SMALL SCALE UNITS IN THE TEXTILE SECTOR OF GUJARAT: A REVIEW

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Abstract: *The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14 percent to industrial production, 4 percent to the GDP, and 17 percent to the country's export earnings. It provides direct employment to over 35 million people, which includes a substantial number of SC/ST, and women. The Textiles sector is the second largest provider of employment after agriculture. (Ministry of textiles report, 2010-11) The share of clothing in total expenditure of households is estimated at 6.65 per cent in 2004-05 at all India level (365 days as reference period, NSSO, 61st Round), while expenditures on clothing account for more than 4.02 percent of total private consumption expenditures during 2006-07 (National Accounts Statistics, 2008). Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation. The present article is a study of the SSIs in the textile industry of Gujarat.*

Key Words: small scale units, textile industry,

1. INTRODUCTION:

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized power looms / hosiery and knitting sector from the largest section of the Textiles Sector. The close linkage of the Industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country. The major sub-sectors that comprise the textiles sector include the organized Cotton/Man-Made Fibre Textiles Mill Industry, the Man-Made Fibre / Filament Yarn Industry, the Wool and Woolen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports. The value chain comprises of spinning, weaving, knitting and garmenting. (Ministry of Textiles, 2010-2011)

Tracing the highly fragmented textile sector in the Indian economy throws up many issues vis-à-vis its many segments i.e. the mill segment, the handloom segment and the power loom segment. These segments vary in terms of technology, volume of output and form of production and are often found competing with each other. Following are some of facts of the textile industry of India compiled from the compendium of textile statistics of various years.

1. As of January 2006, there were 1779 cotton fiber textile mills in the organized sector. Of these 218 were composite mills which accounted for just 3% of total fabric production with 97% of the fabric production in the unorganized sector. The cloth production in the mill sector has fallen from 1714 million sq. mtrs. in 2000 to 1493 million sq.mtrs. in 2006, declining at a rate of 25 p.a. As a result the no. of sick units in the organized sector has increased.
2. The competitiveness of the composite mills has declined in comparison to power looms in the decentralized segment. Policy restrictions related to labour laws, and the fiscal advantage enjoyed by the handloom and the power loom sectors are two major reasons responsible for the decline in the mill sector.
3. Overall cloth production has been growing at 3.5%p.a.since 2000, with a growth largely driven by the power loom sector. According to the ministry of textiles this sector accounts for 63% of total cloth production and provides employment to about 4.815 million people.
4. The handloom sector is the second highest employment provider in the country after agriculture. It accounts for about 13% of total cloth produced in the country. This sector is marred by several problems like obsolete technology, unorganized production systems.
5. The knitting and hosiery units account for about 17% of fabric production. India has about 6000 knitting yarns registered as producers or exporters and most of them are in SSIs.

This article is an overview of the SSIs in the textile industry of Gujarat. The study is pertinent owing to the following reasons:

