



India's Textile Sector

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- **Outdated Technology:** The Indian textile industry has its **limitations of access to the latest technology** (especially in small-scale industries) and failures to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-Tex 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