CHAPTER – 5

CONCLUSION AND RECOMMENDATION FOR FUTURE RESEARCH

5.1 Conclusion

Cotton production and productivity has increased to 4.6 and 3.4 times respectively. This increase in production and productivity is more prominent than increase in cotton area during (1980-81 to 2010-11). Highest instability is observed for production during 1980-81 to 2010-11 compared to area and productivity. A slight increase in area and remarkable increase in productivity has contributed to the production of cotton for the year 1980-81 to 2010-11. Noteworthy boost in production during 2000-01 to 2010-11 is due to introduction of Bt cotton.

During 2000-01 to 2010-11, production, consumption and export of cotton has increased which explains that with increase in domestic consumption cotton is moving to value chain and export of cotton means earnings of foreign exchange.

Period I and III show highest instability in area for Karnataka and Tamil Nadu respectively and for period II and IV Andhra Pradesh shows the highest instability. Highest and lowest instability in area is observed in Karnataka and Maharashtra in 1980-81 to 1989-90. Madhya Pradesh and Punjab shows the greatest instability for production and productivity in period I and II. Gujarat shows the greatest fluctuation for period III and IV. Maharashtra shows the highest instability for productivity during III and IV periods.

During 1980-81 to 1989-90 increase in productivity in Punjab, Madhya Pradesh and Tamil Nadu has contributed to increase in production. In 1980-81 to 1989-90 cotton production has increased in Andhra Pradesh due to increase in cotton area. Production has increased in Gujarat and Maharashtra due to boost in area for period II. High growth rate in area has contributed to increase in production inspite of decrease in productivity in Rajasthan and Andhra Pradesh.
Inspite of decrease in area production has increased in Haryana due to very high growth rate in productivity in period III. During period III Gujarat shows very high growth rate in production due to extremely high increase in area and high increase in productivity. Same trend is observed for Maharashtra where contribution of productivity is more than area.

Andhra Pradesh in period III also has very high growth rate in production where both the area and productivity has almost same contribution. Gujarat, Maharashtra and Andhra Pradesh show high growth rate in production which has been contributed both by area as well as productivity.

There is increase in yarn production over a period of time but there is no as such rise in quality yarn count which has remained stagnant. Export of yarn mainly depends on domestic consumption and exchange rate. Yarn export suffers because of yarn quality. Due to yarn quality India is not getting good returns from yarn export. Share of cotton yarn count compared to blended and manmade after 1996 has not changed in true sense.

Cotton fabric production has soared since 1980 but between 1991 to 2001 blended and non cotton fabric have dominated the cotton fabric. This can be attributed to the fact that cotton production reduced and there was import of cotton from other countries during the period. Per capita availability of cotton cloth has increased two times whereas share of other clothes have increased five times from 1980-2010. During 1980s share of per capita availability of cotton cloth to other fabric is 75 to 25 percentages whereas in 2010 share seems to be equal.

There is no major change in export quantity of fabric and its value after 2005. It can be infer from the fact that fabric goes for value addition to next stage of processing and so on. It is observed that rate of returns from small weaving sector is more compared to medium and large sector. The policy of Indian government plays a major role in it by supporting the small sectors with the aim of supporting the traditional weaver class by providing incentives to the small sector. When the question of export arises quality is major concern. Small sector is incapable of meet the demand of international market due to capital and skill constraint, improper marketing strategy. Large and medium
scales are deprived of government support and are unable to avail facilities and as a result they are not able to perform well. In India this sector still remains as a scattered and unorganized sector.

Returns from printing is lucrative than dyeing as printing is a value added product than dyeing. Wider width generates four times more profit than narrow width of different quality. Profit from Processing of designer ladies wears fabric and shirting fabric is more. There is not much variation in average returns from processing in different companies due to proper selection of product mix.

In garment industry highly skilled labour is required. Labour requirement varies time to time due to large product varieties and demand fluctuation. Job insecurity is highest in this sector. After 2004-05 due to removal of MFA (multifibre agreement), export quantity and value of readymade goods and made-ups has increased but in 2007-08 due to recession exchange rate got reduced and consequently the export value reduced.

With product varieties in home furnishing among the companies the cost and profit remains significant. Study shows companies incurring more cost in labour earn more profit which reveals that skilled labours are employed generating value added product.

Cotton and yarn prices are more or less stable while price of greige fabric to garment or home furnishing are changeable depending upon the fashion, demand, brand etc. Companies going for volume production generally reduce the average cost and companies with composite unit reduce per unit cost compared to single unit.

Due to different objectives, profit and cost structure of Garment Company varies. Garment market is highly fluctuating. Demand for products is unpredictable as it is highly fashion oriented. On the other hand home furnishing market is comparatively stable. In India after 2000 many large companies have come up in home furnishing industry and supplying high valued product in bulk and thus earning good profit.
The value generates from cotton to yarn is 3 to 6 times, from cotton to greige fabric 5 to 10 times, cotton to processed fabric 8 to 16 times and more, cotton to garment 12-28 times and from cotton to home furnishing 16 to 24 times.