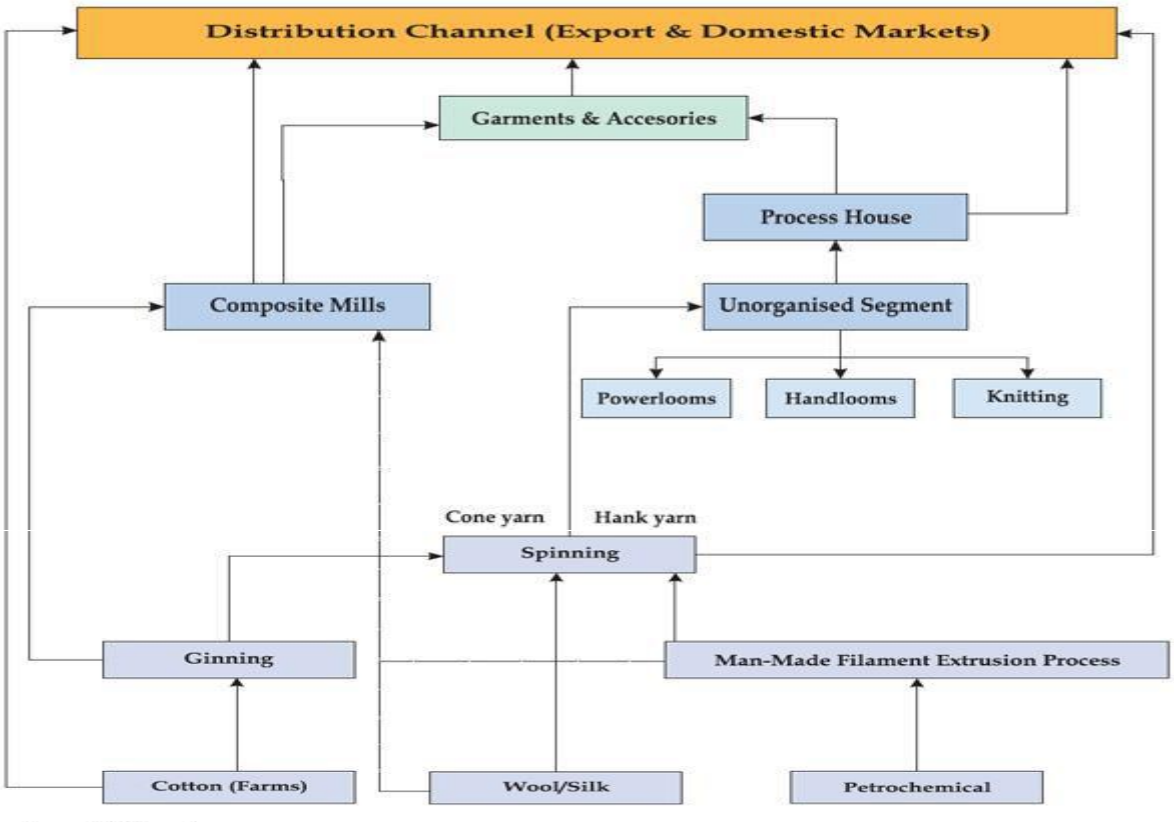
- Over a period of time Gujarat has registered an increase in the number of SMEs.
- Textiles including hosiery and garments account for the largest no. of SSIs, followed by other sectors in Gujarat. (Govt. of Gujarat reports)
- During the set back to the textile industry a few year back, growth was predominantly observed in the decentralized small scale sector.

In the present era the SSIs offer a sustainable model of economic activity. Their survival and adaptability to a variety of economic conditions has to be analyzed in a proper perspective in order to underline their viability. An informed debate on SSIs in the textile industry is marred by the paucity of reliable information given the geographical dispersion and heterogeneity of the industry. Taking into consideration the various perspectives namely from the government, industry, scholars, the weaver himself, the challenge is to engage these perspectives to create a content to understand this sector. Keeping this in view the article tries to study the following issues:

- To offer an understanding of the textile sector in India.
- To analyze the position and performance of the small scale units in the textile sector of Gujarat
- To present a SWOT analysis for the SSIs if the textile sector in Gujarat based on the findings
- To identify emerging areas in the textile sector of Gujarat with a special emphasis on SSIs and suggest possible strategies.

2. INDIAN TEXTILE INDUSTRY- STRUCTURE:

The Indian textile sector comprises the declining vertically-integrated, large-scale composite mill segment; a fast expanding decentralized small-scale manufacturing segment, and the power loom sectors. The role of the organized sector in fabric production has diminished over the years with its contribution dropping from 70% in the 1950s to 3-4% at present. This has mainly been on account of policy restrictions relating to labour laws and the fiscal advantages enjoyed by the small-scale and power loom sectors. (Compendium of Statistics, various years)



Market Structure *Source: D&B research, 2006*

Market structure linked up with value chain

Source: Ministry of Textiles

3. COMPOSITE MILLS:

Composite Mills are integrated large-scale mills that integrate spinning, weaving and, sometimes, fabric finishing. The state-wise spread of composite mills is illustrated below.

State-wise number of composite mills	
State	**No. Of Composite Mills**
Gujarat	44
Maharashtra	43
Tamil Nadu	25
Madhya Pradesh	11
Uttar Pradesh	10
Rajasthan	9
West Bengal	8
Karnataka	7
Others	19

Source: Ministry of textiles

Around 176 composite mills were operating at end-March 2008, with an installed capacity of 5.63 million spindles. Between 1995 and 2008, the weaving capacity of the composite mills has declined from 111,540 looms to 55,480 looms. Gujarat has a high no. of composite mills, as it primarily manufactures cotton based fabrics in the mill sector.

