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## Covid-19 and the Indian textile industry: An overview, trends and challenges

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### Abstract:

As of March 27, 2020, the pandemic had expanded to 216 nations and territories, according to World Health organization. The world is troubled by uncertainty, and numerous governments have implemented restrictions that will have a significant impact on economic activity, not only now, but for the near future. After agriculture, the textile is one of the oldest industries that contribute significantly to the national economy. Because of the country's significant exports, it provides nearly a third of our gross export revenues. In India's economy, the textile industry is extremely important. However, the industry has faced numerous obstacles as a result of the pandemic, including trade, manufacturing, and employment. The influence of Covid 19 on the Indian textile industry is examined in this research. The data used in order to complete the paper is secondary data and this paper offers a domestic perspective of the textile industry in India and its overall trade during pandemic.

(Key words: Textile industry, challenges, trade, impact)

### Introduction:

Since several centuries, the Indian textile industry has been a well-established business that makes a significant contribution to the Indian economy. It is India's largest single industry and one of the world's largest corporations, accounting for over 20% of all modern creation and employing roughly 20 million people directly. India is the world's sixth largest exporter of textiles. India is the world's second-largest producer of fiber, with cotton being the most common. Cotton accounts for 60% of the Indian textile industry. Silk, jute, wool, and man-made fibers are among the other fibers produced in India. Karnataka, Telangana, Gujarat, Maharashtra, and Rajasthan are some of the major Indian states with textile industries. The textiles industry in India covers a wide range of industries and goods, providing to a wide range of market segments both domestically and internationally. India's textile exports totaled \$29.8 billion from April to December 2021, according to the textile ministry.

The new corona virus has contaminated practically every country on the planet and has changed the way businesses operate. Textile exports slowed in FY20 due to a pandemic that disrupted the supply chain and demand. The Covid 19 pandemic had a substantial influence on the Indian textile sector, causing sales to drop by roughly 11% in 2020 compared to previous years. In terms of employment and foreign exchange, India's textile sector is the largest and most important. It accounts for 5% of GDP and 15% of foreign trade earnings. In terms of the textile business, the Corona crisis has had a negative impact on several aspects such as human resources and employment, manufacturing, trends, and so on. The Coronavirus pandemic caused chaos on India's textile sector, both in terms of export and import. Despite the epidemic, it increased at a steady rate of 9% in FY21.

This research paper will try to identify various challenges and that had fallen into the Indian textile industry and trade fluctuations India had gone through due to the COVID-19 pandemic.

### **Literature review:**

#### 1) Impact of coronavirus outbreak on Indian textile sector (Jain, 2020)

The textile industry is ranked second after agriculture, according to this research article. This is one of the oldest industries, and it has contributed significantly to the national economy. India's textile sector includes 1200 small, medium, and large-scale textile mills. However, the Indian textile sector was severely impacted by the covid-19 outbreak. The Corona crisis has had a significant impact on international trade, as well as having a second-stage effect on local markets, with both foreign trade and a smaller domestic market creating lower revenue. In terms of the textile sector, this crisis has had a negative impact on the bulk of India's international trading markets. Covid-19 has not left any area of the globe, putting the world in a precarious situation. It is the second-largest business segment after farming, and it employs over 45 million people directly and 60 million indirectly, resulting in a massive workforce in our country. After the crisis, the textile industry will be in a strong position in terms of manufacturing and employment.

#### 2) Challenges: A study of Textile Industry in India. (Dalal, 2019)

This research paper focuses on the textile industry in India and analyses where there is a potential for the industry to contribute to the government's "Make in India" policy and fulfil expanding local and export demand by overcoming the hurdles that the sector faces. Outdated technology, a poor working environment, labor-related issues, and other obstacles faced by the textile sector are mentioned in the article. The textile sector should strengthen infrastructure, technology, production interrelationships, and marketing interrelationships to reduce cost, increase productivity, and efficiency in order to compete in the global market, according to the author's conclusion in the article.

