorganized units suffer from want of capacity and many of them use timeworn technologies. Exfoliation as well as quality is key areas of vexation for the unorganized sector units. These unorganized units are lagging behind in product evolution, design other production related area and can’t compete with the changing demands of the consumers.

II. Low Efficiency

Labour productivity in textile industry is relatively low in India in comparison with major textile manufacturing countries including China, Bangladesh, Turkey, etc. it can be clearly observed from the below table: 1.2

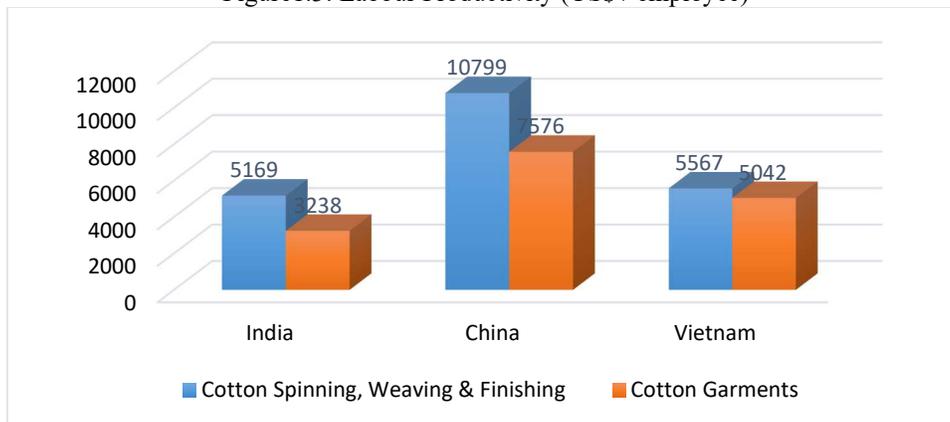
Table: 1.2 Labour Productivity (US\$ / employee)

Country	Cotton Spinning, Weaving & Finishing	Cotton Garments
India	5169	3238
China	10799	7576
Vietnam	5567	5042

Source: UNIDO Report

It is observed from the above table, labour productivity in India is relatively poor in comparison with China which occupies first place followed by Vietnam.

Figure1.3: Labour Productivity (US\$ / employee)



Source: Table 1.3

III. Quality and Cost of Power

In some parts of India, there is erratic and limited power supply with poor quality. Cost of power in India on average is higher compared to key competing countries like China, Bangladesh and Vietnam.

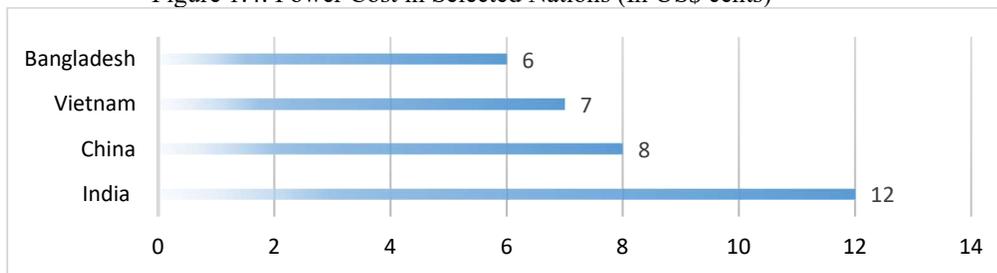


Cover Page



DOI: http://ijmer.in.doi./2021/10.07.165

Figure 1.4: Power Cost in Selected Nations (In US\$ cents)



Source: Technopak Analysis Pvt. Ltd, India

**IV. Poor focus on product and process development**

Indian textile industry has been made poor attention towards product design and development. A significant attention is required in the Indian textile trade. Research and Development is still far away from the actual requirement most of the companies do not have product development and innovation centers. The average contribution of Indian Textile firms towards R&D is very low.

**V. Lack of Technological Development**

Engineering evolution is nonetheless a long far distance for Indian Textiles. As the bulk of the Indian Textile manufacturing units are unorganized the industry can't exploit full of its chances. The Indian government has been spending big sums to develop various technologies to ameliorate the functioning of this sector.

**VI. Rise in Hank yarn prices**

Price of Cotton hank yarn, which is the primary input to textile Industry has been invoked, as a result of the growth in the price of hank yarn, total cost of cloth production is also increasing. Prices of cotton hank yarn at different time period can be observed in Table: 2.3. Price of hank yarn had an addition of more than 50% in the twelvemonth 2011.