4. MAN MADE FIBERS (MMF):

The industry structure for most man-made fibres is concentrated, with a small number of players having a large share of capacity and production. The Indian MMF industry consists of two main sets of players: erstwhile textile players, and MMF producers (that is, non-diversified players). As of March 2008, there were 106 units in operation, comprising 32 in MMF/staple fibres, and 74 in MMFY. The installed capacity was 1.66 mtpa in MMF, and 2.10 mtpa in MMFY. In all synthetic fibres, the plant capacities of Indian players (except RIL and Indo Rama Synthetics Limited or IRSL; Grasim Industries Limited (GIL) in viscose fibres; and SRF Limited in nylon) are significantly lower than those of their international counterparts. (Ministry of Textiles)

5. SPINNING MILLS:

At end-March 2008, India had around 2,816 spinning mills including 1,219 in the small-scale industries (SSI) sector. These mills had an installed capacity of 34.41 million spindles (including 4.17 million in the SSI sector), and a workforce of 0.625 million (including 0.05 million in the SSI sector).Tamil Nadu (TN) has the highest number of spinning units and accounts for 65% of the total number of spinning units in the country.(Ministry of Textiles). The no. of spinning mills in Gujarat is around 37 of which around 60% of them are in the small scale sector.

State-wise number of spinning mills

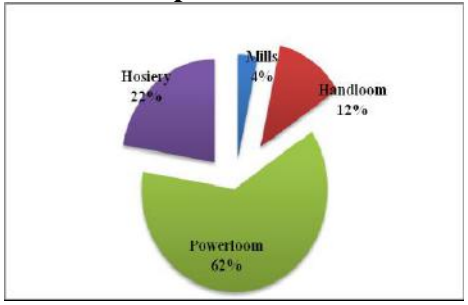
State	Non-SSI	SSI	Total
Tamil Nadu	868	976	1,844
Maharashtra	126	17	143
Haryana	66	72	138
Andhra Pradesh	108	20	128
Punjab	79	30	109
Uttar Pradesh	53	42	95
Gujarat	37	22	59

Source: Ministry of Textiles

6. FABRIC MANUFACTURING:

India's weaving and knitting sector is highly fragmented, small-scale, and labour-intensive. This sector consists of about 38.9 lakh handlooms as well as 4,70,000 power loom units operating around 21.1 lakh power looms. (Ministry of textiles)

Contribution of sectors in total cloth production



Source: Ministry of Textiles

The handloom sector is labour intensive in nature and accounts for 12% of the total cloth produced in the country. This sector is highly decentralized and handloom weavers can be found in over 400 clusters in the country. Power loom sector accounts for 62 % of the total fabric production in the country. Official reports of the Textile ministry say that Maharashtra, Tamil Nadu and Gujarat account for more than 80% of the number of installation of Power looms in India (As on 30.09.2006).(Ministry of Textiles)

State-wise number of power looms

States/UTs	Plain Loom	Semi-Automatic Loom	Automatic Loom	Shuttle-less Loom	Total
Maharashtra	833,722	35,200	13,000	4,034	885,956
Tamil Nadu	332,211	33,200	2,540	6,900	374,851
Gujarat	73,715	235,070	5,532	8,350	322,667
Madhya Pradesh	89,375	60	950	150	90,535
Karnataka	79,919	1,298	0	652	81,869
Uttar Pradesh	62,972	1,638	774	588	65,972
Andhra Pradesh	42,277	65	923	694	43,959
Rajasthan	22,965	1,800	3,228	7,801	35,794

Source: Ministry of textiles

7. FABRIC FINISHING UNITS:

Fabric Finishing Units include dyeing, printing, and other cloth preparation prior to the manufacture. This sub-segment is also dominated by a large number of independent, small-scale enterprises. These units can be broadly divided into following three segments:-

- Processing facilities attached to composite textile mills (Hi-Tech Segment)
- Non-SSI independent power processing units (Medium to Advanced Technology)
- Small scale processing units (Hand operated / motor operated primitive technology locally fabricated / power operated low technology machines)

The census of the power processing units by the Textiles Committee during the year 2005 has revealed that there were 2,510 power processing units in the country compared to 2,324 units in 1999-2000.Out of the 2,510 power processing units, 59 units are composite, 167 semi-composite and 2,284 the independent processing units. The major clusters of processing units are Mumbai, Surat, Ahmedabad, Delhi, Ludhiana, Amritsar and Tirupur.

