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## CHANGING SCENARIO OF INDIAN TEXTILE INDUSTRY UNDER GATT AND WTO REGIME

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### **Abstract**

*Textiles industry is one of the leading industries in India in terms of its contribution to employment, output and exports. Rapid changes in the World trading system have endangered the stability of the textile industry and created an atmosphere of uncertainty and turbulence in the industry. But it is also a fact that turbulence is necessary for any change in the system. If there is insecurity inherent in the globalized economy, there is also opportunity – opening up of vast markets to Indian textiles and Indian clothing that were earlier closed or regulated and Indian textile industry is ready to take up this opportunity of free trade and secure its well deserved position in the international textile arena. Study provides a brief overview and growth of Indian textile industry during liberalization era. It examines the main segments of the industry along with country's exports profile and foreign exchange earnings from the industry.*

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### **1.1 Introduction**

Textile industry occupies a unique position in the Indian economy as it contributes significantly to the industrial production, employment generation and foreign exchange earnings. In 2007-08, it contributed around 14 percent to the industrial production & about 4 percent to the GDP<sup>1</sup>. With a very low import –intensity of about 1.5 percent only, it is the largest net foreign exchange earner in India, earning almost 35 percent of foreign exchange<sup>2</sup>. The entire size of the textile sector is worth \$ 47 billion in which domestic market is at \$ 30 billion and the overseas market at \$ 17 billion. This industry attracted Rs. 33000 crore of investment during the fiscal year 2006-07, which was up by 51 percent from Rs. 21850 crore in the former year<sup>3</sup>. The percentage contribution of textiles exports in total merchandise exports of India is 15.56 percent with textiles exports comprising 7.41 percent and readymade garments 8.15 percent. Yet, India accounts for mere 3.9 percent of world textile exports in (2006-07)<sup>4</sup>.

The textile industry performs all activities right from growing its own raw material (cotton, jute, silk and wool) to providing value added products to consumers (fabrics and garments), consequently covering a wide range of economic activities, including employment generation in both organized and unorganized sectors<sup>5</sup>. Hence it has immense potential for employment generation particularly in the rural & remote areas of the country on account of its close linkage with agriculture. It provides direct employment to about 35 million people including substantial segment of SC/ST & women. In the wake of liberalization, the textile sector, by 2012 is likely to generate employment opportunities for 17.35 million workforce, out of which 5.2 million would be skilled<sup>6</sup>. In fact, the textile industry is the second largest provider of employment after

agriculture. It is the only industry which is self-reliant & complete in value chain i.e. from the basic requirement of raw materials to the final products, with huge value-addition at every stage of processing. Therefore the growth & all round development of this industry has a significant bearing on the economic development and employment generation in the economy. This conveys that it holds potential if one is ready to innovate.

India has largest loomage in the world i.e. 1.98 Million Shuttle looms (46 percent of world capacity). Only after China, India has second highest spindleage in the world i.e. around 40 Million Spindles (20 percent of world) and 0.52 million rotors (6.2 percent of world capacity). 0.05 Million shuttle less looms (5.68 percent of world capacity) and 3.90 Million handlooms (85 percent of world capacity) up to (2005)<sup>7</sup>. The Industry is highly fragmented except for spinning sub-sector and thus labour intensive. Organized sector contributes to almost 100 percent of spinning but hardly 5 percent of weaving of fabric<sup>8</sup>. Cotton products are stronghold of India. As of March 2005 India had 2950 cotton/man made fiber textile mills including 2727 spinning mills (stand alone) and 223 Composite verticals. Many organized sector giants are actually conglomerates of medium sized mills, for example, Vardhman Group in Punjab<sup>9</sup>.

With dismantling of the quota system in January 2005, investments in the textile sector have been rising and the export percentage too has increased drastically<sup>10</sup>. Other government initiatives such as setting up of SEZs (Special Economic Zones) for textiles, and allowing 100 percent foreign direct investment in the textile sector have not only helped in creating opportunities for Indian entrepreneurs, but also for global investors. The structure of worldwide trade in textiles also marked a significant turnaround after this period, as all the textile and clothing products can be traded globally without quota-restrictions. The elimination of quota restrictions on the export of textiles under the Agreement on textile & clothing did facilitate India in escalating its market share of its major importers, but the growth rate remained much below the expectations.

The Indian textile industry follows a value chain system consisting of a number of distinct activities from raw materials to production and marketing techniques, where production is divided into specialized activities and each activity is located where it can contribute the most to the value of the end product. This has helped the Industry to yield higher price realizations and better profit margins in comparison to its peers.

A typical textiles value chain starts with cotton production which then passes through ginning where fiber is separated from the cotton seed. The fibers produced (Ginned cotton/MMF) are then transformed into yarn through spinning (natural and blended) or drawing, and texturing (synthetic filament yarn production on ring frames). After manufacturing, the yarn is weaved into grey fabric (weaving/ knitting), then through wet processing it is converted into finished fabric (i.e. cloth). The process of fabric formation or weaving consists of preparatory and actual weaving on the loom. The cloth or fabric is then stitched into garments or sold in other forms of finished textiles.

The structure of textile industry is extremely complex. It can be broadly classified into two categories, the organized mill sector and the unorganized decentralized sector. The organized sector of the textile industry represents modern, sophisticated and highly mechanized mill sector.

It could be a spinning mill or a composite mill<sup>11</sup>. Composite mill is one where the spinning, weaving and processing facilities are carried out under one roof. On the other hand, the decentralized sector has inadequate organizational set-up, machinery installation, production pattern, employment etc. This sector has been found to be engaged mainly in the weaving activity, which makes it heavily dependent on the organized sector for their yarn requirements. Weaving by the sector has been identified as one of the poorest technological links in the value chain. The textile production in case of the later entrants like powerlooms have therefore upset the entire production scenario<sup>12</sup>. This decentralized sector is comprised of the three major segments viz., powerloom, handloom and hosiery. In addition to the above, there are readymade garments, khadi as well as carpet manufacturing units in the decentralized sector.

Over the years, the government has granted a whole range of concessions to the non mill sector as a result of which the share of decentralized sector has increased considerably in the total production. Of the two sub sectors of the decentralized sector, the powerloom sector has shown the faster rate of growth<sup>13</sup>. In the production of fabrics the decentralized sector accounts for 97 percent while the mill sector has a share of only 3 percent<sup>14</sup>. This dualistic manufacturing structure is dominated by the decentralized or unorganized sector. Thus, textile industry across the value chain is largely decentralized, units mostly independent and small scale in nature, rather than composite units undertaking all activities together. Hence there is a large scope for entry of organized integrated textile manufacturers.

