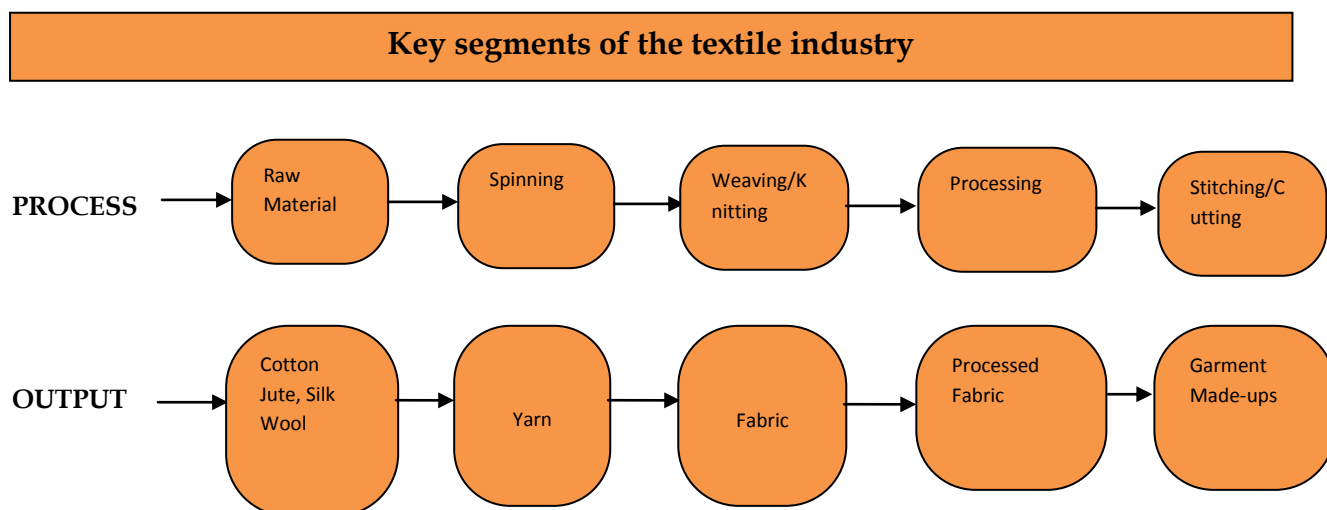


Textiles & Garments – Industry Structure

Nature & Composition of the industry:



Indian textile industry is fully integrated, covering a wide gamut of activities including production of raw materials, spinning of yarn, weaving of fabric, processing & manufacturing of finished garments.

The Indian textile industry is highly fragmented and unorganised in nature comprising mostly small-scale, standalone textile units which utilise traditional practices and outdated technology. The textile and garment industry in India is concentrated in the form of clusters across the country. Some of the prominent successful clusters are located at Tirupur, Kannur, Karur and Panipat. However, a majority of the clusters in India operate below their potential and are globally uncompetitive. The common problems faced by them include capacity constraint to adopt the require technology, low productivity, and limited access to capital and markets.

This has mainly been the outcome of long prevailing government policies encouraging labour intensive and small-scale operations. On the other hand, the organised sector forming a minuscule portion of the textile industry comprises of integrated and non-integrated players using modern technology for the production of textile items.

India has come a long way in reducing its import dependence of raw material for manufacturing textiles. Since 2005-06, India has consistently remained a net exporter of cotton. However, since that period, the domestic textile industry has been faced with the challenge of a consistent rise in cotton prices year-on-year. Prices of raw cotton rose by more than 100 per cent in 2010-11.

Ironically, India is exporting raw materials and importing textile products thereby limiting the value-addition and the resultant employment opportunities in the country. The share of yarn & fabric imports in total imports has increased from 32 per cent in 1992-93 to 45 per cent in 2010-11. Despite the abundant availability of raw material, the import dependence of India on fabrics has increased. This could be attributed to

- soaring cotton prices and
- the quality of fabric is not of international standards due to the small scale nature of the domestic weaving & processing units