8. CLOTHING / GARMENTING UNITS:

The clothing sector is the final stage of the textile value chain and the maximum value addition takes place at this stage. Apparel and clothing industry is fragmented and pre-dominantly in the small-scale sector excluding tailoring units, there are around 13,000 units of which 12,000 are SSI units. Most apparel manufacturers (80%) have small operations (with <20 sewing machines) while 99% of them are proprietorship/partnership concerns. The clothing industry is fragmented and pre-dominantly in the small-scale sector. The reason for this could be attributed to the SSI reservation policy which was in vogue till 2001 for woven apparels and up to March 2005 for knitwear. The quota policy which prevailed during the quota regime also did not encourage consolidation of the units. The apparel industry is concentrated primarily in 8 clusters, i.e., Tirupur, Ludhiana, Bangalore, National Capital Region or NCR (Delhi/Noida/Gurgaon), Mumbai, Kolkata, Jaipur, and Indore. While Tirupur, Ludhiana and Kolkata are major centres for knitwear; Bangalore, NCR, Mumbai, Jaipur, and Indore are major centres for woven garments. (Compendium of statistics, various years).

9. GUJARAT: TEXTILE INDUSTRY

The Government of India under the Ministry of Micro, Small and Medium Enterprises have in October 2006 enacted Micro, Small and Medium Enterprises Development Act 2006. Under the Act, Micro, Small and Medium Enterprises are classified as under:

Enterprises	Investment in Plant & Machinery (Manufacturing)	Investment in Equipment (service)
Micro	Up to Rs. 25 lakhs	Up to Rs. 10 lakhs
Small	Above Rs. 25 lakhs up to Rs. 5 crore	Above Rs. 10 lakhs up to Rs. 2 crore
Medium	Above Rs. 5 crore up to Rs. 10 crore	Above Rs. 2 crore up to Rs. 5 crore

Source: (Ministry of micro, small and medium enterprise), Annual Report 2010-2011

Over a period of time, Gujarat has registered a sizeable growth of SME sector. There were only 2169 small industries in 1961 at the time formation of the state. The number of SSIs increased continuously and has reached to over to 3,12,000 by September 2006. This may be observed from the following table:

Year	No. of SSI Units
1960	2,169
1970	15,849
1980	43,742
1990	1,15,384
2000	2,51,088
2005	3,06,646
2006 (up to September)	3,12,782

Source: Office of the Industries Commissionerate, Govt. of Gujarat

On the other hand, Small scale industries have also played an important role in dispersal of industries. Ahmedabad district leads the state with the highest number of SSI units followed by Surat, Rajkot and other districts. Following table presents the percentage share of number of SSI units in major districts.

Districts	No. of SSI Units (% Share)
Ahmedabad	21.02
Surat	15.15
Rajkot	10.38
Vadodara	5.91
Valsad	5.10
Mehsana	4.67
Bharuch	4.58
Kheda	4.32
Jamnagar	4.23
Bhavnagar	3.78
Other Districts	20.86
Gujarat	**100.00**

Source: Office of the Industries Commissionerate, Govt. of Gujarat

Development of small scale sector is spread across different industrial sectors. However, the trend when compared with large industries presents a different picture. Textile including hosiery and garments accounts for the largest number of SSI units, followed by other sectors. This can be observed from the following table.

SSI Registrations in Gujarat – Group-wise [As on 30/9/06]

S.No.	Industry Group	No. of SSI Units	% Share
1	Textiles	66914	21.39
2	Machinery and parts except electrical	23792	7.61
3	Metal products	23421	7.49
4	Food Products	16467	5.26
5	Chemical & chemical products	15553	4.97
6	Wood products	13498	4.32
7	Rubber & plastic products	11780	3.77
8	Non-metallic mineral products	11345	3.63
9	Basic metal industries	8795	2.81
10	Paper products & printing	8244	2.64
11	Electrical machinery and apparatus	6451	2.06
12	Transport equipments and parts	2944	0.94
13	Leather products	2476	0.79
14	Beverages, tobacco & tobacco products	1455	0.47
15	Others	99647	31.86
Total		**312782**	**100.00**

Source: Office of the Industries Commissionerate, Govt. of Gujarat

Gujarat is one of the leading industrial states in India and textile industry in particular had contributed in a big way to the industrialisation of the State. In fact, development of many industries likes, Dyestuff, Chemicals, Engineering/Foundry and Cotton farming is solely dependent on this sector. The State is well known for development of Hy-breed Cotton, Ginning, power looms, composite mills, spinning units and independent processing Houses.