## 1.2. Historical Overview

(The Indian Textile Industry – A Legacy of Its Own)

Textiles have historically formed an important component of India's exports. There is archaeological evidence from Mohenjo – Daro, which establishes that the complex technology of dyeing was being used in the sub continent from at least the Second Millennium B.C. It is believed that the use of printing blocks in India started in 300 B.C<sup>15</sup>. India's prominent role in textile production stems from its wealth in natural resources. Silk, cotton and jute all natural resources are found in India are important textile crops. India developed its textile industry at an early stage and along with it, its textile manufacturing technology. Prior to colonization, India's manually operated textile machines were among the best in the world and served as a model for production of the first textile machines in newly industrialized Britain and Germany<sup>16</sup>. Colonization brought an end to India's glorious textile past. The competitiveness of the Indian textile industry was such that the British knew they could not compete with it. By 1880 the domestic market had grown to be serviced solely by British textile Manufacturers. India, once one of World's leading exporters of Textiles, was now forced to become a net importer. Tariffs were imposed to make sure that British goods entered the Indian market virtually free while Indian goods were kept out of Britain's market. This system remained in place until the Indians began the fight for Independence.

Inspired by Mahatma Gandhi, the Government of India (GOI) put numerous policies and

regulations to ensure that mechanization did not occur and that labour-intensive textiles were produced. However, in following this ideological aim, the GOI did not realize the negative impacts in terms of decreased productivity and reduced Competitiveness. It provided favorable and protective taxes and other regulations to the small-scale sector, as the GOI presumed that this sector created more employment. Large-scale production was curtailed by restrictions on total capacity and mechanization on Mills. Strict Labour regulations resulted in disincentive for Capital Investment and high production costs. The more mechanized and the higher the capacity of the textile producing company, both in terms of quantity and quality, the more it was discriminated against by the GOI which used tax policies and other regulations to sanction these practices.

1990's Sounded a new era to India's Textile Sector as the GOI came to realize that efficiency and competitiveness were suffering under the numerous regulatory burdens. This led to the relaxation of many of the constraints previously imposed on the textile sector. The Statement of Industrial Policy and the Textile Development and Regulation Order removed licensing in the early 90's. In 1995, India signed the General Agreement of Tariffs and trade (WTO) bringing its liberalization policies to an international level<sup>17</sup>.

Next to history, the textile & clothing industry has been replete with the use of various bilateral quotas, protectionist policies, and discriminating tariffs etc by the developed countries against the developing countries. The result was a highly distorted structure, which imposed hidden costs on the textile exports sectors of the third world. Despite the fact that, General Agreement on Tariffs and Trade (GATT) was established day back in 1947, the textile industry till 1994 remained largely out of trade liberalization process. The Multi-Fibre Arrangement (MFA) had governed the global trade in textiles sector. In fact, trade in this sector, until the Uruguay Round, moved in the opposite direction i.e. increasing trade restrictions/barriers. Agreement in textile and clothing (ATC) mandated progressive phase out of quotas established under MFA & the integration of textile & clothing into multi-lateral trading system before Jan, 2005. The Agreement on Textiles and Clothing (ATC) was an attempt to correct the violation of the GATT principles of non-discrimination and transparency in respect of the Multifibre Agreement (MFA) that governed textile trade from 1974 to 1994.

### 1.3. Growth Of The Industry

After independence, Country's five year plans proved a boon to textile industry of the country. During the planning period, the industry recorded a remarkable development and established itself as a milestone in international market. The Indian textile industry is highly diverse in size and its geographic concentrations. The most well known places in India, known for textile manufacturing and its trade are Tirupur, Ludhiana, Surat, Panipat, Delhi, Bangalore and Chennai. Northern India, which includes cities like Panipat, Ludhiana, Delhi are the leading manufacturers and traders of textile goods. The southern part of India is a hub for cotton production. Tripura, a city in the east of Coimbatore city, in Tamil Nadu accounts for 90% of India's cotton knitwear

export, which is worth Rs. 5,000 crore<sup>18</sup>.

There has been a drastic change since 1980, in the belt of this small sized, unorganized sector, which recently became more technologically developed. There are about 7000 units which provide employment opportunities to more than one million people<sup>19</sup>. The export import policy of 2002-2007 made a creditable tribute for its contribution to the export of India. In absolute figure, when the economic planning in India was initiated, there were 378 cotton textile mills, 11 million 'installed spindles' consisting of 1.84 millions spinning and 9.16 million composite. The growth in the composite mill sector has almost stagnant since independence. The total number of composite mills, which was 275 in 1951, rose marginally to 291 in the year 1971, but declined to 275 in(1995)<sup>20</sup>.

**TABLE- 1.1:GROWTH OF INDIAN TEXTILE INDUSTRY**

YEAR	NO. OF MILLS (Nos)					INSTALLED CAPACITY (SSI+NON-SSI)		INSTALLED LOOMS (Lakh Nos.)		
	SPINNING MILLS (NON- SSI)	SPINNING MILLS (SSI)	COMPOSITE (NON- SSI)	TOTAL	EXCLUSIVE WEAVING MILLS (NON- SSI)	SPINDLES	ROTO RS	ORGANISED SECTOR	UNORGANISED SECTOR (Powerloom & Handloom)	TOTAL
						Mn.Nos	LakhNos.			
1998-99	1543	901	281	2725	199	36.67	4.34	1.4	50.86	52.26
1999-00	1565	921	285	2771	202	37.08	4.44	1.4	51.17	52.57
2000-01	1565	996	281	2842	203	37.91	4.54	1.4	51.49	52.89
2001-02	1579	1046	281	2906	207	38.33	4.8	1.41	51.53	52.94
2002-03	1599	1146	276	3021	209	39.03	4.68	1.37	51.8	53.17
2003-04	1564	1135	223	2922	206	37.03	4.82	1.05	53.24	54.29
2004-05	1566	1161	223	2950	202	37.47	5	1.03	53.9	54.93
2005-06	1570	1173	210	2953	204	37.51	5.26	0.92	58.35	59.27
2006-07	1608	1236	200	3044	204	37.5	6.01	0.88	58.81	59.69
2007-08	1597	1219	176	2992	179	39.07	6.21	0.71	59.95	60.68
<b>CAGR</b>	0.38%	<b>3.42%</b>	-5.07%	1.04%	-1.17%	0.71%	4.06%	-7.27%	1.85%	1.67%

Source: Compendium of textile statistics, O/o Textile commissioner, Mumbai.

