



## **Cotton Textile Exports - Challenges & Opportunities**

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**(Sponsored by Government of India)**

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**"Economic Cooperation through Textile Trading"**

# Scheme of Presentation

*Indian Cottons*  
*Global Reach*  
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A Introduction

B Current Outlook

C Challenges & Opportunities

D Suggestions

***Cotton Textile Exports - Challenges & Opportunities***

## INDIAN TEXTILE INDUSTRY

- ❖ **Value Addition** in manufacturing sector – **12 %**
- ❖ **Gross Domestic Product (GDP)** – **4 %**
- ❖ **Export Earnings** of the total exports – **17%**
- ❖ Second **Largest employer** – **90 million** (Direct/Indirect)
- ❖ Replete with **Natural resources** – **Cotton, Jute and Silk**
- ❖ **Self-reliant** in the entire value chain – **fibre to fashion**

***INDIAN TEXTILE INDUSTRY is one of the mainstays  
of the National Economy***

## INDIAN ECONOMY

❖ **Robust Economic Scenario – Presently 8.6 % growth in GDP**

❖ **Growing Size of Economy**

2011 – US \$ 1.7 trillion

2020 – US \$ 6.0 trillion > Germany / Brazil = Japan

2025 – US \$ 10.0 trillion = 3<sup>rd</sup> largest after US & China

❖ **Export v/s Domestic Growth**

Export : 2010 = US \$ 26 billion → 2020 = US \$ 80 billion

Domestic : 2010 = US \$ 52 billion → 2020 = US \$ 140 billion

***Growth in INDIAN Economy has a large bearing on T&C trade with booming domestic market & export growth***

## KEY CHALLENGES – Cotton Textile Exports

- ❖ Traditional Markets (US, EU) – Sluggish Demand
- ❖ Emerging Economies – Higher Growth
- ❖ Shifting Fibre Preference – Cotton to Non Cotton

## Strategic Focus – Key Aspects

- ❖ Raw Material Supply – Raw material availability, Pricing
- ❖ Cost Competitiveness – Input & Transaction Costs
- ❖ Better Value Realisation – Diversification, Value Addition

***Exports can more competitive by scaling up operations and aiming high export growth rates as well as high export value realisation***

# Current Outlook

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## GOVERNMENT ROLE

- ❖ Infrastructure Expansion – TUFs
- ❖ Logistics Improvement – Transaction Costs
- ❖ Export Incentives – Tax Refunds

## Strategy for Doubling Exports

- ❖ Consolidation – Retaining Shares
- ❖ Diversification – Moving up the value chain: yarn → fabric
- ❖ Value Realisation – Diversify (Product / Market), Value Addition

***Strategic focus on consolidation, diversifying new markets & products and increase the value realization from these markets***

# Challenges

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## INDIAN v/s GLOBAL TEXTILE STANDARDS

- ❖ Labour Costs
- ❖ Interest Rates
- ❖ Power Costs
- ❖ Productivity & Skills
- ❖ Technology
- ❖ Production Integration
- ❖ Structural Anomalies
- ❖ Sustainable Development

***Both on the part of business community & policy makers need to work toward turning challenges to opportunities***

# Opportunities

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## INDIA – Developing Competencies over Traditional Strengths

### Traditional Strengths

- ❖ Competitive Labour Costs
- ❖ Abundant Raw Material
- ❖ Self Reliant - Fibre to Fashion
- ❖ Design & Skill Heritage

### Competitive Reforms

- ❖ 100% FDI in textiles
- ❖ Infrastructure Development
- ❖ Cluster Development
- ❖ Technology Upgradation

***India is well positioned to become the primary alternative after China for the global retailers and brand owners***

# Suggestions

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## Transforming Challenges to Opportunities

- ❖ Economies of Scale in manufacturing
- ❖ Improvised Supply chain integration
- ❖ Labour Productivity & Efficiency
- ❖ Skill Development & Training
- ❖ Quality – throughout the Value Chain
- ❖ Customer Preference
- ❖ Innovation & Value Addition

***Asian Countries targeting success need to increase competencies & capture market share from one another or outside Asia***

# Thank You !

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