**Table: 1.5 Prices of Cotton Hank Yarn**

(Rs/Kg)

Year	Prices of Cotton Hank Yarn	% Increase
2008	92.29	-
2009	108.65	15.05
2010	133.12	18.38
2011	266.35	50.02
2012	202.52	-31.51
2013	226.76	10.68
2014	249.52	9.12

Source: Compendium of Textile Statistics, 2013-14 \*March month every year  
Office of Textile Commissioner, Mumbai

**VII. Infrastructural bottlenecks**

Infrastructural blocks are one of the major problems faced by the industry. Poor road connectivity to the cargo terminals like ports and warehouses, poor logistics and supply chain management are major hurdles. Inadequate information infrastructure, which is a principal concern to compete in global trade.

**VIII. Highly fragmented industry with a large bit of small scale and technically outdated industries**

The textile Industry in India is extremely fragmented and unorganised. The bulk of the looms used are technically outdated which yields very poor output and increases stress on the workers.

**IX. Transaction time at ports and Transportation Time**

One of the major kerbs to the rapid development of the industry is a lengthy transaction processing and transportation time, which scales down the overall operation of the Indian Textile trade.



Cover Page



DOI: http://ijmer.in.doi./2021/10.07.165

## OPPORTUNITIES

The Indian textile industry is in a much stronger place than it was at any point of time in the last half a dozen decades. The floating economy, quota removal and a supportive environment provided by the Government, have contributed to ensure and hang onto the industry on the path of rapid development. The raise in productivity, increase in exports, replication of investment during few years under TUFs, clearly put forward that the Indian textile manufacturing industry has capability in facing the challenges of modern economic system. It's the time, to strengthen the industry through fuller exploiting of available opportunities in both the domestic and worldwide markets.

### I. Growth in Domestic Market

The domestic textiles and apparel market in India is one of the emerging markets in the world. Rising income levels of consumers and rapid urbanisation are key factors for the increase in demand in the domestic market. The organised retailing sector flourishing and further inviting FDI into the sector. As a result of this several international companies are interested in starting up their business functions in India soon. These all are a clear evidence that the Indian domestic trade is going to touch heights. At current, the domestic T&A market is worth USD 59 billion (INR 3, 25,460 crore), and is expected to grow at 9% per year to hit USD 142 billion (INR 7, 82,080 crore), by 2023.

### II. Increased retail industry and malls provide huge opportunities

The retail sector in India is highly distributed and largely unorganized. This sector has approximately 13 million retail outlets and which has occupied roughly 95 to 96 percent of the whole retail industry in India. However, going forward, growth in organised retailing is expected due to economic growth, changing lifestyle of the people and globalisation. Furthermore, Indian retail sector is showing a solid growth, as high expenditure spending by the Indian consumer, especially the younger generation and escalation in the disposable incomes of the mass. Apart this, metropolises and small towns are perceiving a major move in consumer preferences and life style, and have subsequently developed as eye-catching markets for retailers.

### III. Increased disposal income and purchasing power of Indian consumers

It is interesting to remark that the disposable income of the home has been increasing and it is perceived more than doubled since 1985. With the advance in income, the patterns of consumer choices have changed and a new middle class has originated, which is developing at a fast rate. Several studies have estimated that in the next decade, middle class would be the predominant part of the Indian population.

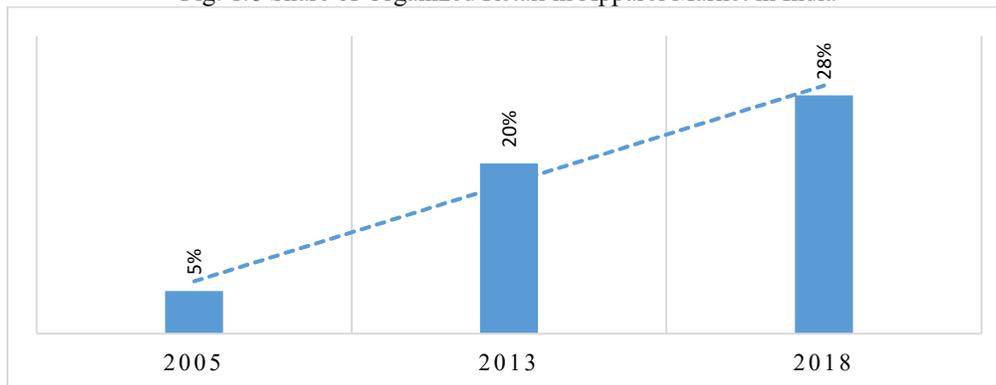
### IV. Great investment and FDI opportunities

As the Indian textile industry appearances for faster development, many companies across the world showing interest in investing their funds in India. The amount invested in the country on textiles during April- May 2015 is FDI of \$11.70 million.

### V. Shift from unorganized to organized retail

The current share of organised retail in India is very low compared to over 80% in developed regions like US and EU. Organized retail of textiles in India is set to double by 2018 rising from \$8 billion in 2013 to \$18 billion in 2018 at a CAGR of 16 per cent.