The growth pattern of the Indian textile industry in the last decade has been considerably more than the previous decades, primarily on account of liberalization of trade and economic policies initiated by the Govt. in the 1990s. The growth in the production of textile fibres has facilitated the growth of the spinning sector. The spinning (cotton, man-made and blended) units, predominantly concentrated in the organized sector, have registered an impressive growth particularly in the wake of liberalization in 1991. The installed spindleage, which had increased from 25.57 million in 1985 to only 26.67 million in 1991, registered an impressive increase to 33.93 by the end of the year (1998)<sup>21</sup>. As on 31/03/2008, approx. 1600 spinning units (Non-SSI) are functioning in the organized sector. However, the total number of spinning mills declined from 1860 in March 2002 to 1780 in 2005-06, on account of closure, during the period. In the late '90s, SSI spinning units have also sprung up mostly in and around Coimbatore (T.N). As on 31<sup>st</sup> March, 2008, there were 1219 such units, grown from 901 units in 1998-99, with CAGR of 3.42% (1998-99 to 2007-08). Taking spindleage in organized and small scale sector, about 39.07 mn. spindles and 6.21 lakh rotors are functioning in the country till 31/03/2008, with the annualized compound growth rate of .71 percent and 4.06 percent respectively during the period (Table-1.1).

Table-1.1 shows that in the organized sector, weaving is concentrated in the composite mills and exclusive weaving units. Weaving capacity has declined from 1.40 lakh looms in 1998-99 to 0.71 lakh in 2007-08 with negative CAGR of 7.27 percent during the period. However, excluding those liquidated / permanently closed during this period, the incremental loomage in mills run in the organized sector, during the Tenth Five Year Plan, was 6523 looms, comprising of 1383 shuttle looms and 5140 number of shuttleless looms. It shows that the mill sector is increasingly installing shuttleless looms, and this trend is expected to continue during the Eleventh Plan also. The organized weaving sector has also availed of TUFS. Project worth Rs.5,038 crore were sanctioned under Technology Fund Upgradation scheme (TUFS) till (31.07.2006)<sup>22</sup>.

Historically the fiscal policies concerning textile industry have always considered 'small is beautiful' and consequence is reflected in structural anomalies and concentration of downstream segments of the industry in the decentralized sector and decimation of the organized sector<sup>23</sup>. During 2007-08, an attempt has been made to effect the correction in the anomalous duty structure by providing level playing field to all segments of the industry. Except for mandatory excise duty on man-made filament yarn and man-made staple fibres, the whole value addition chain has been given an option of excise exemption. For those opting to pay the duty and thereby avail of duty credit, the applicable rate of excise duty is 4 percent for cotton textile items (i.e. yarns, fabrics, garments and made-ups) and 8 percent for all other textile goods. The Government has de-reserved hosiery and knitwear from the small-scale industries sector<sup>24</sup>.

## 1.4 Main Segments Of The Indian Textile Industry

### 1.4.1 Raw Materials And Spinning Segment

#### 1.4.1 (A) Production Of Fibres

The fundamental strength of this industry flows from its strong production base of wide range of fibres / yarns from natural fibres like cotton, jute, silk and wool to synthetic / man-made fibres like polyester, viscose, nylon and acrylic. In fact, apart from China, no other country can boast of such strong and diverse base in textile fibres / yarns. India, contributing 21.3 percent of world cotton production, is the second largest producer of cotton following China<sup>25</sup>.

The Cotton Farm and Ginning Sector is highly fragmented with a low infusion of technology. The cost advantage that India has in cotton is steadily being eroded due to high levels of contamination, poor quality of cottonseeds, and low productivity<sup>26</sup>. As per World Statistics, Bulletin of the International Cotton Advisory Committee (ICAC) September 2006, although India has largest cotton acreage in the world but its yield per hectare is very low. However, cotton yield is relatively higher in Gujrat (786.69), Tamil Nadu (714.33), Andhara Pradesh (687.54) and Punjab (644.0) as compared to the India's yield (560) as a whole in 2007-08. The central zone alone comprising Gujrat, Maharashtra and M.P provide 61.9 percent of the total produce. Whereas southern zone comprising A.P, Karnataka and Tamil Nadu together produces 18.73 percent followed by the northern zone comprising Punjab, Haryana and Rajasthan produce 15 percent of total cotton production<sup>27</sup>.

As already stated Indian textile industry is predominantly cotton based. During 2005- 06 (cotton year Oct. – Sept.) the production is estimated to be 244 lakh bales. The quality of cotton has also improved considerably over a period of time. The improvement in quantity and quality of cotton has been contributed to a great extent by the Cotton Technology Mission (TMC) which was launched by Govt. during 1999. As on 31-03-2006, under TMC 188 projects for activation of market yard, improvement of market yard and new market yards with project cost of Rs. 35728.17 lakh have been sanctioned. Out of this, 117 projects have been completed. Further 650 projects of modernization of ginning and pressing factories with project cost of Rs. 85494.95 have been sanctioned under the mission and out of this 340 projects have been completed till (31/03/2006)<sup>28</sup>.

**TABLE-1.2**

<b>PRODUCTION OF FIBRES</b>				
<b>YEA R</b>	<b>RAW COTTON (Lakh bales)</b>	<b>MANMADE FIBRE(Mn.kg)</b>	<b>RAW WOOL (Mn.kg)</b>	<b>RAW SILK (Mn.kg)</b>
1998-99	165	782	48.33	15.54
1999-00	156	835	47.99	15.21
2000-01	140	904	48.04	15.86
2001-02	158	834	49.5	17.35
2002-03	136	914	50.5	16.32

2003-04	179	953	48.5	15.74
2004-05	243	1023	44.6	16.5
2005-06	241	968	44.9	17.31
2006-07	280	1139	45.2	18.48
2007-08	315	1244	45.2	18.31
CAGR	7.45%	5.29%	-0.74%	1.84%

Source: ICMF, New Delhi and O/o Textile commissioner, Mumbai.

