

SPECIAL DOUBLE ISSUE

**Business India**

THE MAGAZINE OF THE CORPORATE WORLD

July 18-31, 2016

*A*  
**MILLENNIUM**  
*of*  
**CHANGE**

**1000<sup>TH</sup> ISSUE**



# Picking up the loose threads

The coming decade will be known as the 'textile decade' in India

1978  
MILLENNIUM  
CHANGE  
2016  
1000th ISSUE

**T**he Indian textile industry is at an important threshold from where it can move to a higher orbit of growth. It is well poised to create a much stronger footprint across the globe and more importantly meet the country's inclusive growth objective by providing employment to rural women. China, which controls 35 per cent of the global textile trade, is in the process of vacating space due to its high cost structure and no one is better placed than India to capture the opportunity we missed in the past.

The Indian textile industry is a story of misses and promises. For the last two decades India has been threatening to become a textile super power; however China, Bangladesh and Vietnam overtook us and occupied the space vacated by the developed world. We, no doubt, have 12 per cent export share, 4 per cent GDP share and employ 45 million people but this is still much below our potential.

There was a lot of hope from within and outside India after we liberalised in the early 1990s and industry learned to live without protection. However, we continued to grow at the Hindu rate of growth and saw the rest of Asia overtake us.

We had it all – most of the raw materials (Bt Cotton revolution, PSF/VSF capacities), competitive labour, domestic market, MEA phase out, reasonable financing (due to government's TUF policy) however we still could not build a robust industry to capture a substantial share of the global textile market, apart from the cotton yarn segment in the last two decades.

The saga continues and, unless we realise our folly and take some decisive steps, we shall miss the bus forever. It's well known that the textile industry thrives at a range in the development curve where the economy moves from being an underdeveloped one to a developing one. The decline starts once the journey to being a developed nation starts. The US, Europe, and Japan are examples and, now, China is in the same position. China has 35 per cent of the global textile market and has slowly started vacating that space – this has again given India a chance to pick up the loose threads and web a strong textile industry. We are at an important threshold – it's now or never.

Luckily the government and industry both realise it and more pragmatic policies are being created. The recently announced garment policy

was one of the best designed ever and we hope that the awaited Textile Policy will be comprehensive too and lay the base for the next decade of 8-10 per cent real growth. The appointment of a cabinet minister also reflects the seriousness of the government.

We also need to understand and leverage our competitive advantages – the availability of fibre, huge labour force, reasonable rate of finance due to capital/interest subsidies and the growing domestic purchasing power.

The key areas to be addressed are: a balanced fibre policy; skilling of labour; adoption of best practices by the large unorganised segment of the industry and pragmatic and relevant labour policies to create a win-win situation for both, as also the signing of strategic FTAs on an urgent basis (as the competition enjoys a huge advantage on this count).

**T**hese few and not difficult steps could create a launch pad for increasing our global market share to 10 per cent and, by 2030, making us a \$600 billion industry from a \$120 billion one today. It will also provide additional employment to 50 million (70 per cent women). The industry would also see major changes in fibre usage (non-cotton fibre share would increase), technology (functional specific textiles would grow in a big way) and technical textiles importance (share of non-apparel usage would grow).

A 500 per cent growth in 15 years may sound unrealistic, but I strongly feel that this is a well achievable target. The industry isn't asking for too much, just a few things and then the rest can be left to it. Amongst other things the coming decade in India will also be known as the 'textile decade'.

I have been prompted to look beyond 2030 and crystal gaze to 2050, which I feel is just guessing, but I am certain that the textile industry would still continue to be a prominent industry supported by technology advancements, large population and strong increase in per capita income. However, real growth would slow down to 4-5 per cent.

One last word. I personally feel that the industry should be part of any policy making body as who knows the industry better than those practising it. Further policy needs to be based on realities and needs rather than lobbying.



SANJAY JAIN

The author is MD,  
TT Ltd