



## "A STUDY OF ISSUES AND CHALLENGES OF TEXTILE INDUSTRY IN INDIA"

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### **Abstract**

One significant sector that supports employment and economic expansion is the textile industry. After agriculture, it is the second-largest sector for employment creation. The government's "Make in India" initiative sought to support the sector by boosting investment, fostering innovation, improving skill development, and safeguarding intellectual property rights. Along with taking this action, the government must address the problems that the industry is having, which are impeding its output, export revenues, and ultimately the expansion of the economy.

**Keywords:** Textile, Industry, Growth, Challenges, Government.

### **Introduction**

After China, India is the second-largest producer of textiles and apparel worldwide. After China and the USA, it is the world's third-largest cotton producer, and after China, it is the world's second-largest cotton consumer. The Indian textile industry is currently valued at \$108 billion USD and is predicted to grow to \$209 billion USD by 2021. With 60 million people employed indirectly and 45 million people directly, the industry is the second largest employer after agriculture. The creation of jobs, industrial output, and export revenue are all significantly influenced by the Indian textile and apparel sector. However, as it moves quickly toward overtaking the United States as the second-largest producer of textiles in the world, it must overcome a number of obstacles and put in a lot of effort to not only maintain but also advance its position on the global map. The textile industry is the subject of this study, which examines how the sector might help with the government's "Make in India" initiative's dual goals of meeting domestic and export demand while also overcoming its current obstacles. The study will concentrate on the problems and make recommendations for solutions.

### **Textile Industry in India**

It is anticipated that the Indian textiles industry, currently valued at about \$120 billion USD, will have increased to \$230 billion USD. About 2% of India's Gross Domestic Product (GDP), 10% of manufacturing output, and 14% of the country's total Index of Industrial Production are contributed by the textile industry (IIP). According to the Khadi and Village Industries Commission, sales of Indian khadi products increased by 33% year over year to Rs 2,005 crore (US \$311.31 million) in 2016–17 and are anticipated to exceed Rs 5,000 crore (US \$776.33 million) sales target for 2018–19. (KVIC). Among the top exporters in the world, the Indian textile industry has developed a distinct identity. However, because of its disorganized structure and insufficient financial resources, it is able to slow down technological advancement. Cost competition has increased currently as a result of low labour costs in nations like Bangladesh. The textile industry is maintaining its rich history in all of India's states because it is essential to peoples' daily needs from the country's north to south and east to west.



## Literature Review

According to **Bhaskaran's (2013)** research, the textile industry in India is one of the biggest, oldest, and most significant economic sectors in terms of output, investment, and employment. Nearly 35 million people were employed by the sector, making it the second-largest employer in the nation after agriculture. It contributes roughly 4% to the GDP, 14% to industrial production, 18% to industrial sector employment, and 16% to export revenue. The majority of textile manufacturers have adopted the cluster development approach for textile clusters like Maharashtra, Ludhiana Tirupur Textile Cluster, Tamilnadu, Panipat Textile Cluster, etc. in order to promote inclusive growth and sustainable development.

According to **Abraham and Sasikumar's (2011)** analysis of the World Trade Organization's (WTO) Agreement on Textile and Clothing (ATC), this agreement both threatens and opens up opportunities for India's Textile and Clothing (T&C) industry in the wake of freer global trade. Businesses can increase their efficiency and global competitiveness by implementing a variety of cost-cutting and efficiency-improving strategies. It was determined that the performance of the Indian textile industry's exports would be enhanced by increasing the share of low-cost labour. Additionally, using this means that after the ATC was implemented, the need to perform better on the global market became more acute.

**B. Rajesh (2001)**,. Discovered that by lowering trade barriers and requesting FDI, on the one hand, going to face competition-induced growth and draw FDI, and on the other hand, going to the ongoing debate on the enactment of labour laws in India. Bringing attention to the issue of the need for labour laws that are friendly to business so that the textile industry can compete in the global marketplace. China had two different sets of labour laws, one for established businesses and one for emerging ones. They had made labour laws flexible for new businesses to entice investment.

