



## Economic slowdown and its effect on textile sector

Zeba Jamal

Department of Textile and Apparel Designing, I.C. College of Home Science, C.C.S.

Haryana Agricultural University, Hisar (Haryana) India

(Email : [zebajamal@hau.ac.in](mailto:zebajamal@hau.ac.in))

**Introduction:** Indian textile industry is one of the pioneer industries in our nation. It is the second largest sector in terms of employment generation and productivity after agriculture. It caters to the employment opportunities for approximately 33.17 million workers directly and 54.85 million workers indirectly, making a massive total of 88.02 million. The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralized power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

**Economic slowdown and its effect:** Indian textile industry has gone through the metamorphosis from being a 'cottage industry' to the state of supremacy. Until the clutch of recession took over, it was a doorsill of growth. Indian textile industry was one of the world's best performing industries, during the past few years, but now there is a downtrend in the industry graph. Industry analysts predict that by the end of April 2020, approximately half a million direct workers from textile, garment and handicraft sectors will lose their jobs. Considering the other people who are indirectly associated with the textile industries, total direct and indirect job losses are expected to reach 6 million.

**Problems faced by textile sector in India:** The Indian textile industry is highly fragmented and is being dominated by the unorganized sector and small and medium industries. The changing government policies at the state and central government levels are posing major challenges to the textile industry. The tax structure GST (Goods and Service Tax) makes the garments expensive. Another important threat

is raising interest rates and labor wages and workers' salaries. There is higher level of attrition in the garment industry. Although central government is wooing the foreign investors the investment is coming in the textile industry. In India places such as Bangalore, Mumbai, New Delhi and Tirupur are the hubs of textile garment industries. These manufacturers have ability to produce the entire range of woven wear and knitwear at low cost with reasonably good quality within the short notices. The Indian textile industry has its own limitations such as accesses to latest technology and failures to meet global standards in the highly competitive export market. There is fierce competition from China, Bangladesh and Sri Lanka in the low price garment market. In the global market tariff and non-tariff barriers coupled with quota is posing major challenge to the Indian textile Industry. The environmental and social issues like child labor and personal safety norms are also some of the challenges for the textile industry in India.

**Conclusion:** Textile and apparel industry in India is hit hard by heavy interest rates, less domestic consumption, and cancelled export orders. It is feared by the textile industry people that the slowdown would not improve in the near future, making 2020 a gloomy year for the Textile and apparel industries. A further meltdown will be a huge blow on the economy of the country. The worst is not yet over for the textile and apparel sectors. Government of India has to take some favorable steps thus ensuring the growth and development of textile sector. The economic slowdown has to be taken good care of by the finance minister otherwise it will cripple the second largest industry just by breaking its backbone. The small scale industries are closing down at an alarming rate. Policies need to be reconstituted and revised for the industry to grow and flourish on its own. The job opportunities have to be recreated or else we will witness the death of our textile industry in near future.

Received : 01.12.2020

Revised : 06.10.2021

Accepted : 10.11.2021