Textile Industry in general has suffered a setback, in specific, in organized sector, all over the country in the recent past. Gujarat was not an exception to this development. However, growth is prominently observed in decentralized sectors e.g. Power loom and Textile Processing, mainly in Surat and Ahmedabad. Overall economic growth of the State is very much dependent on this sector. 24% to 28% of fixed investment, production value and employment of the SSI sector are from textiles alone. Further, 23% of GSDP comes out of textiles in the State in Gujarat in terms of employment both in the large and small sector accounting for about 25% employment generation in the state. This is in addition to employment generation in the rural areas connected to cotton cultivation. It is an important industrial sector with 11.5% share in the industrial production of the country. The state accounts for 125 share of country's total textile exports. Textile and apparel sector is the largest contributor 16% of the cultivated land area of the state is for cotton and Gujarat is the largest cotton producer in the country. About 30% of woven fabric from organized sector and 25% of decentralized powerloom sector of the country comes from this State alone. Large Fabric Process Houses are concentrated in Ahmedabad (250) and Surat (350) in the State. Surat is the largest Centre of Art Silk Fabric producing over 40% of the Art Silk fabric produced in the country. The State accounts for 12% share of the total textile exports of the country. A large number of Garment Units and Garment Processing Units are developed in urban areas of the State. (Business Standard, Feb 13, 2012)

In Gujarat, textile industry mainly manufactures cotton-based fabrics in Mill Sector. The major reason is being easy availability of the basic raw material in the State, i.e. Cotton. Similarly, many spinning units producing only 100% cotton yarns were established in the state. The State happened to be more conservative with cotton textile products mainly in organized sector. Surat art silk manufacturers are only exceptions, weaving, Synthetic Textiles in decentralized sector. Similarly, independent processing units' process synthetic blended and cotton fabrics. Clusters of processing units are located at Surat, Ahmedabad (Narol) and Jetpur. Though these units fall under decentralized sector, some of them operate on medium scale production capacity having good capability of processing wide range of fabrics (ASSOCHAM).

Ready-made garment manufacturers and hosiery knit wear units also exist in SSI category. In early 1990s, Gujarat saw a dramatic change in its textile industry scenario where quite a few textile mills started manufacturing denim. The Arvind Mills, Ashima Textiles, Soma Textiles, Modern Denim, Arvee Denim started manufacturing denim. So many mills at a time fetched a new name for Ahmedabad: "Denim City of India" whereas city of Surat became Silky City of India.

10. HANDLOOMS SEGMENT IN GUJARAT:

Handlooms come only after agriculture in providing employment to the rural masses in the country. However, in Gujarat, its share is small. As per the handloom census conducted in 1987-88, out of 37000 looms 22570 were working in the state. But, as per the handloom census recently conducted, the working handlooms have reduced to 17500. This indicates that handloom activity is losing its importance in the rural economy. The Central Government has enacted a law to reserve many items for handloom production, in order to protect the sector from competition with power looms. About 0.90 lakh artisans are engaged in some activity relating to handlooms, out of which 0.38 lakh artisans are covered directly under one or other scheme of the Government, implemented either directly by DICs or through the Gujarat State Handloom and Handicraft Development Corporation. There are 1234 handloom co-operatives with 62,934 members (Industries and mines department, Govt. of Gujarat)

State wise distribution of handloom clusters

S.No.	State	No. of clusters
1	Maharashtra	25
2	Gujarat	20
3	Punjab	15
4	Rajasthan	14
5	Uttar Pradesh	13
6	Haryana	12
7	West Bengal	9
8	Tamil Nadu	8
9	Himachal Pradesh	5

Source: www.indianhandloomscluster-dchl.net

Cluster with Specialization in Gujarat

Cluster location	Product specialization
Ahmedabad	RMG
Jetpur (Rajkot)	Textile Printing
Gandhinagar	Powerloom
Surat	Powerloom
Vijapur	Weaving