#### 3) Indian textile industry: Challenges and Suggestions. (Laksha, 2020)

The significance of India's textile sector in terms of export and import, challenges in the textile sector, and a strategy for improving India's competitiveness were all investigated in this article. With an unparalleled raw material base and manufacturing capabilities across the value chain, India's textile industry is one of the world's largest. From April 2000 to June 2020, the industry attracted \$3.45 billion in foreign direct investment. Some of the issues mentioned in the article include a shortage of raw materials, infrastructure constraints, and increasing raw material costs owing to the epidemic. Despite the pandemic, the Indian textiles industry appears to have a bright future, driven by high domestic and export demand.

#### 4) Overview of Textiles Industry in India and Impact of Covid-19. (Tele, 2020)

The article provides an overview of the textile industry in India, as well as its current state and performance. With roughly 11.4 percent of India's overall export earnings for the fiscal year ending 2018-19, the textile industry is one of the most important contributors to the country's export earnings. Despite its significant global market share and contribution of 2.3 percent of India's GDP, the textile sector has been severely impacted by the corona virus epidemic in FY2019-20. The domestic market is likely to fall by roughly 28 percent -30 percent to USD 61 billion as a result of the pandemic's spread (INR 4,163 billion). The Indian government has implemented a number of initiatives to help the textile sector's long-term growth. India has the potential to reach USD 70 billion (INR 5,242 billion) in exports and a substantially larger part of the world market by 2024, according to figures given by the Indian textile industry.

#### 5) Indian Textile and Apparel Industry 2021. (Advisors, 2021)

The study examines the Indian production of textiles sector in the year 2020. For every industry, the year 2020 has been the most difficult in their lives. What began off as a bright year for the textile business rapidly collapsed. The COVID-19 epidemic brought the entire world to a stop, disrupting markets and supply networks globally in an appropriate way. Manufacturing shutdowns, cancelled orders, and stopped logistics are all examples of how Covid 19 has damaged the Indian textile business. From 2019-20, the textile industry is predicted to recover and increase at a 10% CAGR, reaching US\$ 190 billion by 2025-26.

#### 6) Textile Industry & Market Growth in India. (IBEF, 2021)

The textile industry in India is one of the country's oldest, having existed for several centuries. Around 4.5 crore people are working in India's textile sector, including 35.22 lakh handloom workers. Despite the outbreak of Covid 19, India is taking great steps to strengthen its technological textile industry. The need for technical textiles in the form of PPE suits and equipment is increasing as a result of the epidemic. The government is assisting the industry by providing financing and machinery subsidies. In compared to other industries in the country, the textiles industry has a strong relationship with agriculture as well as the country's traditional culture and traditions. India's textile sector has the capacity to create a wide range of products appropriate for a variety of market segments, both domestically and internationally.

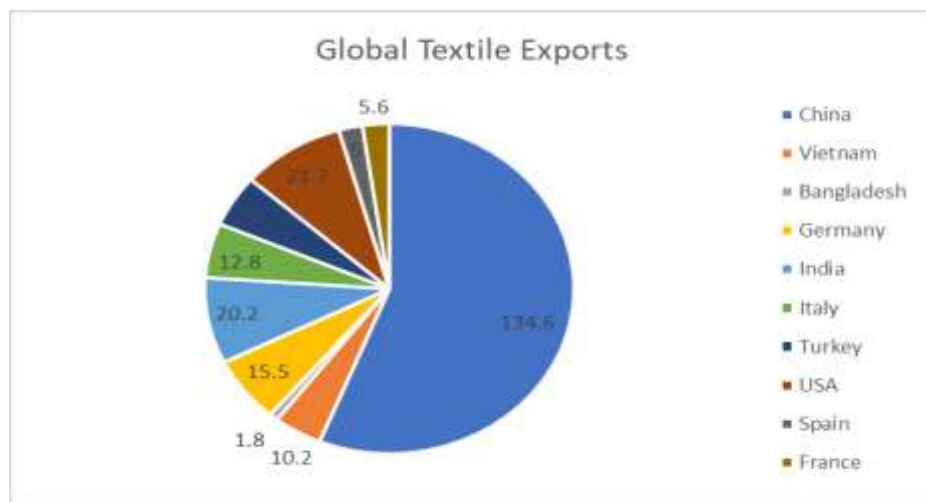
### **Research methodology:**

For literature review and analysis of challenges, various trends, Market size, textile industries trade, following database sources being used: Web of science, articles, journals etc. Furthermore, google scholar searches were performed. Search words and phrases includes of Textile industry, challenges, trade, impact, pandemic. The data used is secondary data which has already been obtained and reported somewhere else for specific reason.

