

India needs to reorient its policy framework towards textile sector for boosting its competitiveness in global markets. Explain

From Harappan's 'sindon' in Mesopotamia to famous muslin's of Dhaka, rich shawls of Mughals Indian textile attracted trades from far and wide. When India lost its cotton producing areas due to partition in 1947, India still managed to ramp up traditional industry. But to 2019, the textile sector has remained stagnant.

Status of textile Industry in India

- 1) Lesser production against global demand
- 2) Higher import duties
- 3) Informal economy
- 4) Quality competitiveness of export
- 5) Higher import duties
- 6) Environmental pollution costs

India hardly holds 4% in total Global textile production.
 → Whilst, the emerging South Asian countries are growing at faster rate.

Need for reorientation

1) Global geopolitical opportunities:-

Growing US-China trade tension, resultant sanctions, high cost of labour is pushing sector to viable markets. Given India's natural affinity to textile growing areas, cheap labour costs, policy orientation can attract these fly by industries. Boost 'Make In India'

2) Export potential:-

Demand for green products like cloth bags, jute pouches is rising due to global consensus on banning plastics. India can catch up with these markets through mechanisation of production facilities.

3) Formalisation of economy:-

Most of the textile and its allied units are catered by informal sector of dyeing, spinning, yarn, apparel making units. It is treated equivalent

to cottage industry, which have been affected through GST, that Pushed for formalization. Formal industry provides security of tenure, steady income flow, improving rural economy. (2)

4) Source of employment:-

Economic survey of 2016 notes that employment elasticity is 0.37. This means, there is 0.37% growth rate for every stage of sector. Currently 45 mn people are employed. This can be matched up to 8-9 mn in 5 years.

It pulls labour out of agri sector which is overburdened.

5) Global demand - supply mismatch:-

India's cotton export is not on favourite route, when global demands have moved for manmade fibres. Infrastructural backwardness, technology averse production taken hit on quality. Reorientation of export policies can help correct these errors.

Stepping up competitiveness

1) Offset cost disadvantage:-

Removing inverted duty structure on manmade fibres

2) Incentivisation:-

Infrastructure subsidies, power costs, cutting GST rates, shifting to shuttle bus loans, setting textile parks.

3) Adopting 'Brandix India Apparel city Model':-

which calls for plug and play facilities, SEZ's for industries, popularisation of Intellectual Property markets.

4) Formalisation of Tribal Haats, where textile has been their mainstay of livelihood.

Thus, a mix of export-import policy, infrastructural policies can make India an attractive destination for 'the fly' industries from China, capture markets from SE Asian countries, boosting economic strength, allround development.