

## CHAPTER - 1

### INDIAN TEXTILE INDUSTRY– A BRIEF PROFILE

#### 1.1. Overview:

It is conspicuous to every person engaged in the textile business that the Textile Industry occupies a unique place in the economy of the country by virtue of its contribution to the industry output, employment generation and foreign exchange earning. It commands respect as largest employer, next to Agriculture, providing employment to about 35.00 million people, directly. It accounts for 14% of industrial production and 16% of export. The industry has witnessed a phenomenal growth during the last two decades in terms of installed spindleage, production of yarn (both spun and filament), output of cloth and its per capita availability as also exports. Consequently, the number of cotton / man-made fibre textile mills (which comprise the cotton, blended, & other spun yarn manufacturing units and the composite units) have risen from about 700 in the beginning of 1981 to 1875 mills by the end of 2003.

The growth has been more significant in case of spinning mills, which rose from 415 in 1981 to 1599 units by 2005, with the spinning capacity increasing from 21 million spindles to 36.10 million spindles during the same period, registering an addition of about 15.1 million spindles upto 2005. Total yarn produced in the country now, stands at approximately 3082 million. kg. of which 28.26% is exported. In case of weaving, the production pattern is dominated by the decentralized powerloom sector, out of 49,007 million. Sq. Meter (provisional) of fabric produced in the country, powerloom accounts for 30,254 million. Sq. meter (during 2005-06) and remaining is contributed by all other sectors, which is about 62% of total production. It is estimated that there are around 2324 independent power-processing units, in addition to more than 10,000 hand processing and semi-power operated processing units.

Processing and powerloom weaving sectors are perceived today, the weakest links in the value chain of the textile industry. A feature of the new units coming up during the recent years has been the trend in setting up of Export Oriented Units (EOUs) to the tune of 102 units.

During the year 1998-99 there has been decline in production of spun yarn and cloth primarily due to recession in the domestic and international market as well as restrictive availability of quality cotton. However, during the year 1999-2000 there has been a swift in both production of spun yarn and fabrics. The Indian industry remains

predominantly cotton based, though the man-made fibers & yarn sector has been continuously expanding. Technology-wise, the spinning sector of the textile has been able to keep pace with the international trends to a fair degree through its own efforts and also by taking advantage of the concessional long term loans under the Textile Modernisation Funds Scheme (TMFS) which was in vogue during the 7<sup>th</sup> plan period. However, downstream sectors, i.e. weaving, finishing, processing etc. did not match the same level of technology upgradation.

The low level profile of technology affects the quality of the fabrics resulting in production of inferior quality products without any value addition, which adversely affected the export basket. In order to strengthen the downstream processes of the industry to upgrade their technology, the Ministry of Textiles has initiated various incentives. Accordingly “**Technology Upgradation Fund**” Scheme was launched on 01.04.1999 initially for a period of five years & subsequently extended upto 31.03.2007. So far Rs. 10,918 crore has been disbursed to 4093 units, out of the total application received from 5031 units with the project costs of Rs. 43,293 crore (upto 31.03.2006). Although the utilization of TUF Scheme by the Industry particularly the weaker sector i.e. Powerloom and the processing industry was very poor in the initial period, but the modernization process in view of the globalization by utilizing TUF Scheme has picked up to a large extent, in the recent years.

The Indian Textile Industry has got an opportunity to strengthen its position due to quantitative restrictions put on the import of textiles and clothing from China by the major textiles and clothing consumers in the world like USA and EU. Moreover, the ordinary manufacturing activities of textiles are curtailed by the USA based units as well as the taste of consumers of the developed countries in case of textiles and clothing is switching over to the branded items instead of cost effective items.

It has boosted the confidence of the textile’s entrepreneurs to invest in big way on installation of machinery of latest available technology and networking of business in order to meet the challenges of beyond 2008. The overseas market has driven the textile industry to adopt state-of-the-art technology and transform their manufacturing process into an efficient mode.

## 1.2. Indian Weaving Textile Industry – place in the world:

### a) Glorious Past

India has a diverse and rich textile tradition. The origin of Indian textiles can be traced to the Indus valley civilization. The people of this civilization used homespun cotton for weaving their garments. Excavations at Harappa and Mohen-jo-Daro, have unearthed household items like needles made of bone and spindles made of wood, amply suggesting that homespun cotton was used to make garments. Fragments of woven cotton have also been found from the said sites.

The Indian textiles, renowned for their fineness and captivating colours for ages beyond 5000 years, have attracted connoisseurs, from all parts of the world. India had numerous trade links with the outside world and Indian textiles were popular in the ancient world. Indian silk was popular in Rome in the early centuries of the Christian era. Hoards of fragments of cotton material originating from Gujarat have been found in the Egyptian tombs at Fostat, belonging to 5th century A.D. Cotton textiles were also exported to China during the heydays of the silk route. Silk fabrics from south India were exported to Indonesia during the 13th century. India also exported printed cotton fabrics or chintz, to European countries and the Far East before the advent of the Europeans in India.

The British East India Company also traded in Indian cotton and silk fabrics, which included the famous Dacca muslins. Muslins from Bengal, Bihar and Orissa were also popular abroad (Muslin-a very thin cotton material) (Chintz-cotton cloth, usually printed with flowery patterns that has a slightly shiny appearance). The past traditions of the textile and handlooms can still be seen amongst the motifs, patterns, designs, and the old techniques of weaving, still employed by the Indian weavers.