**Data analysis:**

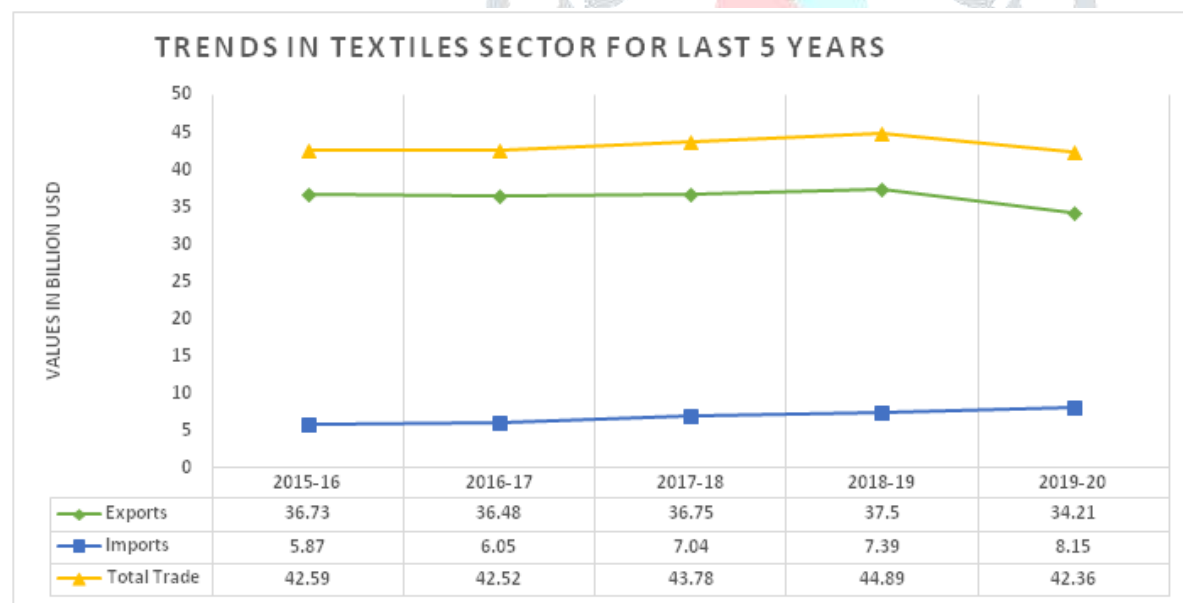
Global textile industry trade:

In 2019, China's share in global Textile trade was 34% means 134.6 billion the percentage has decreased from 39% in 2015. In 2019, Vietnam and Bangladesh ranked second and third in textile exports, respectively. India is the world's fifth largest exporter of textiles, with US\$ 20.2 billion in exports.



Source: UN Comtrade and Wazir analysis

Trends in textile sector for last five years in India.



Source: Ministry of commerce and Industry

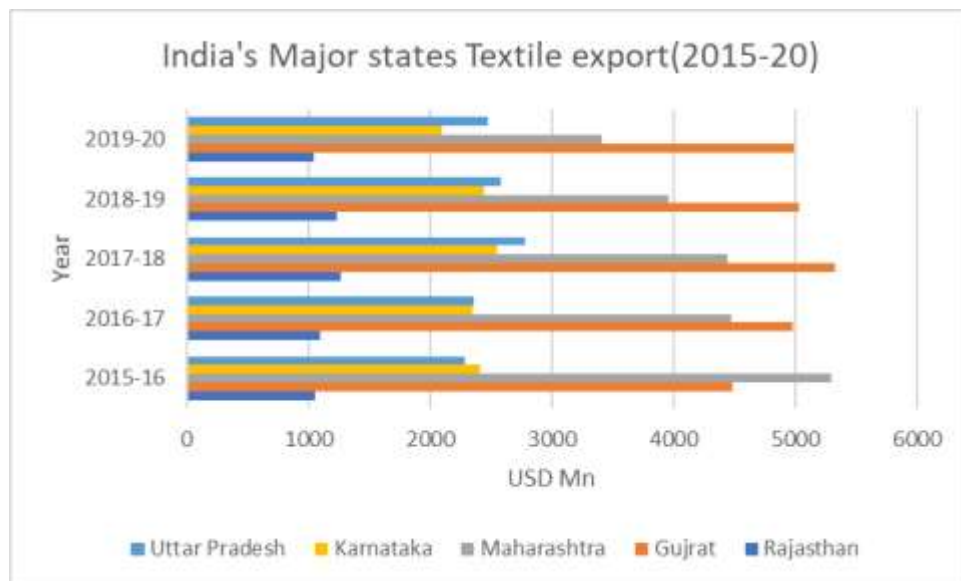
Although India's textile trade has been steadily expanding since 2016-17, it experienced a modest drop in 2019-20. In 2019-20, overall textile trade was USD 42.36 billion, down from USD 44.89 billion in 2018-19. Textile exports totaled USD 34.21 billion, while textile imports totaled USD 8.15 billion. During the 2019-2020 fiscal year, textile exports decreased by (-) 8.74 percent, while textile imports increased by 10.33 percent. Textiles accounted for 11.34 percent of India's gross export basket in 2019-20.