Geographical spread of artisan based rural clusters

S.No.	State	No. of Clusters
1	Arunachal Pradesh	11
2	Assam	20
3	A&N Islands	7
4	Andhra Pradesh	43
5	Bihar	65
6	Delhi	2
7	Gujarat	67
8	Haryana	41
9	Himachal Pradesh	35
10	Jammu & Kashmir	55
11	Karnataka	54
12	Kerala	34
13	Lakshadweep	9
14	Maharashtra	41
15	Manipur	6
16	Mizoram	6
17	Madhya Pradesh	47
18	Nagaland	8
19	Orissa	41
20	Punjab	37
21	Rajasthan	98
22	Sikkim	2
23	Tripura	11
24	Tamil Nadu	61
25	Uttar Pradesh	85
26	West Bengal	31

Source: www.indianhandloomscluster-dchl.net

It would be interesting to note that the industrially developed states of Maharashtra, Gujarat, Punjab, Rajasthan, Tamil Nadu and Haryana have the maximum number of clusters. The top six industrially developed states out of the 25 states in the country account for 54.3 % of the SSI units. Traditionally certain communities viz. Gujaratis, Marwaris and Punjabis have been a rich source of entrepreneurial talent and this could be one of the reasons for the growth of clusters in Maharashtra, Gujarat, Punjab and Haryana.

Production Related Information in Power loom Units on an Average

Activity	Gujarat	
Type of fabric	Synthetic	Cotton
Varieties produced	Gray fabric	Long cloth
Fabric Production sq. mt/year/unit	453196	657801
Production sq.mt / loom / year	23257	33025
Fabric Production sq.mt / day / unit	1579	2276
Production sq.mt / loom / day	81	114
Average size of unit (no. of loom)	20	20
Production sq.mt / worker / day / shift / unit	58	92
Main workers required / loom / shift	0.8	0.7
Number of working day / year	288	291
Number of working hours / day	24	16
Wage / worker / day / shift (Rs)	104	95

Source: NCAER 2008

Parameter wise Operational Cost in Power loom Sector

Parameter	Gujarat	
Type of fabric	Synthetic	Cotton
Varieties produced	Gray fabric	long cloth
Yarn	9.30	5.07
Auxiliary material	-	-
Transportation	-	-
Communication	-	-
Electricity	0.57	0.40
Maintenance expenditure on looms and other equipment	0.16	-
Wages	0.71	0.41
Total	10.74	5.89
Weight of fabric/ sq.mts. (gm)	72	42

Source: NCAER 2008

Production and Related Information in Handloom Unit on an Average

State	Gujarat
Type of fabric	Silk
Varieties produced	Saree
Fabric Production sq.mt / year / unit	3214
Production sq mt / loom / year	1023
Fabric Production sq.mt / day / unit	11
Production sq.mt / loom / day	3
Average size of unit (No. of loom)	3
Production sq.mt / worker / day	3
Main worker required per loom / shift	1
working hours / day	8
number of working day / year	299
Wage / worker / day (Rs)	100
Number of unit	10

Source: NCAER 2008

Operational wise Operational Cost in Handloom Sector

State	Gujarat
Type of fabric	Silk
Varieties produced	Saree
Yarn	107.18
Auxiliary material	11.12392
Transportation	-
Communication	-
Electricity	-
Maintenance expenditure on looms and other equipment	-
wage	10.13
Total	128.44
weight of fabric/sq met (grams)	-

Source: NCAER 2008

Production Related Information in Garment Sector

Parameter	Gujarat	
	Shirt	Pant
Pieces produced/year/unit	29338	22656
Production/machine /year (Pieces)	2147	1804
Production /day/unit (Pieces)	105	81
Production (pieces)/ machine/ day (8 hrs.)	8	6
workers/ day/ unit	18	16
Main workers required/ machine/ day	1	1
Number of working day/ year	280	280
Number of working hours/ day	9	9

Wage/piece/ day (Rs)	23	27
Size of the unit (no. of machines)	14	13
No. of Units Covered	9	

