



India's Textile Sector

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Why in News

Recently, the Union Minister of Textiles held an in-depth **review of initiatives undertaken by the Ministry of Textiles** for giving a boost to the textiles sector.

Key Points

- **About:**

- Textiles & garments industry is **labour intensive sector** that employs 45 mn people in India is **second only to the agriculture sector in terms of employment.**
- India's textiles sector is **one of the oldest industries in the Indian economy**, and is a storehouse and carrier of traditional skills, heritage and culture.
- It can be divided into **two segments-**
 - The **unorganised sector** is small scale and uses traditional tools and methods. It consists of **handloom, handicrafts and sericulture** (production of silk).
 - The **organised sector** uses modern machinery and techniques and consists of the **spinning, apparel and garments segment.**

- **Significance of the Textiles Sector:**

- It contributes **2.3%** to Indian **Gross Domestic Product**, **7%** of Industrial Output, **12% to the export earnings of India** and employs more than **21% of total employment.**
- India is the **6th largest producer of Technical Textiles** with **6% Global Share**, **largest producer of cotton & jute** in the world.
 - Technical textiles are **functional fabrics** that have applications across various industries including automobiles, civil engineering and construction, agriculture, healthcare, industrial safety, personal protection etc.
- India is also the **second largest producer of silk** in the world and 95% of the world's hand woven fabric comes from India.

- **Challenges of the Textiles Sector:**

- **Highly fragmented:** The Indian textile industry is highly fragmented and is being **dominated by the unorganized sector** and small and medium industries.
- **Outdated Technology:** The Indian textile industry has its **limitations of access to the latest technology** (especially in small-scale industries) and failures to meet global standards in the highly competitive market.
- **Tax Structure Issues:** The tax structure **GST (Goods and Service Tax)** makes the garments expensive and uncompetitive in domestic as well as international markets. Another threat is rising labour wages and workers' salaries.
- **Stagnant Exports:** The export from the sector has been stagnating and remained at the **USD 40-billion level for the last six years.**
- **Lack of Scale:** The apparel units in India have an **average size of 100 machines which is very less in comparison with Bangladesh**, which has on an average of at least 500 machines per factory.
- **Lack of Foreign Investment:** Due to challenges given above the foreign investors are not very enthusiastic about investing in the textile sector which is also one of the areas of concern.

Though the sector has witnessed a spurt in investment during the last five years, the industry attracted **Foreign Direct Investment (FDI)** of only **USD 3.41 billion from April 2000 to December 2019.**

- **Major Initiatives:**

- **Amended Technology Upgradation Fund Scheme (ATUFS)**: In 2015, the government approved "Amended Technology Upgradation Fund Scheme (ATUFS)" **for technology upgradation of the textiles industry.**
- **Scheme for Integrated Textile Parks (SITP)**: **To assist small and medium entrepreneurs** in the textile industry to clusterize investments in textile parks by providing financial support for world class infrastructure in the parks.
- **SAMARTH (Scheme For Capacity Building In Textile Sector)**: **To address the shortage of skilled workers**, the government launched the **Scheme for Capacity Building in Textile Sector (SCBTS)** and named it **SAMARTH Scheme.**
- **North East Region Textile Promotion Scheme (NERTPS)**: This is a scheme for **promoting textiles industry in the NER** by providing infrastructure, capacity building and marketing support to all segments of the textile industry.
- **Power-Text India**: It **comprises new research and development** in power loom textiles, new markets, branding, subsidies and welfare schemes for the workers.
- **Silk Samagra Scheme**: It focuses on **improving the quality and productivity of domestic silk** thereby reducing the country's dependence on imported silk.
- **Jute ICARE**: This pilot project **launched in 2015 is aimed at addressing the difficulties faced by the jute cultivators** by providing them certified seeds at subsidized rates, and by popularizing several newly developed retting technologies under water limiting conditions.
- **National Technical Textile Mission**: It aims **to position the country as a global leader in technical textiles** and increase the use of technical textiles in the domestic market. It aims **to take the domestic market size to USD 40 billion to USD 50 billion by 2024.**

Way Forward

- The Textile sector has great potential and it should be realised by **using innovations, latest technology and facilitations.**
- India can make the sector organised by setting up **mega apparel parks and common infrastructure for the textile industry.** Focus should be on the modernisation of obsolete machinery and technology.
- India **needs a comprehensive blueprint for the textile sector.** Once that is drawn up, the country needs to move into mission mode to achieve it.

Source: PIB