



ECONOMIC SIGNIFICANCE OF TIRUPUR KNITWEAR SECTOR

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ABSTRACT

The primary objective of the study is to study the strength and opportunities of Tirupur knitwear Industry. At present, the rising demand for textiles and apparel to manufacture premium quality clothing and footwear represents one of the key factors influencing the market positively in India. Besides this, the Government of India is undertaking initiatives to empower domestic textile manufacturers. They are consequently providing financial assistance to the weavers by launching production-linked incentive (PLI) schemes to improve the production of textiles and apparel in the country. In addition, the easy accessibility and availability of various raw materials, such as cotton, wool, and silk, in India is contributing to the growth of the market. Apart from this, key market players are manufacturing textiles and apparel with sustainable and ethically sourced materials, such as vegan leather and plant-based faux fur, to prevent animal cruelty and reduce the implementation of unethical practices in rearing animals. They are also minimizing the use of various toxic chemicals in the textile processing and dyeing method to reduce water pollution in India. Additionally, the rising utilization of various silks and leather by luxury apparel brands to manufacture multiple clothing items and durable bags and footwear is propelling the growth of the market in the country.

Key words: Clothing and footwear, Apparel, Production-linked incentive, Sustainable and Durable.

1. INDIAN TEXTILE AND APPAREL MARKET TRENDS

The Indian textile and apparel market size reached US\$ 172.3 Billion in 2022. Looking forward, IMARC Group expects the market to reach US\$ 387.3 Billion by 2028, exhibiting a growth rate (CAGR) of 14.59% during 2023-2028. The increasing demand for premium quality clothing and footwear items, rising number of schemes launched by the Government of India to empower weavers, and the growing ethically sourced sustainable materials represent some of the key factors driving the market. Moreover, the growing number of e-commerce businesses and distribution channels selling premium quality fabrics and apparel online is offering a favorable market outlook.

Furthermore, the increasing demand for durable and long-lasting clothing and footwear items due to the rising awareness about the harmful impacts of fast fashion on the environment is bolstering the market growth in India.

1. OBJECTIVES OF THE STUDY

1. To find out the economic significance of Tirupur Knitwear industry.
2. To examine the Strength, weakness, opportunities and threats of Tirupur knitwear sector.
3. To analyse the various obstacles faced by Indian garment Industry.

Period of Study : Period of study covers five years from 2018 to 2023. Secondary data collection method is adopted in this study.

TABLE: 1.1
MAJOR MARKETS FOR APPAREL WORLD WIDE

Sl.No	Countries	Market Share (Values in US \$ Billion)	Percentage of Share
1.	EU-27	355	30.98
2.	US	230	20.07
3.	China	165	14.40
4.	Japan	110	9.60
5.	Brazil	60	5.24
6.	India	46	4.01
7.	Russia	45	3.93
8.	Canada	30	2.62
9.	Australia	25	2.18
10.	Rest world	80	6.98
	Total	1146	100.00

Source: <https://www.textilemates.com/textile-business-global-market-present-future/>

The current Global apparel market is estimated at approximately US\$ 1.15 trillion which forms nearly 1.8per cent of the world GDP. Almost 75per cent of this market is concentrated in EU-27, USA, China and Japan. The next largest markets are Brazil, India, Russia, Canada, and Australia, in descending order with a share of approximately 18per cent.

2. ECONOMIC SIGNIFICANCE OF TIRUPUR KNITWEAR SECTOR

The word Hosiery is probably derived from the French word Bonnet Eric “Hose”. Hosiery of knitting principles stretch back to pre-historic times. However, the cotton hosiery industry made its first appearance in India in1893 in Calcutta and after theist world war more cotton, woollen, synthetic hosiery units came into existence in Bengal, Ludhiana, Mumbai, Kerala and also in Madras province. But till 1924 Tiruppur was not known for its knitting factories. The first banian factory in Tiruppur was started in 1925. With the advent of electricity in Tiruppur in

1931 more knitting and weaving factories came into existence. Initially, all the knitting machines were imported from Germany, Japan and New York. By 1942, there were 34 Hosiery factories in Tiruppur.

Performance of Tirupur Hosiery Sector

Tirupur a separated district from Coimbatore has been placed in the knitwear map of global apart from catering to the whole India. The success story of Tirupur can be mainly attributed to the entrepreneurial skills of the people coupled with hard work, commitment to the job. About 45per cent of India's garment exports are in the form of knitwear, and here the Tamil Nadu center of Tirupur plays a pivotal role, generating as much as 90per cent of knitted 4 garment exports – in other words, about 4per cent of India's total export trade. Known as 'T-Shirt City', the development of Tirupur is thus critical for the country's commercial prospects and progress towards sustainable development. The nearby areas of Tirupur like Somanur, Avinashi, Palladam and Koduvai are also actively involved in Textile industry.