The production data in table-1.2 shows that cotton production declined to 136 in 2002-03 from 165 lakh bales in 1998-99. However, due to climatic and other factors, cotton production again increased gradually to 315 lakh bales in 2007-08 with the annualized compound growth rate of 7.45 percent over the period 1998-99 to 2007-08. Other major fibres used by the textile industry are man-made fibres. Man-Made Fibre (MMF) and Synthetic Fibre Filament industry is a capital-intensive sector dominated by few players. Initially the Man-made Fibre industry was uncompetitive due to the industrial licensing policy that did not allow the exploitation of scale economies and inter-fibre flexibility – this changed with the Textile Policy of 1985 which adopted a multi-fibre approach. The man-made fibres industry, particularly the polyester segment, has achieved significant growth during the last two decades. The production of manmade fibre, ( PSF, VSF & Acrylic ) increased substantially to 1244 million kg from 115 million kg in 1980-81 and 782 million kg in 1998-99, at CAGR of 5.29%. The sharp increase in production of polyester fibre and yarn has made India emerge as the 5th largest producer of man-made fibre/filament yarn in the world<sup>29</sup>. Other fibres used by the textile industry are wool, silk and jute. Wool is the only fibre the production of which is deficient in the country. Very less million. kgs of raw wool, is of average apparel grade and remaining is of carpet grade wool and other coarse wool. The worsted Woollen sector, therefore, entirely depends on import of raw wool for meeting its raw material requirements. Even the export oriented carpet industry depends on New Zealand wool for blending to obtain the desired lustre in the carpets. India is second largest producer of silk with annual compound growth rate of 1.84 percent during the above period (Table-1.2). However, India has the unique distinction of being endowed by nature with the all four varieties of silk, viz., mulberry, tusar, eri and muga.

Another fibre is jute, we are the largest producer of the jute in the World. The environmental considerations assuming importance have created new opportunities for jute which is biodegradable, renewable and eco-friendly. What has happened over the years is that it has been traditionally associated with low value addition and utilization in terms of sacking and packing material<sup>30</sup>. However, recently efforts are being made to diversify this sector into newer areas particularly geo-textiles. Textile industry has also started using jute in blends with other fibre for apparel usage.

#### 1.4.1 (B) Production Of Yarn

The growth in the production of textile fibres has facilitated the growth of the spinning sector.



Industrial delicensing and liberalization policies coupled with freedom from unfair competition from unorganized sector accelerated the process of setting up of spinning units in the organized sector after 1990s. The significant feature of the spinning industry is that about 92 percent of the yarn is produced in the organized sector, while only 8 percent is produced in the small scale sector. Technology wise, the Indian spinning industry has been able to keep pace with international technological trends to a fair degree through its own efforts, and by taking advantage of the concessional loans under the Technology Up gradation Fund Scheme (TUFS). In fact, the spinning segment has taken the maximum advantage of TUFS. As on 31-7-2006, projects, worth Rs. 13,178 crore stood sanctioned under TUFS in the spinning sector, and Rs.10,908 crore in the composite sector<sup>31</sup>. According to a study by South India Textile Research Association (SITRA) a large number of mills continue using outdated technology, resulting in operational inefficiency of the mills. Also, the Open Ended rotors account for not even 1 percent of the total installed spindles. Aging of spindles is another serious problem. About 65 per cent of installed spindles are more than 10 years old<sup>32</sup>. However, to maintain our core competence in spinning segment and convert it into the competitive edge in the globalised scenario, it is necessary that the modernization and technological up gradation process should continue through expansion of capacity and the replacement of the old / outdated spindles.

**TABLE-1.3 PRODUCTION OF YARN**

YEAR	COTTON YARN		OTHER SPUN YARN (BLENDED/100% NON-COTTON)		MAN-MADE FILAMENT YARN		TOTAL
	Million sq. mtr.	% of total	Million sq. mtr.	% of total	Million sq. mtr.	% of total	Million sq. mtr.
1998-99	2022	56.83%	786	22.09	850	23.89	3558
1999-00	2204	55.93	842	21.37	894	22.69	3940
2000-01	2267	55.56	893	21.88	920	22.55	4080
2001-02	2212	54.44	889	21.89	962	23.67	4063
2002-03	2177	52.06	904	21.62	1100	26.31	4181
2003-04	2121	50.86	931	22.32	1118	26.81	4170
2004-05	2271	52.45	951	21.95	1109	25.6	4332
2005-06	2521	54.36	937	20.2	1179	25.42	4637
2006-07	2823	54.46	990	19.1	1370	26.43	5183
2007-08	2948	53.48	1055	19.14	1509	27.37	5512
<b>CAGR</b>	4.28%		3.32%		6.59%		4.95%

Source: ICMF, New Delhi and O/o Textile commissioner, Mumbai.

Consequent upon the growth in spinning capacity, the production of cotton, blended and 100 percent non cotton yarn & manmade filament yarn has also gradually increased with 4.98 percent CAGR during the period (Table-1.3). The production of cotton yarn increased considerably from

2022 million kg in 1998-99 to 2948 million kg in 2007-08 with CAGR of 4.28percent. India today is one of the largest producer / exporter of cotton yarn. Production of manmade filament yarn also grew with a big compound annual growth rate of 6.59 percent.

## 1.4.2 Fabric Production And Weaving Segment

### 1.4.2 (A) Sector Wise Production Of Cloth

In fabric production there are two main segments – weaving and knitting. The weaving sector spans the handloom units producing around 5 metres a day to state of the art looms in mills producing 250-300 metres in an eight-hour shift<sup>33</sup>. In spite of the deference, decentralized sector (non mill sector) produces around 97 percent of the total cloth in the country and is the major employer, income generator, as well as export earner for the weaving and knitting industry, while the mill sector has a share of only 3 percent. This dualistic manufacturing structure is dominated by the decentralized sector comprising of the handloom, powerloom and the hosiery sector<sup>34</sup>.

