

COTTON TEXTILE INDUSTRY

India is the third largest cotton textile manufacturing country in the world after China and USA. It is the second largest exporter of cotton textile after the USA. Cotton textile is a major industry in India as it directly or indirectly supports more than nearly 40 per cent of the country's labour force.

Cotton textile industry is divided into powerloom and handloom sectors. The most important cotton mills are powerlooms located in Maharashtra, Gujarat and Tamil Nadu. They account for three-fourths of the total output of cotton yarn and cotton cloth. The remaining one-fourth is produced by West Bengal, Uttar Pradesh, Madhya Pradesh, Rajasthan, Andhra Pradesh and Karnataka, etc.

Handloom industry is located in every Indian state, however small it may be. Mumbai, Ahmedabad, Coimbatore, Kanpur, Delhi and Howrah are important centres. Rajasthan, Kerala, Karnataka, Punjab, Bihar, and Assam are other important states.

The Main Cotton Manufacturing Centres

The cotton textile industry is one of the most widely distributed industries in India. However, it is more concentrated in the cotton growing tracts of the drier western parts of the Peninsula and the Great Plains. Maharashtra and Gujarat are the foremost cotton textile manufacturing states. In these states, Mumbai and Ahmedabad contribute about 50 per cent of the total installed looms and nearly half of India's cotton mill cloth. In fact, Mumbai has become the most important centre of cotton textile in the country and is rightly called the 'cottonpolis' of India.

Mumbai and Ahmedabad have emerged as the most important cotton manufacturing centres because of the following reasons:

- (a) Proximity to Raw Materials:** The supply of raw cotton for the mills is supplied by the cotton producing areas of the Deccan plateau that lie close to these mills.
- (b) Climatic Conditions:** The humid coastal climate favours the textile making without breaking the thread.
- (c) Transport Facilities:** Mumbai and Ahmedabad are well connected through rail and road links with cotton growing areas of Maharashtra and Gujarat, respectively and also through sea routes with the foreign markets.
- (d) Port facilities:** Mumbai is a leading port with export and import facilities whereas Ahmedabad utilises port facilities from Kandla. The location of ports facilitates import of capital goods, chemicals, etc. and export of finished goods.
- (e) Labour:** Mumbai and Ahmedabad have enough labour force from within or nearby states.
- (f) Capital:** Both Mumbai and Ahmedabad being the financial and commercial centres of the country have easy access to capital and financial resources. A large number of banks and other financial institutions exist in these cities which provide loans and other credit facilities to the manufacturers.
- (g) Power:** Power is of utmost need for the development of any industry. The cotton mills in Mumbai are supplied electricity by the Tata Hydroelectric system located in the Western Ghats whereas electricity is supplied in Gujarat by the Ukai and Kakrapar hydroelectric projects.
- (h) Market:** There is a huge market for the cotton cloth in these states as well as in the southern and coastal areas of the country because of the hot climatic which prevails in these areas. Besides internal demand, a huge market for the Indian cotton cloth exists outside the country, especially in the Middle East countries are located comparatively near to Mumbai and Ahmedabad.

Problems of Cotton Textile Industry

The cotton textile industry suffers from the following problems:

- (a) Shortage of Raw Material:** There is a shortage of raw material, particularly of long staple cotton which is imported from Pakistan, Kenya, Uganda, Sudan, Egypt, USA and Peru.

(b) Sick Industrial Units: The cotton industry faces constant threat of sickness and consequent closure, because of- (i) uncertainty of raw material; (ii) low productivity of machines and labour; (iii) increasing competition from powerloom sector ; (iv) lack of modernisation; and (v) management problems. These sick units require heavy financial investments for replacement and modernisation purposes. Many of these sick units have been take over by the government.

(c) Loss of Foreign Markets: The Indian cotton textiles industry has lost some of the foreign markets because of continued increase in the cost of production and development of cotton textile industry in a number of Asian countries like China and Japan and African countries. The Indian cotton textile goods face stiff competition in foreign markets from Taiwan, South Korea and Japan whose goods are cheaper and better in quality

(d) Inadequate Production: The cotton textile industry faces inadequate production because of the lack of adequate and unfailing power supply and also because of competition with the decentralised sector. Thus it has to face stiff competition from other Asian countries.

(e) Shortage of power: The cotton textile mills are facing acute shortage of power. Supplies of coal are difficult to obtain and frequent cuts in electricity and load shedding affect the industry badly. This leads to lose of man hours. low production and loss in the mills.

Textiles in INDIA

Target to double textile production by 2025

- The Textile Ministry is targeting to double textile production and trade to \$300 billion by 2025.
- With the domestic production of textiles at \$110 billion and exports and trade at \$40 billion, the country's production of textiles at present is worth \$150 billion.
- To reach the target, the productivity and yield levels of both cotton fibre and synthetic will be stepped up.

India & Textiles



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Government Initiatives

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

- The Textile Ministry of India earmarked Rs 690 crore (US\$ 106.58 million) for setting up 21 **readymade garment manufacturing** units in seven states for development and modernisation of Indian Textile Sector.
- The Directorate General of Foreign Trade (DGFT) has revised **rates for incentives under the Merchandise Exports from India Scheme (MEIS)** for two subsectors of Textiles Industry – Readymade garments and Made ups – from 2 per cent to 4 per cent.
- As of August 2018, the Government of India has **increased the basic custom duty** to 20 per cent from 10 per cent on 501 textile products, to boost Make in India and indigenous production.
- The Government of India announced a **Special Package to boost exports** by US\$ 31 billion, create one crore job opportunity and attract investments worth Rs 80,000 crore (US\$ 11.93 billion) during 2018-2020. As of August 2018 it

generated additional investments worth Rs 25,345 crore (US\$ 3.78 billion) and exports worth Rs 57.28 billion (US\$ 854.42 million).

- The Government of India has taken several measures including **Amended Technology Up-gradation Fund Scheme (ATUFS)**, scheme is estimated to create employment for 35 lakh people and enable investments worth Rs 95,000 crore (US\$ 14.17 billion) by 2022.
- **Setting up integrated textile parks:** 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.
- Handlooms may be promoted with a focus on developing high-end niche products by linking it with contemporary fashion. Further, e-marketing initiatives will be pursued in order to cut down intermediaries and increase wage earnings of weavers. This would make handlooms attractive to younger generations as well. Promotion of handicrafts and handloom villages will be linked up with tourism, and traditional handloom weaver/handicraft artisan villages will be promoted as tourist destinations.
- **Scheme for Capacity Building in Textile Sector:** In order to ensure steady supply of skilled manpower in the labour-intensive textile sector, the Union Cabinet approved a Rs 1,300-crore outlay for skilling and up-skilling an estimated 10 lakh people in the entire value chain of the sector, including spinning and weaving. The scheme will provide demand-driven, placement-oriented skilling programme to incentivise the efforts of the industry in creating jobs in the organised textile and related sectors.

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