3. SWOT ANALYSIS OF TIRUPUR KNITWEAR SECTOR

Strength	Weaknesses
<ul style="list-style-type: none"> • Healthy growth rate of the sector • Sustaining its market /business scope • Strong entrepreneurial base • Strong base of the economy • Change in pattern of demand • /fashion of consumers –demographic dividend • Fast growing domestic market 	<ul style="list-style-type: none"> • Raw material supply and its cost - cotton and yarn/fiber • Fluctuating power supply and frequent power cuts • Increasing interest rates • Global crisis – slow recovery by some Countries • Shortage of skill/trained manpower • Environmental issues • Lack of strong linkage between raw material supplier and apparel manufacturers • Highly fragmented units • High dependence on US and EU exports
Opportunity	Threats
<ul style="list-style-type: none"> • Strong domestic and international demand • Removal of Quota system • Its quality in the global market • Government support - TUFS • Keeping up of customers in global market 	<ul style="list-style-type: none"> • Increasing cost of inputs especially cotton and yarn • Inflationary pressure - rate of interest • Competition from neighbours (Bangladesh, China and Pakistan) • High transaction and power cost • Fluctuating demand in exports due to

<ul style="list-style-type: none"> Flexibility in production of even small orders 	elimination of quota
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Source: Indrakumar (2013), Employment Intensity of Output: An Analysis of Non-Agriculture Sectors, Institute of Applied Manpower Research Planning Commission, Government of India, IAMR Report No. 12/2013, PP. 40.

4. SEVERAL OBSTACLES FACED BY THE INDIAN TEXTILE INDUSTRY RECENTLY

- In the last financial year, the pandemic was still at a great height that eventually led to the closure of several manufacturing units in the textile industry. These factory owners were forced to close due to the shortage of manpower. The lack of funds to buy raw materials for production was another drawback in this industry.
- According to the government rules, all textile factories had to work with only 50% manpower. Thus, these companies could not meet the deadlines of bulk orders, though such orders were rare to receive at that time.
- The Indian government imposed new GST with higher rates on industries. So, the textile industry now finds it harder to pay the taxes on their sales. Therefore, business owners are quite agitated due to its negative impact.
- Political tensions or militant activities in some places hinder the smooth operations of the textile industry there. Many textile companies face severe labor shortages and a lack of regular transportation if their factories are located in remote places.
- The government provides financial support only to small and medium-scale companies. Hence, many business owners do not strive for further growth of their textile companies to keep on receiving those benefits.
- Cotton textile is the major player in the **Indian textile** industry. The price of cotton has risen too much now, which is a major setback for textile industry owners. They find it hard to maintain their supply chain due to this price hike.
- The inflation in the Indian economy results in frequent demands among laborers for salary hikes. Thus, industry owners do not find the means to expand their business and compete with global textile leaders from other countries.
- Common laborers do not have the skills to produce the best textile designs. They are not formally trained in textile manufacturing and learn only while working here. This practice has a negative effect on the quality of end products manufactured by these textile companies.
- Many textile business owners lack updated knowledge of the modern trend. Hence, they cannot produce stylish products that will satisfy global customers.
- The high cost of power in India is another hindrance to textile production. Most modern machines are power-driven, which raises the overall production costs for business owners.
- Unfavorable government policies in India also obstructed the growth of the textile industry. But other countries provide more support to their textile businesses. Thus, the textiles of India cannot compete with them in the global market.

5. USEFUL MEASURES TAKEN BY THE GOVERNMENT FOR THE INDIAN TEXTILE INDUSTRY

Fortunately, the Indian government has taken a series of positive steps to support the textile industry in this country. The Union Ministry of Textiles is more active in developing the textile industry, by constant coordination with

business owners of this sector. The Union Budget for 2022 – 23 also announced some benefits that can help in the growth of the **Indian textile** industry.