**TABLE-1.4**  
**SECTOR-WISE PRODUCTION OF CLOTH**

YEAR	CENTRALISED MILL SECTOR		DECENTRALISED SECTOR		TOTAL
	Million sq. mtr.	% of total	Million sq. mtr.	% of total	Million sq. mtr.
1992-93	2000	7.85	23475	92.15	25475
1993-94	1990	7.13	25908	92.87	27898
1994-95	2271	7.94	26335	92.06	28606
1995-96	2019	6.32	29939	93.68	31958
1996-97	1957	5.62	32881	94.38	34838
1997-98	1948	5.20	35493	94.8	37441
1998-99	1785	4.94	34342	95.06	36127
1999-00	1714	4.37	37494	95.63	39208
2000-01	1670	4.15	38563	95.85	40233
2001-02	1546	3.68	40488	96.32	42034
2002-03	1496	3.56	40477	96.44	41973
2003-04	1434	3.38	40949	96.62	42383
2004-05	1526	3.36	43852	96.64	45378
2005-06	1656	3.34	47921	96.66	49577
2006-07	1746	3.27	51643	96.73	53389
2007-08	1781	3.18	54244	96.82	56025
<b>CAGR</b>	-0.77%		5.74%		5.39%

Source: Compendium of textile statistics, 2008, O/o Textile commissioner, Mumbai.

Table-1.4 represents that overall production of cloth of the country increased with annual compound growth rate of 5.39 percent from 1992-93 to 2007-08 but the mills have a steadily declining share of cloth production. The share of organized sector in the total fabric production of the country came down from over 70 percent in 1951 to less than 4 percent in (2004)<sup>35</sup>. During 1992-93, the mills produced 7.85 percent of the cloth but by the end of the financial year 2008, this had more than halved to 3.17 percent having negative CAGR of .77 percent. This declining contribution of the mills was compensated for by increased production by the decentralized sector (their share went up from 92.14 percent to 96.83 percent during the period with a CAGR of 1.92percent).

The decline in the mill sector is very much related to government policy that has shaped the environment in textiles over the years. At the time of independence, mill sector was producing 75 percent of the total cloth production. However, subsequently restrictions were imposed in the installation of weaving capacity of the mill sector up till the New Textile Policy of 1985, so as to encourage the decentralized sector. Therefore, the weaving capacity of the organized mill sector stagnated for a number of years. Even after the removal of the restrictions in 1985, the capacity of the organized mill sector, which had by then lost its competitive edge, has been consistently declining. Thus, between 1985 and 2006, the weaving capacity has declined from 2.10 lakh to 0.92 lakh looms – a decline of 50 percent<sup>36</sup>. Even today though India ranks first in the total number of looms in the world (45.62 percent world share), it has the lowest share of modern shuttleless looms to total looms (excluding handlooms) installed of a mere 2.24 percent per cent<sup>37</sup>. Resultant poor quality has led to low UVRs for India. Table-1.1 shows that the loomage capacity declined from 1.40 lakh in March 1999, to 0.92 lakh in March 2006, and to 0.71 lakh in March 2008. The result has been huge fragmentation in the industry resulting in inability to manage supply chain and requirements of the export customers. In knitting sector also, SSI reservation had earlier limited the potential of the sector. This is attributable to the structural transformation in the industry, leading to the delinking of weaving from spinning, and the emergence of the decentralized powerloomsector.

## 1.4.2 (B) Fibre-Wise Production Of Cloth

**TABLE-1.5**  
**FIBRE-WISE PRODUCTION OF CLOTH BY THE TEXTILE INDUSTRY**

YEAR	COTTON		BLENDED		100% NON-COTTON		KHADI, WOOL & SILK		TOTAL
	Million sq. mtr.	% of total	Million sq. mtr.	% of total	Million sq. mtr.	% of total	Million sq. mtr.	% of total	Million sq. mtr.
1992-93	16343	64.15	2684	10.53	6018	23.62	430	1.69	25475
1993-94	17790	63.76	3155	11.3	6527	23.4	426	1.53	27898
1994-95	17019	69.59	3661	12.8	7495	26.2	431	1.5	28606
1995-96	18900	69.14	4025	12.59	8535	26.7	498	1.56	31958
1996-97	19841	56.95	4888	14.03	9569	27.46	540	1.55	34838
1997-98	19992	53.39	5751	15.36	11153	29.78	545	1.45	37441
1998-99	17948	49.68	5700	15.77	11895	32.92	584	1.61	36127
1999-00	18989	48.43	5913	15.08	13725	35	581	1.48	39208
2000-01	19718	49	6351	15.72	13606	33.81	558	1.38	40233
2001-02	19769	47.03	6287	14.95	15334	36.48	644	1.53	42034
2002-03	19300	45.99	5876	14	16135	38.44	662	1.57	41973
2003-04	18040	42.56	6068	14.31	17613	41.55	662	1.56	42383

2004-05	20655	45.51	6032	13.29	17998	39.66	693	1.52	45378
2005-06	23873	48.15	6298	12.7	18637	37.59	769	1.58	49577
2006-07	26238	49.14	6882	12.89	19545	36.6	724	1.35	53389
2007-08	27196	48.54	6888	12.29	21173	37.8	768	1.37	56025
<b>CAGR</b>	3.45%		6.24%		8.75%		3.94%		5.39%

Source: ICMF, New Delhi and O/o Textile commissioner, Mumbai.

Table-1.5 shows that though the share of cotton produced in the industry (by mills, powerlooms, handlooms, etc.) has been declining from 64.15 percent in 1992-93 to 48.54 percent in 2007-08, but it could be able to manage CAGR at 3.45 percent during the period. The mills have also responded to this shift in demand by increasing their production of synthetic cloth and reducing the production of cotton cloth, thereby exhibiting flexibility in the fibre-wise production of cloth which has enabled them to put some brakes on their decelerating share of production. Table-1.5 further shows that 100 percent non cotton & blended fabrics in 2007-08 accounted for 37.8 percent and 12.29 percent of total production of cloth as against 23.62 percent and 10.53 percent respectively in 1992-93. However, share of khadi, wool & silk has shown almost similar pattern. The overall production of cloth of the country increased with annualized compound growth rate of 5.39 percent during 1992-93 to 2007-08. Thus, there has been marginal change in the pattern of cloth production over the last 15 years. Though the share of cotton cloth production is declining yet, it dominates. However, the share of 100 percent non cotton and blended fabrics have increased gradually with the CAGR of 8.75 percent and 6.24 percent respectively during the period.