5.2 Recommendation

Indian farmers incur loss for not getting proper price for cotton. Contract farming is a good option for getting minimum support price to minimize the risk. Government should take proper pricing strategy to support cotton farmers by promoting cotton besides other crop. Agriculture extension programme designed for the cotton farmers needs to be more effective and suitable crop management is required.

To increase cotton production horizontal expansion of area is not an alternative option as other crops are also in priority list. Cotton productivity has to increase in order to augment overall production.

Yarn production increases over time in India. Production utilization of spindles is also (85-90) %. But yarn of higher counts lags far behind the other counts. Besides volume technology upgradation and enhancement of value addition is mandatory to match international demand. Spinning industry invest huge amount of fixed cost in spindles as these are imported. If India could have strong base in research and development it would have manufactured spindles domestically and fixed cost would have been reduced. Thus earning can be increased.

Weaving in India is still dominated by small scale industry. Small scale sector has high artistic skill but lacks capital, technology, and management. As a result this sector suffers for unable to supply market demand as per the volume, timely delivery and quality. These deficiencies have to be removed to make weaving industry competitive in long run. After agriculture weaving generates highest employment. If this sector is spread to other regions then more employment can be generated. Majority of the weaving sector is unorganized and conventional and lacks modernization. So financial aid should be provided in order to promote the sector.
Almost 32 industries are depended upon weaving sector. So if this sector can be improved it can develop these industries and earnings of Indian economy can be boosted. There are diverse distribution channel involved in weaving supply chain and hence these channels take away their share leaving a meager share for weavers.

Processing sector varies from hand processing to semi automatic to ultra modern machineries thus product quality ranges is vast starting from high value added to mediocre. India is having more numbers of traditional machineries than modern. Energy consumption (water, electricity, fuel) of traditional machinery is more compared to modern one. As a result considerable amount of energy is wasted and polluted. Water especially clean water which is very important for agriculture is used in wet processing. At this step water gets polluted and agriculture sector suffers for want of clean water. It is vital that recycling of water should be done so that water can be used in agriculture as well as in processing.

Capacity planning of processing capacity is important. As a result in India there is inconsistency between demand and production in processing sector. Consequently this sector suffers from high cost, under utilization of capacity, and unable to meet customer demand. India needs to come up with appropriate production strategy so that it can go for product varieties to fulfill the demands of greater market share.

Research and development (R&D) of small processing unit is either not developed or does not exist. So quality control is a major issue in these units. So companies face the problem of not processing the product at right first time. As a result damage or wastage is more results in increasing cost and thus delays in delivery. India loses the valuable customers and profit. It is imperative for India to emphasize on R&D in order to remain competitive in market.

Cotton textile sector is highly labour oriented and depends upon the labour skill. But India is still behind in skilled labour. Special attention has to be given to train labour in order to make them skillful so that proper utilization of resources can be done.
Domestic market for processing and garment segment is mostly seasonal. The market demand for these products is not stable throughout the year. So demand forecasting has to be accurate in order to supply product at the time when it is needed by the customers.

Garment is the only industry that is self-sufficient and complete in cotton value chain- producing everything from fibres to the highest value added finished product of garments. Its growth and vitality therefore has critical bearings on the Indian economy at large. But India being failed to create brand is unable to recognize in an international market. India’s share in garment product is (3-4) % in global market. To increase its earnings India needs to increase its share worldwide. For this strong resource base has to be developed by India. India has to develop product varieties so as to penetrate in the foreign market.

Garment industry competes on vast pool of skilled workers, flexible production systems, and a dynamic entrepreneurship with vibrant design creativity. India requires adopting all these strategies to endure in the long run.

Home furnishing sector competes on high quality and volume but India being unorganized and scattered in weaving sector is unable to supply superior quality and rejection percentage is high and lacks volume. As a result this sector suffers and loses earnings. All over world with increase in service sector especially hospital sector demand for home furnishing also increases. At this stage India needs to adopt strong steps to be competitive in this unit. Weaving sector needs to be more organized and consolidated. To increase volume from cotton production to processing proper management is required.

India is having 6% organized and 94% unorganized weaving sector. Home furnishing market is huge and soaring. There is high prospect for India to capture this market. Weaving sector is another area of high value addition and high profit can be earned. In this regard investment in research and development is mandatory. High craftsmanship and artistic nature of Indian weaving sector is unique and highly commendable. But this has to be supported by modern technology and skill has to be trained to match market demand.
Income of people increases so it makes them to afford highly value added home furnishing product. With increase in real estate demand for home furnishing is also increases. Market segmentation according to product varieties is required. Quality, quantity and price are the important factors that need to be researched and analyzed more intensively.

For efficient value addition overall supply chain has to be strong starting from the raw cotton to final or finished product. Value addition can be achieved by converting customer’s need into product. Government should support, form different models and provide financial and monetary incentives to cotton textile sector for its growth and development. Skill enhancement, research and development, cluster formation are the important criteria for attaining value addition.