Source: NCAER 2008

Parameter wise Operational Cost in Garment Sector

Parameter	Gujarat	
	Shirt	Pant
Fabric	136.4	149.6
Auxiliary Material	20.0	17.0
Transportation	0.8	0.8
Communication	0.5	0.5
Electricity	3.5	3.5
Maintenance expenditure on machines and other equipment	0.9	0.9
Wages	22.8	26.7
Total	184.9	198.9
No. of Units Covered	9	

Source: NCAER 2008

11. FINDINGS (NCAER SURVEY) :

a. The production of fabric per loom per day made varies fibres-wise. Generally production per loom for cotton and cotton-synthetic blended fabric is higher compared to silk and wool fibres. Average production of silk saree per loom a day is about 7 sq. mt. in Gujarat.
b. The cost of production across cluster varies due to factors such as cost of yarn, weight of fabric per sq. metre, cost of dying, processing, power, transport & communication, maintenance of looms, labour and overheads, etc. In manufacturing grey cotton fabric, the cost of yarn in Gujarat is Rs.5.07 per sq.mt which is cheaper than other states.
c. It is observed that productivity per machine in knitted garment unit is much higher than in woven garment units. On an average, pant piece made are 6 in Gujarat
d. The average cost of production among various clusters of differ as quality of fabric, design, accessories used, quality of labour differ. The other factors affecting the cost of production such as cost of power, transport & communication, maintenance on machines, etc also differ. In manufacturing a modal shirt, fabric cost is Rs. 136.4 per piece in Gujarat.
e. But if the productivity per loom could be taken in to consideration, Gujarat (11.95 m per loom/ day), finds place in the top five states.
f. Power cost and adequate availability power also play a very important role in development of power loom sector in any cluster/state. Some states like Tamilnadu, Andhra Pradesh, Karnataka and Gujarat provide power subsidy to power looms. So power loom units in these states have an edge over other states.
g. In the state of Tamilnadu and Gujarat, power loom are mainly run around the clock i.e. 24 hours throughout the year. Units in these states are run in two shifts of 12 hours each.

Based on these findings following is a SWOT analysis for the SSIs in the textile sector of Gujarat.

SWOT Analysis

Strengths ▪ Self reliant ▪ Production flexibility ▪ Availability of raw material (cotton) ▪ Vibrant economy ▪ State level reforms	**Weaknesses** ▪ Decentralized and fragmented ▪ Dependent on cotton ▪ Declining mill segment ▪ Lagging in technology
Threats ▪ End of quota regime ▪ Customer preference for branded garments ▪ Increased state GDP&PCI ▪ Retail expansion	**Opportunities** ▪ Stiff competition from other countries ▪ Pricing pressures ▪ Labour and environmental laws ▪ High levels of FDI

Emerging Areas

Based on the SWOT analysis some of the emerging areas in the textile sector, especially for SSIs are as follows:

Conventional Textiles

- Ginning and Pressing
- Cotton & Synthetic based Spinning, Weaving & Processing Units
- Cotton Knitwear
- Terry Towel / Home Furnishing
- High valued Garment Manufacturing

Technical Textiles

- Protective Textiles
- Agro Textiles
- Geo Textiles
- Automotive Textiles
- Home Textiles

The still nascent technical textiles sector is a key emerging area with over 860 units in Gujarat (as per Government of Gujarat's survey report).The technical textile industry has grown from Rs 50,000 crore in 2010-11 to Rs 75,000 crore in 2011-12. This is further expected to grow to over Rs one lakh crore by 2012-13 due to huge growth in auto and other related sectors. In such a scenario, Gujarat is emerging as a technical textiles hub with an industry size of over Rs 20,000 crore," said Rawat while releasing the ASSOCHAM study. ASSOCHAM said the technical textile sector is set to grow by 11 per cent year-on-year and called for more thrust to the government's Technology Mission on Technical Textiles to promote textiles for automotive applications, medical textiles, geo-textiles, agro-textiles used for crop protection and protective clothing for fire fighters, bullet-proof jackets and space suits.