## 1.4.2 (C) Per Capita Availability Of Cloth

TABLE-1.6

PER CAPITA AVAILABILITY OF CLOTH							
YEAR	COTTON		BLENDED/MIXED FABRICS		100% NON-COTTON		TOTAL sq. mtr.
	sq. mtr.	% of total	sq. mtr.	% of total	sq. mtr.	% of total	
1991-92	13.71	59.94	2.9	<b>12.68</b>	6.26	<b>27.37</b>	22.87
1992-93	15.57	63.55	2.57	10.48	6.36	25.95	24.5
1993-94	15.92	60.71	3.58	13.65	6.72	25.62	26.22
1994-95	15.24	58.66	3.27	12.58	7.47	28.75	25.98
1995-96	16.32	94	3.48	12.42	8.19	39.26	27.99
1996-97	16.24	55.42	3.98	13.58	9.08	30.98	29.3
1997-98	15.94	51.55	4.57	14.78	10.41	33.66	30.92
1998-99	13.07	46.36	4.13	14.65	10.99	38.98	28.19
1999-00	14.16	46.35	4.48	14.66	11.91	38.98	30.55
2000-01	14.22	46.34	4.5	14.66	11.96	38.98	30.68
2001-02	14.82	46.35	4.69	14.67	12.46	38.97	31.97
2002-03	14.4	45.9	4.38	13.96	12.59	40.13	31.37
2003-04	13.41	43.25	4.51	14.55	13.09	42	31.01
2004-05	14.08	42.03	4.11	12.27	15.32	45.73	33.51
2005-06	16.37	45.35	4.32	11.96	15.41	42.68	36.1
2006-07	17.9	45.2	4.69	11.81	17.01	42.95	39.6
2007-08	19.01	45.42	4.81	11.5	18.03	43.08	41.85
<b>CAGR</b>	2.06%		3.21%		6.84%		3.85%

Source: Compendium of textile statistics, O/o Textile commissioner, Mumbai.

The significant growth in textile industry has led to an increase in per capita domestic availability of cloth in the country despite growth in population and significant growth in exports. During 1991-92, the per capita availability of cloth was 22.87 sq. mtrs., and it increased to 41.85 sq. mtrs. in 2007-08 with annualized compound growth rate of 3.85 percent ( Table- 1.6). The per capita availability of 100 percent non cotton fabrics has increased substantially at CAGR of 6.84 percent i.e. 6.26 sq. mtr. in 1991-92 to 18.03 sqmtr in 2007-08. Its share in the

total per capita availability of cloth has increased from 27.37 percent to 43.08 percent whereas, share of cotton cloth has reduced from approx. 60 percent to 45.42 percent, during the period. However, the per capita availability of cotton cloth has shown fluctuations over the period i.e. 13.71 sq. mtr. in 1991-92 has fallen in 1998-99 to 13.07 after a constant increase. In the same way, it decreased to 13.41 sq. mtr in 2003-04 and then jumped further to 19.01 sq. mtr in 2007-08. Annual compound growth rate for the same was 2.06 percent during 1992-2008.

### 1.4.3 Processing Segment

Fibre manufacturing and spinning processes is strong while weaving and processing are relatively weak segments. Processing stage add significant value in the entire textile chain, contributing the essential user requirements of easy maintenance, color fastness and also aesthetic value addition in terms of colors, motifs and designs. The ability to command premium increases after dyeing & finishing of the fabrics. According to quality requirement, the processing stage is technology intensive. Processing sector of India is also fragmented and dominated by hand processors and independent process houses deploying low technology. Over the years, the financial performance of the Indian textile processing companies is steadily declining, which limits the scope for large-scale expansion and induction of high tech machines. Even though some changes have been introduced in the last budget, excise differentials continue to exist in favour of small-unorganised players. Consequentially, processing is the weakest link in the Indian textile value chain, adversely affecting its ability to compete in exports. Unless fabric processing is improved domestically, there is the increasing possibility of foreign suppliers entering en masse into the domestic market once the quota regime goes as the better finish of their cloth will attract customers<sup>38</sup>.

However, in the recent past, there has been intensive activity in terms of technological up gradation of entire value chain of the textile activity. Up till 2005, more than 50,000 shuttleless looms have been installed. Further by taking advantage of 20 percent capital subsidy scheme under TUFSS, weaving and weaving preparatory activities are being upgraded by the powerloom sector. Many high-tech processing units have been set up in the recent past and many units are at implementation stage under TUFSS. The Government has approved additional 10% capital subsidy for specified processing machinery under TUFSS w.e.f. (20/04/2005)<sup>39</sup>. A sort of silent revolution has been taking place, which thus manifested itself in increase in production during the current year.

In the processing sector the need is for huge capacities under one roof to handle bulk volumes and to ensure color harmony and quality. New units with modern processing technologies such as soft flow, balloon padding and color communication systems as well as those processes that can add value to garments such as anti-microbial and wrinkle free finishes are required to support operations in a competitive environment. Without these value added processes being introduced

besides the flood of imports, exports will continue to be dominated by grey fabrics which are then processed abroad resulting in foregoing foreign exchange that is valuable to the economy<sup>40</sup>. The Ministry of Textiles has been encouraging the setting up of state-of-the-art processing facilities with the use of eco-friendly dyes and chemicals and quality assurance systems (ISO-9000 and ISO-1400 standards). The Ministry aims to set up 400-500 modern process houses and revive 50 modern process houses with an annual capacity of 10-12 billion sq. metres so as to increase the export of processed fabrics from the existing 46 percent to about 90 percent<sup>41</sup>. Again the upgradation in this segment is intended to promote integrated large units with an improved quality and lower cost structure and to phase out previously favored hand processors. The earlier policy objective of employment generation through discrimination in favor of hand processors is giving way to the favouring of skill intensive employment that accompanies modernization. To provide the industry with world class infra structure facilities for setting up textile units. Scheme for Integrated Textile Parks (SITP) was launched. The National Institute of Fashion Technology (NIFT) has been set up to provide a leadership role in sensitizing the industry to the concept of value addition by inducting trained professionals to manage the industry. Apparel Training Development Centres (ATDCs) run by AEPC, Textile Research Associations (TRAs) and Powerloom Service Centres are also contributing by catering the need of human resource development.

#### 1.4.4 Garmenting Segment

Garment is in fact the engine of growth for the textile industry. Garment manufacturing is the most labour intensive of all other segments of textile chain, thus has the maximum potential to leverage India's comparative advantage in labour cost; labour being cheap in India. In the last decade, China's share of world apparel exports jumped from 4 percent in 1980 to 21 percent in 2005, India could only manage to increase it from 1 percent to 3 percent. In addition India's Unit Value Realisation (UVR) of clothing is substantially lower than China<sup>42</sup>.

