

Productivity & Efficiency Gaps in Indian Textiles & Garments Sector

As identified in the above sections, the major gaps that exist in Indian Textile & Garments sector that are impacting its competitiveness with respect to competing countries are:

Issues in availability of critical input material – Raw material, manpower and technology

- **Both availability & cost of the most critical raw-material, i.e. cotton yarn & MMF yarns is a major issue in Indian Textile & Garments industry.**
 - Inconsistent policy on export of cotton yarn leads to fluctuation of prices as well as demand-supply gap at times.
 - Anti-dumping duty on man-made fibres leads to increased dependence on limited Indian players. Production cycles sometimes get hampered because of unavailability of raw-material at short notice.
 - Lack of availability of high quality viscose yarn and specialized yarn like Cupro yarn.
 - About three-fourths of the industry's demand for textile machinery is met through imports due to an underdeveloped domestic textile machinery industry. Since many textile and garment companies are implementing major expansion plans, any hurdle in machinery supplies from abroad could pose great financial risks. Further, these imported machinery are expensive and also increase the overall cost of production.
- **Acute shortage of new & skilled workforce in the industry.**
 - Lack of availability of technical manpower for running machines. There exist skill gaps in case of programmers who can produce various stripes patterns, full jacquard designs, letter typing etc. on the grey fabric.
 - Support skills like electricians, pneumatic & hydraulic technicians are also lacking in the industry.
 - Labour laws are relatively unfavourable to the trade; hence frequent labour issues are reported.
 - In major textile clusters like Tirupur, closing down of around 700 dyeing units owing to environmental concerns has led to movement of labour to their natives.

Issues impacting export competitiveness

- **Shrinking Export Markets:**
 - Major dependence of Indian exports on European & US markets has led to fall in export orders owing to the recession witnessed in these geographies.
 - Difficulties experienced in establishing contact with new buyers in foreign markets.
- **Incomplete/Failed transactions between Indian suppliers and export customers:**
 - Reported cases of non-acceptance of goods by the buyer because of quality issues leads to blocking of working capital.
 - On the contrary, there are several reported cases of unfair trade practices by buyers in export markets like unfair quality rejections, frauds such as non-payments, no delivery pick up from the ports/customs office etc. which leads to blocking of working capital of the small & medium enterprises.

The underlying reason for this is absence of Grievance Redressal mechanism for the same.

Inadequate Support Infrastructure

- **Inadequate Common Effluent Treatment Plants for dyeing units.**
 - Although, government has taken initiatives to set up secondary treatment plants for effluent, there is major under capacity as far as secondary treatment is concerned.
 - Further, there is inadequacy in the primary treatment done at the dyeing units leading to closure of many of the dyeing units. This has led to huge under-capacity in dyeing/printing of fabric in India.
 - There is lack of support for MSME's to conform to the environmental standards and employ technology to be able to cut down harmful toxic effluent water and transform it into reusable water.

- **Lack of awareness of government schemes & subsidies by SME's & MSME's.**
 - The government schemes & subsidies are not being availed by most of the SME's because of lack of awareness as well as paper work hassles.

- **Issues with Ports & Roads connectivity**
 - Land locked regions like Ludhiana; Delhi/NCR etc. which contribute heavily in Indian textiles trade incur higher costs of transportation. The inefficiency of the Indian inland transportation system is attributed to outdated transport Lorries, poor road conditions, unavailability of all-weather road connectivity, frequent road strikes, and rising fuel costs further adds to their woes.
 - Inland transport and port congestion is another major impediment to Indian exports. Besides, existing ports lack mechanized handling and loading equipment which adds to loading time, increases warehousing costs and adversely affects delivery schedules

Issues impacting value addition

- **Inadequate growth witnessed in the technical textiles industry**
 - Lack of awareness on how to make finished or converted technical textile products.
 - Marketing know-how to sell and trade technical textile products
 - Legislation for mandatory use of the fire retardant fabrics in high-rise buildings, in public places like exhibitions, cinema halls etc.
 - Environmental legislation for the use of geotextiles and geomembrances in waste containment for disposal of hazardous wastes as well as for industrial and municipal effluent treatment facilities.

- **Inadequate certifications**
 - Lack of globally accepted certifications in India.
 - Marketing know-how to sell and trade technical textile products