Fig: 1.6 Share of Organized Retail in Apparel Market in India



Source: Technopak data in Financial Chronicle



Cover Page



DOI: http://ijmer.in.doi./2021/10.07.165

**VI. China vacating space in international trade**

China is required to rescind nearly \$100 billion of global trade space over the next 5- 6 years due to rising labour cost, appreciating currency, energy costs and concentrate on domestic market. Countries including India, Vietnam, Bangladesh and Sri Lanka potential gainers.

**VII. Raising cost of labour in China**

As mentioned above labour cost in China is increasing significantly which forces them to reduce textile production.

**VIII. Non- compliance of textiles units in Bangladesh to the global safety standards**

Some issues like child labour, human rights, and environmental pollution and management standards have started sounding to the exporting countries. In Bangladesh concern, the country is not so far able to reach all these safety standards immediately.

**IX. High cost of credit in Vietnam**

Credit rates in Vietnam is increasing significantly and the investments in the textile sector estimated to be slower down. Consequently, the Indian textile industry will find more opportunity in increasing its share in the global textile and apparel trade,

**THREATS**

**I. Competition from other exporting countries**

The Indian textile industry has been facing a competition from other nations like China, Germany, Bangladesh, Sri Lanka, Turkey, Vietnam, Italy, etc. These nations have already built up their core competencies and well-known USPs in the worldwide market.

**Table: 1.7 USPs of Key Textile & Apparel Exporting Countries**

Country	USP
China	Scale and productivity
Turkey	High design and product focus
Italy	High end skill and design orientation
Germany	Technical orientation and innovation focus
Sri Lanka	Product focus
Bangladesh	Low cost and large factories

Source: Waizer management consultancy

Apparel exports from Bangladesh's have already transcended that of India. Vietnam in the last few years has also gained higher market share in worldwide trade. On the same hand, Myanmar and Ethiopia are getting attention from the global investor and buyer community. All these states will present a tough competition to Indian in the near future.

**II. Rising input costs**

Monetary value of inputs in India indicating the huge cost increase, which in yield would be a problem of increased production cost. It requires immediate attention by the regime. All sectors in the textile industry are affecting adversely due to faster hike in raw material costs.

**III. Low cost imported fabrics**

Indian textile manufacturers face the force per unit area of cheap import of synthetic yarn from other states. In 2014- 15, stable fibre import rose to \$197 million as compared to \$149 million in the same period of 2013- 14.

**IV. Treat for traditional market for handloom products**

As the demand for ready-made garments, increasing most of the people like to purchase designer and stylish apparel. Because of this the traditional handloom sector affecting worse ever in front.

**CONCLUSION**

The Textile Industry is one of the largest industries in India and contributing huge sum to the National Economy. Besides, offering one of the basic necessities of human life, it has cultural identity. The sector contributes around 14 per cent to industrial production, 6 per cent of the gross domestic product (GDP), and 13 per cent of the country's export earnings. In India it is largest employment provider, offers direct employment to over 45 million people across the country. The Government of India must take



Cover Page



initiatives in framing the sound policies towards strengthening the Textile Industry in our country because it is ready for strong growth, enhanced by robust export demand as well as domestic consumption.

## References

- Batra J.D., “Role of Co-operative Spinning Mills in Development of Handloom Co-operatives”, The Co-operator, Vol. XV, No. 19, April 1978.
- B. Subburaj, “A change in Approach for Sustainable Employment by Handloom co-operatives”, The Tamil Nadu Journal of Co-operation, Vol.80, No.12, March 1995, pg. 29.
- Kanakalatha Mukund & SyamSundari. B, (2001), “The cotton handlooms of Andhra Pradesh”, ‘Traditional industry in the new market economy’, Sage Publications, New Delhi. pg.49.
- Lakshmi Narasaiah and Thandava Krishna, (1999), “Crisis of Handloom Industry”, Discovery Publishing House, New Delhi, Pg. 51- 52.
- Mukherjee, R. (1967), “The Economic History of India: 1600–1800”, Allahabad: Kitab Mahal.
- Nagen, C. Das (2004), “Development of handloom Industry- organization, production and marketing”, Deep and Deep Publications, New Delhi.
- Satya Narayan Das (1995), “Handloom Industry in India”, K. M. Rai Mittal Publications, New Delhi.
- Todaro, M. P., & Smith, S. C. (2009), “Economic Development”, New Delhi: Pearson Education.
- Shilpa Kiran Bendale (2001), “WTO Impact on Textile and Clothing”, WTO and Competitiveness (challenges for Indian Business and Management education), Excel books, New Delhi, pg. 355.
- Umeshcharanpatnaik and Aswinikumar Mishra (1997),” Handloom industry in action”, M.D. Publication Pvt. Ltd, New Delhi. pg. 10.