In the past, garment sector was reserved for small-scale industries (SSI), and the large-scale firms were required to undertake a risky 50 per cent export obligation. Since the SSI sector availed various fiscal and other tax incentives, it encouraged fragmentation of the garment industry. This in turn adversely affected the setting up of large-scale production capacity and also the modernization of the sector. This is evident from the fact that only 6 per cent of the manufacturers operated with more than 50 machines in 1998. Over 80 per cent of them had less than 20 machines in their units (average was around 15 machines), and 99 per cent of these were in form of individual proprietorships or partnerships. Even export oriented units in terms of size compared unfavorably with international standards. An average firm in India was found to have only 119 machines compared to 698 in Hong Kong and 605 in China. There are a few garment exporters having exports of more than USD 50 million<sup>43</sup>.



Low level of operation has seriously constrained the technological up gradation of the sector. This has seriously affected the productivity of capital as well as labour in the garment sector. Productivity measured per machine per day in terms of number of blouses in India was found to be only 10.2, compared to 20.6 in case of Hong Kong<sup>44</sup>. A worker in an Indian factory typically makes 6-7 shirts whereas the one in Sri Lanka, Nepal or Dubai makes as many as 22 to 32 shirts a day. According to a study by Mckinsey<sup>45</sup>, the productivity of labour in the Indian apparel industry (measured as men's shirt produced per hour) is only 16 per cent of the US level. The study linked this to a number of factors like, poor organization of functions and tasks, lack of viable investments in technology and low scale of operation etc. In backdrop of all these problems, the garment and made up sectors account for only around 15 per cent of the valued added in the textiles sector in spite of high value added potential of this sector as compared to other textile sectors<sup>46</sup>.

## **1.5. Foreign Exchange Earnings Of Textile Industry**

### **1.5.1 Textile Exports Vis-À-Vis Total Exports**

The very substantial increases in both textile and clothing exports by Asian countries over the period occurred in spite of the limitations imposed on the basis of the Multifibre Arrangement (MFA). In the case of Mexico the large increases in textile and clothing exports were clearly linked to the formation of the North American Free Trade Agreement (NAFTA)<sup>47</sup>.

The removal of quotas on textile and clothing in 2005, under the agreement on textile & clothing (ATC) is expected to have substantial impact on the major exporting countries. In the liberalized global trade, trading is bound to increase<sup>48</sup>. A quota free regime represents an opportunity as India has been constrained by quotas as well as a challenge as there will be increased competition and no guaranteed markets<sup>49</sup>. Endowed with largest loomage in the world; the second highest spindleage, next only to China; a strong multi-fibre raw material base; a vast pool of skilled workers; flexible production systems; a dynamic entrepreneurship together with vibrant design creativity, Indian textile industry have all set to keeping the pace. The complex and varied structure coupled with its close linkage with culture and multi-fibre raw material base enables it to produce variety of products for varying consumer needs and preferences. The spectrum of technology is wide spread right from handmade to semi mechanical, mechanical and highly sophisticated information based technology and micro-processor based technology<sup>50</sup>. India has a competitive advantage stemming from its large & relatively low cost labour force, a large domestic supply of fabrics, and the industry's ability to manufacture a wide range of products<sup>51</sup>.

**TABLE-1.7**  
**SHARE OF TEXTILE EXPORTS IN THE EXPORTS OF ALL**  
**COMMODITIES**

YEAR	Textiles Exports		Overall Exports		Textile Exports as% of Total Exports
	Rs. Crores	US \$ Mn	Rs. Crores	US \$ Mn	
1991-92	12470.8	5069.7	44042.0	17885.0	28.3%
1992-93	15483.6	5051.9	53688.0	18537.0	28.8%
	(24.2%)	(-0.4%)	(21.9%)	(3.6%)	
1993-94	18816.7	5998.9	69751.0	22237.0	27.0%
	(21.5%)	(18.7%)	(29.9%)	(20.0%)	
1994-95	23701.3	7548.4	82674.0	26330.0	28.7%
	(26.0%)	(25.8%)	(18.5%)	(18.4%)	
1995-96	28520.4	8526.9	106353.0	31797.0	26.8%
	(20.3%)	(13.0%)	(28.6%)	(20.8%)	
1996-97	33920.2	9555.0	118817.3	33630.7	28.5%
	(18.9%)	(12.1%)	(11.7%)	(5.8%)	
1997-98	36412.1	9797.5	130100.6	34832.8	28.0%
	(7.3%)	(2.5%)	(9.5%)	(3.6%)	
1998-99	40171.57	9546.48	139751.77	33210.97	28.7%
	(10.32%)	(-2.56%)	(7.42%)	(-4.66%)	
1999-00	45536.11	10521.28	159095.20	36759.52	28.6%
	(13.35%)	(10.21%)	(13.84%)	(10.68%)	
2000-01	54797.84	12014.44	201356.45	44147.44	27.2%
	(20.34%)	(14.19%)	(26.56%)	(20.10%)	
	51337.34	10801.04	209017.97	43976.01	24.6%

2001-02	(-6.32%)	(-10.10%)	(3.80%)	(0.39%)	
2002-03	60071.70	12444.94	255137.28	52867.24	23.5%
	(17.01%)	(15.22%)	(22.06%)	(20.22%)	
2003-04	62017.31	13532.04	293366.75	64011.95	21.1%
	(3.24%)	(8.74%)	(14.98%)	(21.1%)	
2004-05	63024.18	14055.36	375339.53	86126.56	16.8%
	(1.62%)	(3.87%)	(27.94%)	(34.55%)	
2005-06	77567.47	17553.17	456417.86	103285.33	17.0%
	(23.08%)	(24.89%)	(21.60%)	(19.92%)	
2006-07	86702.65	19143.88	571779.28	126248.46	15.2%
	(11.77%)	(9.06%)	(25.27%)	(22.23%)	
2007-08	86410.66	21473.82	640172.14	159009.47	13.5%
	(-.33%)	(12.17 %)	(11.96%)	(25.9%)	
<b>CAGR</b>	12.86%	9.44%	18.21%	14.63%	-4.52%

Note: Figure in parentheses shows percentage growth rates.

Source: Foreign Trade Statistics of India ,DGCIS, Kolkata and www. texmin.gov.in.