**Sastry D.U. (1984)**The Indian Cotton Mill Industry Bombay: Oxford University Press. Due to outdated equipment, poor maintenance and modernization, low productivity, declining capacity utilization, widespread illness, stagnant domestic demand, and declining exports, the industry has been experiencing difficult times. The structure of the mill industry has, however, undergone significant changes due to the emergence of synthetic and blended fabrics, the founding of the National Textile Corporation, the phenomenal growth of spinning and stagnation of weaving, and the quick expansion of the decentralized sector, particularly power looms. Numerous issues have emerged as a result of these changes. In this book, a concerted effort has been made to examine some of them.

## Objective

1. To Study Marketing issues and Challenges of Textile Industry in India.

## Research Methodology

The study in this paper is based on secondary data that was collected from books, journals, research papers, and websites, in addition to newspaper articles.

## Challenges Faced By the Textile Industry in India.

India has expanded quickly in recent years thanks to the growth of new industries. The increase in purchasing power has also increased demand for services at a higher level of quality. Since there is still a lack of skilled labour to meet the rising demands of the economy, which is one of the challenges the



industry is facing, it has become imperative given the changing economic environment to concentrate on imparting and promoting skills among India's young population. The goal of this study is to suggest ways to lessen the difficulties currently faced and to make suggestions for potential solutions to the aforementioned issue.

### **Ineffective technology**

The lack of domestic manufacturers of textile industry machinery has prevented cloth producers from replacing outdated and worn-out production equipment. Additionally, there is a two- to three-year waiting period, and by the time the machinery is imported, it is no longer up to date, which lowers productivity and lowers quality. In addition, the industry is forced to import machinery in order to compete with other nations that produce textiles due to a lack of investment and research in the field, which raises costs and decreases productivity.

### **Lack of power**

Textile mills are severely short on power. The industry is severely impacted by frequent power outages and staggering, which results in lost labour hours and low mill output. Small and medium-sized textile businesses are severely impacted by power shortages and are forced to use manual machines, which produce products of lower quality and are more expensive to maintain, leading to longer workdays and having an adverse effect on employees' health.

### **Employment-Related Issues**

India has a sizable young population that is delaying entry into the labour force. Due to its commitment to and capacity for retaining work in small units, the textile industry has a lot to offer these activity seekers. But like other businesses, the textile industry in India also has some workplace issues, which are discussed in the following sections. First off, there are many different processes in the textile industry, ranging from spinning to garmenting. Understanding the safety and health concerns of the workforce in this sector is crucial. An additional issue with this sector is child labour.

### **Unhealthy Working Conditions**

The type of workplace in which employees function affects how well-off such businesses are. There are no basic amenities like restrooms, running water, ventilation, or fans. Working spaces are dark, and there is grease all around.

### **Excise Tax on Artificial Fibers**

According to an industry research report, by around 2017, the market share of ManMade Fibres like polyester and viscose is likely to increase due to factors like rising disposable income, a growing consumer class, rising urbanisation, and increasing retail penetration. according to weavers and textile processors in Surat. Although there is no distinction made between cotton and MMF globally, this presents a challenge for the textile and apparel industry.

### **Other issues**

The task of marketing textiles is unique. Every day, marketing gets harder. The marketplace is becoming more competitive. International companies are entering the market. The researcher looked into a number of marketing-related issues in this section. These address the issues listed below.

- MNCs' competition.
- Dumping by countries.



- Third-Party Marketing.
- A sizable stock holding.
- Variations in tastes and trends of customers.

### Conclusion

The textile industry has served as a representation of India's cultural heritage, helping to bind the populace and advance their economic goals. At the unorganised level, this industry is primarily divided into a number of disciplines and has established itself as a cottage industry in every Indian state. The rapid population growth is the primary factor causing economic inequality. In order to meet the challenges of inclusive growth in nations like India, the textile industry provides employment to the people on a very large scale. The Indian government has opened a completely new narrative through its recent initiatives in the textile and apparel sector—a narrative of optimism, increased exports, job creation, and social transformation. But the sector's lack of organisation is primarily what makes it important for social responsibility.

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