CHAPTER - 7
MAJOR FINDINGS & SUGGESTIONS

7.1 MAJOR FINDINGS

→ From 2000-01 to 2004-05, the production of Raw cotton has in creased by 1.7 this but that of cotton yarn and cotton fabrics have almost remained constant. The man producers of cotton fabrics is decentralized power loom sector followed by handlooms and then mills.

→ From productivity paint of view, on the basis of Growth rate and Compounded annual. Growth rate calculated of cotton cloth production and total cloth production on from 1995-96 to 2004-05, the growth rate & cotton cloth is lower (App.9%) as compared to total cloth production (42%). This is due to the price – sensitive customers shifting from cotton to blended and man-mades which has affected the productions & cotton.

→ The profitability & cotton textile industry as compared to other industries as profit after tax as percentage of net world is lower because of high interest cost on investment which are huge in this industry and high depreciation cost which is due to old and obsolescence technology technological obsolesce is more prominent in weaving and processing sectors which results in reducing fabrics productivity level and poor quality.
India ranks 2nd in the world in nimble of spindles and its also the 2nd largest exports & yarn which is clear from good utilization & its spindles and roots. The weaving sector is weak but from 1995-96 to 2004-05 there has been increase in the efficiency & rooms by 6%, 35% of the export earrings of India come form Indian textile 2 garment industry which it adds only 2-3% to the doper fill. Out of the total textile exports, garment exports are dominated by cotton fibre garments which is also 71% of the total garment exports. The maximum cotton textiles for exports is produced by decentralized power loom sector followed by handloom and then mills sector. But from point of value terms from 1985-86 to 1995-96, the value of cotton fabric exported by power loom is highest (75.5%), followed by mills (22.9%) and then handloom sector (1.6%).

Indian exports have grown at 13.4% per anum between 2002 to 2006.

India's major export markets are EU, US, Canada, Japan, UAE. It ranks 5th among the top 10 suppliers of textiles and clothing is US, ranks 3rd in supplying textiles to EU and 7th in supplying clothing to EU. In the year 2003. In all the markets china stands first and thus is a close competitor of India. But its worth noting that India’s unit value realization (UVR) is higher than that of China in both the major markets to much consume 70-80% of all textile world exports.

China is lowering its prices is out complete Indian exports globally. Chinese unit values have declined by an sage of 37% in 2002, which their garment exports have grew by more than 150%. However this strategy of china may not help them to have
sustainable development. Re-imposition of quota restrictions of China by EU of US till 2008 would affect it’s share in world exports adversely.

→ From January 2006 is and of 2008, Indian garment exporters will enjoy preferential exports to EU under the GSP. Now India ranks number one among the UK, US, Germany, Japan remain.

→ In the global market of textiles and clothing the main reason for India’s low value realization inspire of having a prominent position of in capacity terms, is that Indian firms primarily compete at low ends of the markets and compete on “factor cost” is the labour advantage. In order its maintain the position and grow in the world market are should compete on the basis of innovative fabrics of designs and high quality with latest technology the largest export market for India and so far not much progress has been made in exploring new markets in Latin America or else where. GSP beneficiaries to EU.

→ India’s inherent strengths in terms of strong multi-store row material base, low cost labour, intellectual capital, dynamic of vibrant enter premierships has been diluted to great extend due to high interest cost, high tariff - structure, structural anomalies of technology obsolescence which has badly affected the productivity, quality and cost competitiveness of Indian textile industry.

→ Looking to the strong presence of Indian textile industry in the world textile industry, and It’s poor performance and forth coming challenge us in the post MFA period. The government of India has
established various schemes like TUFS, NIFT, EPLs, TMC of SITP to improve the technology, productivity and compositeness of the industry. It has taken various steps to improve the infrastructure much need for FDIs and promote exports.

7.2. Suggestions:

→ The producers in developing countries like India face volume restrictions on their exports. They can enlarge the value of their sales by moving up their market segment into highest quality lines in their product category.

→ Indian suppliers of cotton fabrics and clothing should develop. A strong co-ordination of supply chain in which the following policies may help:

  → Should focus on technology – product process and practices should make strong inter-firm linkages.

  → Attract world class machinery firms & set up manufacturing R & D facilities in India.
Cotton being the base of value chain of cotton products promotional activities like - The cotton Gold Alliance (CGA) launched in India by cotton council International, aiming at increasing consumer awareness, appreciation and preference for 100% cotton products through consumer and trade promotional programmers in India – would be of great help to boost domestic demand for cotton fabrics which is loosing its share to blended and man – made.

Promotion of cotton products must be made to tap the upper class and upper middle class who can afford cotton like in Europe and Japan.

We can also accept the policy of “Cotton for the classes and man made for the masses”

Mills produce quality fabrics and realize high value in the world market Government should promote the cotton products promotion in mills sectors to earn enough foreign exchange and power looms to cloth the domestic masses

Mills wanting to export its cotton textiles should check of the tariff levels in the target markets in the web www.wto.org.

Product specific rules should be checked out either with regional textile mill association Indian Cotton Mills Federation or with confederation of Indian Industry head office

Firms have to improve competence in all the aspects of marketing namely product attributes, pricing promotion, physical distribution ace and the
There is no way out in the long run for the Indian textile firms to sustain the present global competition.

The textile firms should identify tariff and no-tariff barriers faced by the products in the target markets. Collect details, compile and assess them at industry level and present to the government through association / federation. In this WTO structure only government level interventions are possible.

To meet the challenge Indian textile industry needs to put in a lot of investments to overcome its inadequacies and to get the best technology, machinery, plant & expertise.

It needs to upgrade and expand our capacity and capabilities to meet the competition not only from China but also from smaller counties like Bangladesh and Shri Lanka. These two countries have benefits of advanced technology and equipments and export oriented plants set up by some industrialized in South East Asia which gives them an edge over Indian exports.

Several policy changes in the jurisdiction of Cento be made for the textile sector to throne and grow.

Indian Government should try safe-guard duty on imports to ensure that the lower duty does not result in dumping by far east and China.

Government should appoint WTO representative bodies for taking problems at Central state and district level.
Government intuitions can be facilitative in approvals of investment, joint ventures, exports modalities, imports facilities and like. A single window clearance and be limited.

Industry friendly labour laws can be enacted to attract skilled labours in the industry.

Looking at the development in WTO related issues Government should make relevant policy changes to pre-empt any punitive action by WTO.

Conclusion:

Looking at the GSP of India in EU and re-imposition of quota restriction on China along with China's UVR lowering each year.

The share of apparel exports of India's total textile exports may reach to 60% by financial year 2012 CITI]. But this is possible only by strengthening our fabric making and processing base.

Apart from this the government and the industry should joint hands to fight with the outer world. India's competitiveness in the world market in the cotton textiles and garments which is clear from chapter-6. Steps like NTC of the government should be geared up to the maximum speed as mill sector has the only ability to produce quality cotton products which can only fetch us good value realization. Power looms should be allotted the task of clothing the domestic classes.