In the post-quota period, India has emerged as a major sourcing destination for new buyers. As a measure of growing interest in the Indian textile and clothing sector a number of buyers have opened their sourcing/ liaison office in India. Commercially, the buoyant retailers across the world are looking for options of increasing their sourcing from the Indian markets. Indian manufacturers are also pro-actively working towards enhancing their capacities to fulfill this increased demand. India's textiles & clothing (T&C) export registered robust growth of 24.89 percent in 2005-06, recording a growth of US\$ 3.5 billion in value terms thereby reaching a level of US\$ 17.55 billion and the growth continued in 2006-07 as T&C exports were US\$19.15 billion recording an increase of 9.06 percent over previous year (Table-1.7). Though India's T&C exports in 2007-08 at US\$ 21.5 billion were badly affected by strong appreciation of the Indian rupee against the US dollar, it still managed to record a healthy growth of 12.2 percent in US dollar terms. It registered a growth at an average (CAGR) of 12.86 percent in Rs terms & 9.44 percent in dollar terms during 1991-92 to 2007-08. In 2008-09, various export promotion councils and trade bodies have been representing to the Government that the textiles exports have adversely been affected by recent global economic slowdown, leading to considerable loss of employment in the textiles sector. Textiles & clothing exports during April- December' 2008 amounted to US\$ 15.27 billion as against US\$ 15.25 billion in the corresponding period in the preceding financial year, recording a minuscule growth of 0.12 percent<sup>52</sup>.

With a very low import –intensity of about 1.5 percent only, it is the largest net foreign exchange earner in India. The share of textile imports of all commodities to India has substantially

decreased from 3.17 percent in 1994-95 to 1.49 in (2006-07)<sup>53</sup>. A steady inflow of foreign exchange is one of the dominant features of the economic contribution of the textile industry. However slowdown in demand from some major importers, the depreciation of US dollar, resulting in an appreciation of the rupee vis-à-vis competing countries are the main reasons for India's sluggish export performance in textile & clothing<sup>54</sup>. The recent measures taken by the Government in the form of Technology Mission on Cotton (TMC), TUFs, Cluster development plan, Scheme for integrated Textile park (SITP) are bound to reflect in strengthening the fundamentals of the textile industry enabling it to market its products aggressively in the global market.

### 1.5.2 Composition Of Textile Exports

TABLE-1.8

#### INDIA'S EXPORT OF TEXTILES

ITEMS	2003-04	2004-2005		2005 -06		2006-07		2007-08		CAG R (2004- 05 to 2008)
	Rs. Crore	Rs. Crore	% share of total	Rs.Crore	% share of total	Rs. Crore	% share of total	Rs. Crore	% share of total	
Readymade Garments	28634.4	29481.2 (2.96)	46.7 7	38153.7 (29.42)	49.1 8	40237.24 (5.46)	46.4	38214.7 (-5.02)	44.2 2	9%
Cotton Textiles	16542.24	15924.43 (-3.73)	25.2 6	20369.2 (27.91)	26.2 6	25197.29 (23.7)	29.0 6	26161.94 (3.82)	30.2 7	18.00 %
Man-made textiles	8368.83	9214.25 (10.1)	14.6 2	9029.9 (-2.00)	11.8 4	10863.39 (20.3)	12.5 3	12624.3 (16.2)	14.6	11.07 %
Wollen Yarn, Fabrics, Madeups Etc.	267.82	313.56 (17.08)	0.49	377.59 (20.42)	0.48	385.5 (2.09)	0.44	374.789 (-2.78)	0.43	6.13%
Silk Textiles	1745.3	1819.81 (4.27)	2.8	1915.08 (5.24)	2.46	1999.68 (4.42)	2.3	1537.62 (-23.1)	1.78	- 5.40%
Jute,coir and handycraft	6458.92	6270.9 (-2.91)	9.95	7721.89 (23.14)	9.96	8019.65 (3.86)	9.24	7497.32 (-6.51)	8.67	6.13%
<b>TOTAL</b>	62017.31	63024.2 (1.62)	100	77567.4 (23.08)	100	86702.65 (11.78)	100	86410.66 (-0.33)	100	11.09 %

Note: Figure in parentheses shows percentage growth rates.

Source: Foreign Trade Statistics of India (Principal Commodities & Countries) DGCIS, Kolkata

The export basket consists of wide range of items containing cotton yarn and fabrics, man-made yarn and fabrics, wool and silk fabrics, made-ups and variety of garments. India's textile products, including handlooms and handicrafts, are exported to more than hundred countries. However, USA, EU Member States, Canada, U.A.E., Japan, Saudi Arabia, Republic of Korea, Bangladesh, Turkey, etc are the major importers of our textile goods<sup>55</sup>. As per WTO Statistics, world garment trade has increased by 12 percent. India retained its position as the 5<sup>th</sup> largest exporter of garments, although its growth rate has dipped from 39 percent in 2005 to 11 percent in 2006. China's growth story is continuing. In 2005 they had posted a growth of 20 percent, which has increased to 29 percent in (2006)<sup>56</sup>.

Table-1.8 clarifies that the readymade garments is the biggest segment in the India's textile export basket contributing over 46 percent of the total textile exports on an average. . During the year 2005– 2006, Readymade Garment exports were Rs 38153.74 crore, recording an increase of 29.4 percent as compared to the corresponding period of 2004-05. However, during 2007-08 the export of Readymade Garment declined by 5.02 percent as compared to previous year. Textiles exports have adversely been affected by recent global economic slowdown and strong appreciation of rupee against US dollar. Exports of cotton based items continue to pre-dominate which is natural in view of India's competitive advantages in the cotton. The share of cotton textiles, which was 25.26% in 2004-05, increased to 30.27 percent in 2007-08 with a growth of an average ( CAGR) of 18 percent during the period. The growth rate of cotton textile also dipped to 3.82 percent in 2007-08 as compared to 28 percent in 2005-06. However annualized combined growth rate in case of readymade garments is 9.03 percent during 2005-08. In the global textile trade also our share has increased from 1.85 percent in 1985 to 3.13 percent in 2005-06. However, it is still lower than our share of 11 percent in (1951)<sup>57</sup>.

In all it has been observed that inherent strengths of the textile industry have seen rough days and hard times. There have been many periods of adversity, when growth charts have dipped and it has appeared that misfortune will overtake. But like phoenix the textile industry has risen each time from the ashes. Tremendous resilience and creative genius in India will achieve the due to this country. There are various opportunities knocking the doors of this industry with which it can be the market leader worldwide. In a World that is fast losing its traditional boundaries and borders are becoming invisible, there is need to bring about technological improvement, structural changes, liberalization from controls and regulations, increased productivities of labour and machine and reliable quality assurance systems.

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