Infrastructure Development

- Integrated Textile and Apparel Park

12. GOVERNMENT MEASURES :

The Gujarat government is also taking a very big initiative in the all-round development of the textile sector with a focus on the small and medium enterprises. The 2011 Vibrant Summit attracted investments amounting to around Rs 252 billion in the textile sector. In all 139 MoUs were inked at the 2011 summit. The major portions of the investments were made in the spinning sector, followed by technical textiles and rest was accounted for by textile parks, fabric processing and apparel sector. Gujarat has a specific industrial policy for textile and apparel sector with a focus on cotton spinning, technical textiles and Textile & Apparel Parks. Policy provides additional interest subsidy and subsidy for Textile Parks over and above TUF Scheme of Union Ministry of Textiles. Gujarat provides margin money subsidy at 20 percent to power loom units on investment in TUF compatible specified machinery subject to a capital ceiling of Rs20million. It also provides 25 percent capital subsidy on purchase of new machinery and equipment for pre-loom and post-loom operations, hand looms/up-gradation of hand looms, testing and quality control equipments for hand loom production units.

An extensive skill development programme in the textile and garment sector is to be launched by leveraging the strength of the Textile Ministry to train 3 million individuals over a period of five years.

The Gujarat government also provides 4 percent interest reimbursement for spinning machinery and 5 percent interest reimbursement for remaining textile sectors. It has also made a provision for 40 percent capital subsidy for construction of group work shed under Group Work Shed Scheme (GWSS) for power loom sector. Over the last 10 years, Gujarat has doubled its capacity for Spinning Cotton and Blended Yarn and there is still a room to grow both in the area of Modern Ring Spinning and/or Open End Yarn.

Gujarat is the 2nd largest decentralized power loom concentrating State and here too, State has doubled its capacity during last 8 years. However, new opportunities are in the direction of Weaving (only with high speed looms and "shuttle-less" technology).

Gujarat being the largest producer of cotton, has obtained tremendous opportunities towards higher and higher value addition product by setting up Modern Process Houses (with the technology of low polluting and less energy costs) in one hand and Knitwear/Ready-made Garments in a big way on the other to fulfill the domestic and international market. Investment opportunities may be, therefore, explored for Cotton Ring Spinning (25,000 spindles), Open End Spinning (1000 rotors), Modern Process House, Shuttle less Weaving (50 looms), Ready-made garments unit and Non-woven and Technical Textile unit with appropriate technology.(Govt. of Gujarat report)

13. RECOMMENDATIONS:

1. As one of the leading industrial states in India, Gujarat needs to modernize and up-scale its textile and clothing industry besides setting up industrial parks for various segments of the value chain.
2. Textile units in Gujarat need to invest intensely in research and development for developing new products, reduce average costs of production and transaction, and improve raw material base for unleashing the growth potential,
3. De-reservation of the small sector can achieve economies of scale and adopt a synergistic approach.
4. Adherence to environment-linked investment norms should be applied right from the stage of cultivation to spinning and weaving to chemical processing to packaging.
5. Gujarat has to make a move from lower-end markets to value-for-money markets and trade high value-added products of global standards.

14. IMPLICATIONS FOR THE SSIs:

The industry is dominated by small, fragmented and non-integrated units with the exception of spinning sector. The spinning segments production is dominated by large units and has been able to undergo significant modernization at a rapid rate. In recent years, a trend towards consolidation and integration with the value chain upstream along with modernization in segments like garments has been witnessed. The ginning, weaving and processing sectors, on the other hand, lags behind as regards modernization. Within the weaving sector, increasing dominance of the power loom sector is being witnessed over the years. The garments sector is undergoing significant expansion and modernization process in recent years and this opportunity has been created through de-reservation. De-reservation of garment sector, introduction of TUFS, lowering of customs duties and MFA phase out are the major policy changes responsible for bringing these changes in the environment. The recent global slowdown has however impacted the prospects of this sector also.

The new business dynamics have varying undertones across the value chain. The segment that is likely to be hit is weaving. The SMEs in the power loom and handloom sector will face significant churn in the future. Spinning mills that account for majority of the yarn and fibre production, will move up the value chain into weaving. This will erode the viability of the hitherto protected power loom and handloom operators who have remained insulated from competitive forces so far. A possible remedy could be for these weavers to align with bigger players or integrate operations that would ensure off take of their products. The fragmented industry structure has in the past been beneficial in generating employment, but will be difficult to sustain in a globally competitive environment. For fabric manufacturers in the unorganized segment, this will mean inefficient units losing out eventually, while the more efficient and dynamic ones aligning with manufacturers or buyers. For readymade garment SMEs, rising demand and preference for ready- to- wear outfits in the domestic market will sustain a large number of units in this sector.

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