Trends in textile sector in Indian states.

India's textile sector is the world's second largest maker and exporter. The Indian economy relies heavily on the sector. Rajasthan, Gujrat, Maharashtra, Karnataka, and Uttar Pradesh are the five biggest textile-producing states in India. These states contribute significantly to India's industrial production, GDP, employment, and exports. With the various sorts of items exported, Rajasthan's textile industry has evolved its own haute couture over the years. In terms of the textile sector, Gujarat has distinct advantages. It is presently India's leading cotton grower,

accounting for more than a third of the country's total cotton production. The textile sector in Maharashtra is strategically important to the country because it is the single largest employment and accounts for over a quarter of India's total exports. In terms of India's significant textile sector, Karnataka and Uttar Pradesh are also major contributors.

State wise textile export of Five major states in India.



Source: Press Information Bureau (Government of India)

Maharashtra is India's largest exporter, with cotton being the most popular product. Exports of textile items from India's above-mentioned states climbed from 2015 to 2017, however as a result of the world's latest coronavirus epidemic, Indian states saw a minor dip from 2018 to 2020. In order to recover from the crisis, India's textile manufacturing states have encountered numerous obstacles. Despite the pandemic, India has had sustained growth in the recent year. In the year 2019-20, India's total exports would be 211,691 million dollars (Apr-Nov).

Commodity-wise export/ import data of Indian textile from last five years:



Source: Ministry of Textile

Cotton textiles, handloom items, carpets, jute products, and man-made textiles are all part of India's textiles industry. Exports of all major commodities fell by 2% in 2019-20 as a result of covid breakup, falling from 36,558 USD Mn in 2018-19 to 33,377 USD Mn in 2019-20. Imports of all major commodities increased in 2019-20, accounting for 7,500 USD Mn of total imports.

India is a major textile producer in the globe. In India, the textile sector accounts for 5% of GDP, 7% of value-added output, and 12% of export revenues. Textiles are India's largest single industry, responsible for a significant portion of the country's total industrial output.

**Findings:**

1. India's textile industry encompasses a wide range of industries, and the industry's turnover has decreased in recent years if compared to the pre-covid period.
2. A novel coronavirus has caused damage on India's textile industry, causing plenty of problems.
3. There is a significant difference in revenue and growth between the pre-pandemic and post-pandemic periods in the textile industry.
4. The most important commodity traded in Indian states was cotton.
5. Despite the Covid-19 duster, India is expected to grow significantly between FY2020 and FY2020-21.
6. India is the world's sixth largest textile exporter, with a high degree of concentration on major states highlighted in the study.

**Conclusion:**

Textiles are India's second largest sector, after agriculture. Textiles are one of India's oldest businesses and play a significant role in the country's economy. With a big raw material and textile manufacturing base, India's textile industry is one of the world's largest. Cotton continues to be the most important raw material in the Indian textile industry, accounting for around 65 percent of all raw materials utilized in the major industrial states. India encountered difficulties in the textile sector during FY2019-20 as a result of the Covid 19 pandemic, but it maintained its growth despite the challenges it suffered throughout the outbreak. The textile industry meets one of people's most fundamental requirements, therefore it is critical that it continues to grow in order to improve quality of life.

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