

Contributing to Economic Growth

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Tirupati (Andhra Pradesh) and Raghurajpur (Odisha) are separated by over 1100 kilometers but one thing brings them closer and that is their association with project of linking 'Textiles with the Tourism.' These are the first two centres chosen for a project aiming to give textiles and handicrafts a new dimension.

Tirupati does not need an introduction but Raghurajpur does. This craft village is located near the temple city of Puri in Odisha and famous for its pattachitra, palm leaf art, traditional stone carving and idol making with papier-mâché. It has kept its age-old craft traditions alive. It is connected through Bhubaneswar-Puri national highway. It is home to just 140 families, and perhaps India's only village where every household is involved in producing handicrafts. It has a crafts library, an interpretation centre, an amphitheatre and guest houses. The village is hosting not just Indians but foreigners too and earning more. Tourism has given a new identity to this village and the best part is that nearby villages have also benefitted from this identity.

This initiative has helped, even in a limited way, the traditional sector to get a face lift. Also, it is helping this sector to contribute more to the economic growth. No doubt, the textile sector has been one of the oldest industries in India currently estimated at around US\$ 150 billion and expected to reach US\$ 250 billion soon. It contributed seven per cent of the industry output (in value terms), 15 per cent in export earnings and over two per cent in GDP

(Gross Domestic Product) of India in 2017-18. Overall textile exports during fiscal year 2017-18 stood at US\$ 39.2 billion.

Similarly, during the first seven months of the fiscal year 2018-19 (April-October, 2018, textile and apparel exports stood at US\$ 22.9



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billion. This industry is now on the way to becoming the second largest manufacturer and exporter in the world, after China. It is intrinsically intertwined with the rich cultural heritage and traditions of the country. The fact that 45 per cent of textiles and apparel are exported to developed countries is a testimony to the unique brand of Indian textiles.

Textiles and handicrafts have been a key source of employment. As per the latest available Annual Survey of Industries data, number of persons employed in the organised Textile and Wearing Apparel Sector is around 26,48,238 in 2015-16 and 26,94,280 in 2016-17. Further, the handloom sector provides direct and indirect employment to 43 lakh weavers and allied workers. There are 68.86 lakh handicraft artisans. The handloom and handicrafts sector together provide about 111 lakh employment both in the organized and unorganized sector.

Handicrafts Sector

It is mainly an un-organised and diversified sector with estimated 70

lakh artisans practicing 32 broad crafts categories throughout the country. To organize and standardize the Indian handicrafts, approximately 22.85 lakhs artisans have been trained under 'Pahchan' initiatives. Moreover 35 crafts have been identified as endangered crafts and 92 crafts have been registered under Geographical Indication Act.

For standardization of carpets, carpet rating scheme has been formulated, but handicraft items are mainly hand made. The beauty of handicrafts lies in the artistic hands of the artisans and each handicraft product is different from the other even if it is made by the same artisan using the same raw material. In an effort to establish authenticity of handmade products there is a scheme of handicraft mark. There is a direct marketing portal for handicrafts artisans to provide direct market access facility to genuine handicrafts artisans including tribal artisans working in the far-flung areas. Any handicraft artisan registered under 'Pachchan' can utilize this portal for marketing their products. Till date 302

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Cotton

Cotton has been a most important component of the textile and handicraft sector. In order to protect the interest of cotton farmers, the Minimum Support Price (MSP) has been increased for 2018-19 by 28 per cent and 26 per cent for Medium Staple Cotton and Long Staple Cotton respectively. Also, to pass on the benefit of MSP and to ensure remunerative price to a large section of cotton farmers, there is a nodal agency called Cotton Corporation of India (CCI). Also, if prices of seed cotton (kapas) touches the MSP level, this agency purchases entire quantity of kapas (FAQ grade) offered by the cotton farmers in various APMC market yards at MSP rates.

According to Cotton Association of India, cotton export is likely to come down to 50 lakh bales (lb) this season i.e. October 1, 2018 to September 30, 2019, ending September against 69 lb registered last year due to lower crop output this year.

Table 1: Share of Textile in GDP

Year	Share of Textiles and total manufacturing to GDP (Gross Domestic Product) at GVA (Gross Value Added) (In per cent)		Share of textiles to total manufacturing at GVA (In per cent)
	Textile	Manufacturing	
2013-14	2.16	18.08	11.92
2014-15	2.33	17.14	13.6
2015-16	2.22	17.84	12.43
2016-17	2.36	18.21	12.65

Source: National Accounts Statistics, 2015, 2016, 2017 & 2018.

Table 2: Employment

Year	Number of persons employed in		per cent age of employment in Textile Sector to total employment in manufacturing Sector (in per cent)
	Textile and Wearing Apparel Sector	Manufacturing	
2013-14	24,74,903	1,35,38,114	18.28
2014-15	25,26,610	1,38,81,386	18.20
2015-16	26,48,238	1,42,99,710	18.52
2016-17	26,94,280	1,49,09,052	18.07

Source: Annual Survey of Industries

Table 3: Export Textiles and Apparel including handicrafts

(in US\$ Million)

Year	Textiles	Apparel	Total
2009-10	13,812	10,722	24,533
2010-11	18,559	11,627	30,186
2011-12	22,353	13,731	36,084
2012-13	22,275	12,949	35,224
2013-14	24,914	14,990	39,904
2014-15	23,285	16,833	40,119
2015-16	22,322	16,966	39,288
2016-17	21,643	17,368	39,011
2017-18	22,516	16,705	39,221

Source: DGCIS

Challenges for Textile Sector

Growth of the textile sector depends not just upon the domestic market, but equally on the export market. Textile and apparel exports have been reported at around USD 39-40 bn in the last four years. As per trade data, exports have been reported at USD 26.63 bn during April to December 2018 which is an increase of 2.5 per cent over the previous corresponding period.

Manufacturing costs of textile sector in India is higher due to the fragmented structure of the industry and presence of MSMEs (Micro, Small and Medium Enterprises). One of the key challenges which India faces is duty disadvantage of up to 9.6 per cent in important consuming markets like the European Union as compared to competing countries viz. Bangladesh, Sri Lanka, Turkey and Pakistan which have zero duty access.

Now, in order to meet these challenges, there is a package for garments and made-ups sectors. It offers Rebate of State Levies (RoSL) and labour law reforms and relaxation of Section 80 JJAA of Income Tax Act. Products such as fibre, yarn and fabric in the textile value chain are being strengthened and made competitive. Assistance is being provided to exporters. Also, interest equalization rate for pre and post shipment credit for the textile sector has been raised from 3 per cent to 5 per cent.

Future of Textile Sector

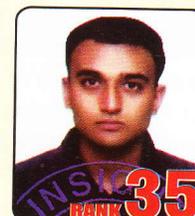
Challenges exist, still the future appears to be bright for the sector. The export demand is likely to rise and at the same time domestic sector is set to expand. Income is rising and so is the ability to afford branded and high-end products. At the same time many of the global big brands are setting up shop here. This brings potential firms for local sourcing, which is another good news. However, there are many challenges too and among them the most important one is the export competitiveness. □

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