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Textile industry needs government support

The Covid-19 pandemic dealt a severe blow to the textile and apparel industry in India as the lockdowns reduced demand for office wear and fashionable clothing. Several units in the informal sector closed down as they could not withstand the economic blow due to fragile financial conditions, and this also led to loss of employment for many.

Although economic recovery is gaining traction, uncertainty about the extent of the outbreak of the new Omicron strain looms large on the recovery prospects of these enterprises. While the introduction of GST has led to formalization of many of the informal organizations in the sector, any hike in GST rates on textiles and clothing will only mar the revenues of these enterprises and serve as an existential threat for them.

In order to lift the financial prospects of the multitude of micro and small enterprises engaged in the clothing industry, the government needs to provide policy support for reducing their input costs, incentivize adoption of advanced manufacturing technologies, and lower lead time by providing necessary infrastructure.

To reap economies of scale, the Indian government is giving thrust to set up Mega Integrated Textile Region and Apparel parks, which can attract huge foreign investments as land availability, connectivity and plug-and play infrastructure are pre-requisites under this scheme. However, the government should ensure speedy implementation of the same.

A rational tax structure and improvement in quality standards are other pre-requisites for improving market access. India has entered into Comprehensive Economic Partnership Agreements (CEPA) with Japan and Republic of Korea, and is negotiating Free Trade Agreements (FTA) with Australia, UK, EU, Canada and Russia, among other countries. The Indian government should ensure competitive pricing of our apparel and clothing accessories and standardization of quality for gaining greater market access in these countries.

While India is one of the largest producers of cotton, silk, jute and synthetic fiber, the textile industry's focus should shift from export of basic raw materials, yarns and fabrics to value-added apparel and clothing accessories exports.

The Indian government is ushering various reforms to boost our presence in the international market such as through the Production-Linked Incentive scheme in Technical Textiles. However, we need to create a conducive economic environment and provide infrastructural support for our textile and apparel industry to prosper and acquire a leadership position in the global market.



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Notifications

PIB

Year End Review 2021: Department of Commerce, Ministry of Commerce and Industry

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1786269>

Year End Review 2021: Department for Promotion of Industry & Internal Trade, Ministry of Commerce and Industry

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1786148>

Year End Review 2021: Ministry of Micro, Small & Medium Enterprises

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1786356>

NITI Aayog Organizes National Workshop on Bamboo Development Mission

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1786433>

NITI Aayog releases 'Innovations For You' & 'The Ingenious Tinkerers'

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1786070>