- The government has launched an Emergency Credit Line Guarantee Scheme. The aim of this scheme is to provide funds to micro and small textile business owners. This will help them to invest in increasing their production and minimize the effect of the pandemic. This scheme will be available till March 2023, with a huge guarantee cover.
- The Indian government has several portals for the welfare of laborers. Udyam, NCS, e-Shram, and ASEEM are the government portals that help people in finding employment in various MSMEs. All these portals are now interlinked to help business owners in finding manpower.
- The existing Credit Guarantee Trust for Micro and Small Enterprises is improved by adding more funds for textile business owners. Thus, they can spend more to expand their businesses and earn more revenue.
- The Indian government has allowed 100% Foreign Direct Investment (FDI) in the textile industry. Thus, it will be easier for small companies to grow and export their products to other countries.
- The National Technical Textiles Mission was proposed in the Union Budget for 2020 -21. It will be active till 2023 – 24 with an estimated expense of Rs 1480 crore for the betterment of the textile industry.
- The government has made the packaging of food grains, sugar, and other dry food materials only in jute sacks. This will boost the jute textile with better business profits in India.
- The rates of incentives for the exports of readymade garments and dress materials are increased from 2% to 4% by the Directorate General of Foreign Trade. Thus, textile industry owners can expect more profits by exporting their products now.
- The Indian government also approved the Integrated Wool Development Programme (IWDP) to support the production of woollen garments. The quality and production speed of woollen garments are also expected to improve with the use of high-quality materials.
- Scheme for Capacity Building in Textile Sector (SCBTS) is launched by the Cabinet Committee on Economic Affairs. An estimated expense of Rs 1300 crore was designated for this scheme, for the skill development in the textile industry.
- The Union Finance Minister has emphasized the development of infrastructure and the setting of centralized Effluent treatment plants for the textile industry. So, funds are allotted in the current budget for these purposes, for the best interest of this industry in India.
- The government has drawn certain schemes for farmers growing silk and cotton in India. This support provided for the promotion of Sericulture and cotton farming has decreased the prices of silk and cotton fibers. Thus, the availability of raw materials at lower prices has made it easier for textile industries to deal with these fibers.
- Production-linked incentive (PLI) scheme is launched for promoting the apparel industry, as stated by the Secretary of Textiles Ministry Upendra Prasad Singh.
- Prime Minister Mega Integrated Textile Region and Apparel (PM MITRA) is another beneficial scheme created for the betterment of the infrastructure of the textile industry.

6. KNITWEAR EXPORT FROM TIRUPUR

The exporters under Tirupur Exporters' Association (TEA) had been seeking a new technology upgradation fund (TUF) scheme (interest benefit on capex loans) for units, which have already made investments as well as those planning to make new investments. The exporters say continuous modernisation of machinery is need of the hour to fight the intense competition in the global export marketplace. The exporting units were under the anticipation that the new TUF scheme would come into effect from April 1, 2022 immediately after the expiry of the amended technology upgradation fund scheme (ATUFs) on March 31, 2022. Based on this expectation, the garment units including MSMEs started making investments in purchase of machinery and installing in their units.

The exporters' association had recently sought minimum Rs 10 crore as investment limit for industries that want to benefit under the second Production Linked Incentive (PLI) scheme for textiles. Tirupur cluster has 1,233 exports units and provides employment to 0.6 million people directly and 2,00,000 indirectly, 60% of them are women workers.

7. THE FUTURE OF THE INDIAN TEXTILE INDUSTRY

India is now recognized as the largest producer of cotton and jute garments in the world. There is tough competition from China, Bangladesh, Pakistan, and Vietnam for exporting textile products in the global market. Since the textile industry not only comprises large textile mills and high-end garment boutiques, self-employed artisans from rural areas are also promoted through government schemes, like MGNREGA. Many rural cooperatives and NGOs are also providing support to people working on a small-scale for the textile industry.

All garment manufacturing units are returning to the normal state though at a slow pace at present. The **Indian textile** industry is aiming to export products worth \$40 to \$100 billion within 2027. These garment units are fast expanding in size and investments, to meet the bulk orders pouring in from various foreign countries in the west. The promotion of this industry through several government schemes has been the greatest in the last three decades. The apparel industry is progressing fast with the manufacturing of more varieties of products. This textile business is also spreading in more countries across the world, leading to more earning of foreign money.

Narendra Goenka, the chairman of the Apparel Export Promotion Council has confirmed this speedy growth of the textile industry in India after the pandemic situation. The textile units based in Noida and Tirupur have taken the responsibility of meeting the export demands, which will start from May 2022. So, these units will increase their manpower up to 30%, due to which more skilled people will get employment there. The technical matters of the textile industry have improved a lot in recent years. However, the Indian textile industry still needs to progress in the research and development of designs. The quality of raw materials also needs to be upgraded for the production of the best quality garments. Now, the textile industry contributes 5% to the GDP from domestic trade and 7% from foreign exports. However, these values are expected to increase this year, making this industry one of the leaders in the Indian economy.

8.CONCLUSION

The hosiery industry in Tirupur has come a long way in exports. It reached greater heights under the quota system. At the time when WTO (World Trade Organisation) decided to dismantle the quota system, the Tirupur knitwear sector realised the fact that the rules of the game of exporting knitwear clothing and the market competitive status of Indian exporters would soon change. So, it started restructuring itself even before the quota system ended. The government, industry and the firms actively played their role in the restructuring process. In spite of these restructuring practices the industry faced number of bottlenecks like infrastructure, heavy cost and lean supply of raw materials, heavy cost of Indian products at international market, lack of subsidiaries and problems related to the ancillary industries i.e., job units in processing, labour turnover, taxation, power availability, environment population etc., these issues emerged as a major problem for the entire industry.

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