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TODAY'S IMPORTANT CURRENT AFFAIRS

UPSC

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India Textile Sector

Source: The post is based on the article published in “The Hindu” on 10th Oct 2024.

In News: Union Minister announced the Indian textile sector’s \$350 billion business target by 2030, aiming to generate 3.5 crore jobs, despite recent challenges affecting the projected 10% CAGR.

Syllabus: [Mains – GS III \(Economic & Development\)](#)

Current status of the textile sector:

Share in Domestic Trade: The domestic apparel & textile industry in India contributes approx. **2.3 % to the country’s GDP**, **13%** to industrial production and **12%** to exports.

Share in Global Trade: India has a 4% share of the global trade in textiles and apparel.

Export: In FY22, India was the third largest textile exporter globally, enjoying a 5.4% share.

Production of Raw Material: India is one of the largest producers of cotton and jute in the world. India is also the 2nd largest producer of silk in the world and 95% of the world’s hand-woven fabric comes from India.



Employment Generation: The industry is the 2nd largest employer in the country providing direct employment to 45 million people and 100 million people in the allied sector.

Regions: Andhra Pradesh, Telangana, Haryana, Jharkhand, and Gujarat are the top textile and clothing manufacturing states in India.

Challenges Faced by the Textile Industry:

Geopolitical Tensions: Global geopolitical issues reduced demand in key export markets.

High Raw Material Prices: Cotton and Man-Made Fiber (MMF) prices surged, hurting competitiveness.

Import Duties: A 10% import duty on cotton made Indian cotton more expensive than global prices.

Supply Chain Disruptions: Quality control measures affected the availability and price stability of MMF, further straining production.

Evolving Business Models: The rise of e-commerce and direct-to-consumer retailing is reshaping traditional business systems in the textile industry.

Sustainability Standards: Global brands are increasingly focusing on ESG (Environmental, Social, and Governance) criteria, forcing Indian manufacturers to adopt sustainable practices.

Changing Consumer Preferences: Growing demand for comfort wear, athleisure, and multi-brand outlets is shifting consumer behavior, impacting smaller or less-known brands.

Labour Costs and Productivity: Labour constitutes 10% of production costs, and the industry faces pressure to improve productivity through technology adoption and workforce skilling.

Initiatives by Government of India for the Growth of the Textile:

Amended Technology Upgradation Fund Scheme (ATUFS): To achieve the vision of generating employment and promoting exports through “Make in India” with “Zero effect and Zero defect” in manufacturing, ATUFS was launched in 2016 to provide credit linked Capital Investment Subsidy (CIS).

Scheme for Capacity Building in Textile Sector (SAMARTH): To address the skilled manpower requirement across the textile sector, the scheme was formulated, under the broad policy guidelines of “**Skill India**” initiative.

National Technical Textile Mission: The Mission for a period of 4 years (2020-21 to 2023-24) was approved for developing usage of technical textiles in various flagship missions, programmes of the country including strategic sectors.

Production Linked Incentive (PLI) Scheme : The PLI Scheme for Textiles to promote production of Manmade Fibre (MMF) apparel, MMF Fabrics and Products of Technical Textiles in the country.

PM-MITRA: To boost employment generation through setting up of 7 PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks in Greenfield /Brownfield sites with world class infrastructure.

Scheme for Integrated Textile Parks (SITP): SITP is designed to promote textile industry clusters by providing infrastructure support, including common facilities, utilities, and services.

- The goal is to encourage a more organized and efficient approach to textile manufacturing.

Integrated Skill Development Scheme (ISDS): ISDS focuses on skill development in the textile sector to address the industry's labour challenges.

- It aims to provide training to workers and enhance their employability, contributing to the overall growth of the sector.

Way forward:

- The government should consider reducing import duties on key raw materials like cotton and stabilize supply chains by aligning domestic prices with international markets, ensuring competitiveness in global exports.
- The industry should focus on adopting advanced technologies to improve productivity and meet global ESG sustainability standards, while simultaneously up skilling the workforce to handle these technological advancements effectively.