The weaving sector of Indian textile's industry bears the imprint of the fine craftsmanship of the Indian weaver. The skill of weaving with deft fingers, drawing patterns and creating designs, is an art, which has been handed down through generations from father to son, from time immemorial.

### b) Growth & Structural Profile of Organized & Un-organized Sectors:

Before 1975, the weaving of the fabric was mainly being done in the two sectors i.e. Mills sector and Handloom sector. The textile mills, at that time, were mainly located at Bombay (now known as Mumbai), Ahmedabad, Kanpur, Calcutta (now known as

Kolkata), Ludhiana, Delhi, Coimbatore etc., whereas the Handloom industry were developed in the route from which the Mughals had invaded the parts of Aryan / Hindu emperors. With the closure of textile mills during and after the year 1980-81 the erstwhile mill management had decided to pass the technology to the handloom sector and with their help they tried to supply continuously their brands in the market. As such new sector, viz powerloom sector emerged in Indian weaving industry. Inherent flexibility of the powerloom sector poised for great leap in the fabric manufacturing despite many in capacities prevalent in the sector, which predominantly saw a large number of small units.

Since the VII Five Year Plan period, while there has been a steady fall in the production of fabrics by the mill sector, whose presence has been gradually shrinking, a rapid proliferation in the number of units in the powerloom sector during the same period can be noticed very easily which in turn resulting in a dramatic increase in the production of fabrics by it.

During the period 1985-86 to 2005-06, while the production of fabrics in the organized mill sector declined from 3,544 million Sq. Mtr. to 1,561 million Sq. Mtr., the production of decentralized Powerloom sector rose from 7,783 to 30,254 million Sq. Mtr. (provisional) In the overall, fabric production by all the sectors during the said plan period increased from 15,363 to 49,007 million Sq. Mtr. (provisional). The percentage contribution of the powerloom sector to total fabric production improved from 50.66% to 62% during the same period.

Our growth in the fabric production, though steadily have gone up on all economic parameters but inadequate to compete in a globalized scenario. As far as the Indian weaving capacity in the world are concerned, in terms of loomage, we are at the top but our neighbour China have largest number of shuttleless looms and thus stands at top for its manufacturing capacity. Table 1.1 depicts the picture of our capacity.

Table 1.1 Installed loom capacity

Installed Capacity	Unit	World	India	India as % of World	India's Rank in the World	Country with 1st rank
1. Shuttle Looms	Mn. No.	4.11	1.92	46.72	1	India
2. Shuttleless Looms	Mn. No.	0.78	0.03	3.85	6	China
3. Handlooms	Mn. No.	4.6	3.9	84.78	1	India
<b>Total (Weaving)</b>		<b>9.49</b>	<b>5.85</b>	<b>61.64</b>	<b>1</b>	<b>India</b>

### c) Technology Profile:

Though India claims 1<sup>st</sup> position in terms of the installed weaving capacity in the world, it does not have much importance in terms of quality weaving as the share of shuttleless looms to the total shuttle looms in India is just 1.62%, which is very meager in comparison to the other countries. Table 1.2 shows the comparative strength of weaving capacity based on shuttleless looms.

Table 1.2 Weaving Capacity of different countries

Country	Shuttle Looms	Shuttleless Looms	Total	Shuttleless looms as % of total
Uzbekistan	0	25818	25818	100.00
Ukraine	0	18000	18000	100.00
Russia	27103	87031	114134	76.25
Portugal	3170	9151	12321	74.27
U.S.A	13908	39901	53809	74.15
Czech Rep	2397	6567	8964	73.26
Tazakistan	2200	4635	6835	67.81
Belgium	2818	5662	8480	66.77
Romania	13700	18992	32692	58.09
Iran	12801	13242	26043	50.85
Taiwan R.O.C	19484	18655	38139	48.91
U.K.	3609	3057	6666	45.86
France	5850	4940	10790	45.78
Cuba	5000	4000	9000	44.44
Poland	8000	6193	14193	43.63
Spain	9430	6954	16384	42.44
Egypt	6230	4447	10677	41.65
Italy	23140	12826	35966	35.66
Turkey	39301	20505	59806	34.29
Venezuala	5000	2500	7500	33.33
Colombia	8500	4131	12631	32.71
Greece	4500	2163	6663	32.46
Brazil	93500	39577	133077	29.74

Country	Shuttle Looms	Shuttleless Looms	Total	Shuttleless looms as % of total
Thailand	127923	53294	181217	29.41
Mexico	36150	14727	50877	28.95
Philippines	7000	2532	9532	26.56
Algeria	8000	2112	10112	20.89
Argentina	22700	4918	27618	17.81
Germany	6602	1355	7957	17.03
Japan	85309	16882	102191	16.52
China	875410	157976	1033386	15.29
Vietnam	14005	2311	16316	14.16
Nigeria	16840	2600	19440	13.37
Sri Lanka	10350	1500	11850	12.66
Indonesia	234004	27430	261434	10.49
Chile	8000	883	8883	9.94
Bangladesh	34705	3802	38507	9.87
Pakistan	260302	25191	285493	8.82
Korea Rep	43100	2020	45120	4.48
India	1924070	31629	1955699	1.62
<b>World Total</b>	<b>4113435</b>	<b>775148</b>	<b>4888583</b>	<b>15.86</b>

Source: Compendium of Textile Statistics 2005