

Textiles & Garments: Consolidated Issue Summary

S.No.	Areas	Issues
1	Scalability	Fragmented industrial structure of Indian Textiles & Garments industry and government's late response in reforming the same. Further, in man-made fibre sector, the near monopoly status at the fibre level (presence of a few firms occupying majority of domestic production) and a fragmented structure at the intermediate products level exhibits the distorted organization of the Indian MMF industry and impacts scalability.
		Lack of FDI as compared to competing countries which have a proactive investment policy over a period of time as opposed to India which has no special incentives for foreign enterprises
		Inadequate export incentives provided in India. These are mainly in the form of duty drawback, duty credit for exports to focused markets and duty free imports of inputs. Therefore traditional Indian firms are not encouraged enough to increase the scale and engage in exports.
		Lack of uninterrupted supply of both the critical raw-materials, i.e. cotton yarn and man-made fibre yarn impacts the scalability of Indian textiles & garments industry
2	Cost Efficiency	Inconsistent policy on export of cotton yarn leading to fluctuation in prices and impacts cost structures of Indian firms in a big way
		Higher duty on MMF and MMF textiles as against cotton, which is exempt from excise duty makes man-made fibre textiles industry less competitive. (Currently MMF attracts excise duty of 10 %.)
		Underdeveloped domestic textile machinery industry forces Indian firms to rely on import of textile machinery. This imported machinery is expensive and increases the overall cost of production.
		Increased cost of dyeing & processing as hundreds of units have closed owing to environmental concerns. Left over units have to set up effluent treatment plants which increases their overall costs.
		Land locked regions like Ludhiana; Delhi/NCR etc. which contribute heavily in Indian textiles trade incur higher costs of transportation in the form of additional cost burden to transfer goods to the ports.
3	Productivity Optimization	Ageing machinery being employed in most of the enterprises, thus compromising on productivity.
		Lack of availability of technical manpower for running machines. Support skills like electricians, pneumatic & hydraulic technicians are also lacking in the industry.
		In major textile clusters like Tirupur, closing down of around 700 dyeing units owing to environmental concerns led to movement of labour to their natives leading to huge crunch of unskilled and skilled labour.
		Non-acceptance of goods by the buyer because of quality issues, or unfair trade practices leading to blocking of working capital of Indian firms
4	Quality Excellence	Skill gaps for programmers who are able to produce various stripes patterns, full jacquard designs, letter typing etc. on the grey fabric.
		Lack of globally accepted certifications in India.
		Lack of availability of high quality viscose yarn & specialized yarn like Cupro yarn.
		Lack of awareness of quality norms and standards
		Lack of awareness on how to make finished or converted technical textile products of global standards.
5	Sustainability	Major dependence of Indian exports on European & US markets leading to huge fall in exports owing to the recession witnessed in these geographies.
		Inadequate Common Effluent Treatment Plants for dyeing units