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GROWTH AND PERFOEMANCE OF INDIAN TEXTILES

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INTRODUCTION

The textile Industry one of the earliest Industry which come to existence in India. The Indian Textile Industry has a pivotal role in Indian economy because of its contribution to Industrial Output, employment generation, and export earnings. After agriculture, a major part of population depends on this sector for livelihood. India is the world's second largest producers of textiles and garments. Easy availability of raw material such as cotton, wool, silk jute and skill workforce have made the country sourcing hub. The textile Industry is a major contributor to the Indian Economy in terms of employment generation both direct (45 million worker) as well indirect (60 million worker). This sector contributes 14% to industrial production, 4% to GDP and 27% to country's foreign exchange inflows. The potential size of Indian textiles and Apparel industry is expected to reach US$ 223 billion by 2021.
The Indian Textile Industry can be broadly classified in two categories, Organized or Unorganized sector. The Organized sector consists of Mills, may be spinning mills or composite mills. Composite mills are those which provide spinning, weaving and processing facilities under one roof. The Unorganized sector is mainly engaged in weaving activities, it comprised three major segments power loom, handloom and hosiery.

The Indian Textile Industry can be categorized into several segments like:
Cotton: 2nd largest cotton and cellulosic fibers producing country in the world.
Silk: India is the 2nd largest producer of silk and it contributes 18% of total world raw silk production.
Wool: India has 3rd largest sheep population in the world, having 6.15 crore sheep, producing 45 million KG of raw wool.
Man-made Fiber: the fourth largest in synthetic fibers/Yarn globally
Jute: India is the largest producer and second largest exporter of the jute.

HISTORY TEXTILE INDUSTRY

The production of cotton, hand spinning, and weaving has been accomplished in India from ancient time. However, the factory production of cotton goods has been started from the middle of 19th century. The cotton textile industry in India was initiated with the establishment of the first cotton textile factory at Ghusuri (Kolkata) in 1818; however it was closed in a very short span due the shortage of raw material. The actual development of this sector had been taking place since 1859 with the starting up of another cotton mill at Mumbai. This mill was established in cotton growing region of western India. From that time there has been a rapid growth of cotton industry around Mumbai and Ahmadabad. The cotton mill industry has made its place 1880. This industry did extraordinary progress during the period the period of 40 or 45 years since 1880. In the beginning of this mill industry, yarn spinning developed more in comparison to other sector of cotton mills. Even in yarn spinning there was good export business with china at that time. Now both, yarn and cloth are equally manufactured for home-consumption.

MFA QUOTA REMOVAL

The Multi-Fiber Agreement, this agreement came in to existence in 1974 as a temporary arrangement to protect their domestic Garment Industries from the assault of cheap imports from low wage countries. Under this agreement developed countries like The United States, The European Unions and Canada imposed quota on export of yarn textiles and apparels from developing countries. As a result of this agreement, those Asian countries which had used their quota of export, started manufacturing in other Asian Countries who had not or not in position to full utilize the available quota.

Quota arrangement under MFA terminated at the end of the year 2004. Now developing countries like India can export in textile clothing and appeal without any restriction or any quota to other developed countries. This deal accelerates the jobs and income or every large number of people in garment industry of exporting countries. The Garment sector has been conventionally viewed as a major source of employment after agriculture. On late, in addition, removal of this agreement, leads to the success of East Asian Countries. In addition this sector is also seen to offer wonderful prospects for employment of women also, unlike other manufacturing sector.

The end of this quota regime, from 1st January 2005 has been started a new phase of global opportunity textile & clothing sector. This dimension directly effect on world trade in textile and clothing, which was US$ 395billon in 2003 increased up to US$ 650 billion in 2010.

CURRENT POSITION OF TEXTILE INDUSTRY IN INDIA

Textile constitutes the single largest industry in India. The segment of the industry during the year 2010-2011 has been positive.

: The production of cotton increased from 305 lakh bales in 2009-2010 to 525 lakh bales during 2016-2017. Production of manmade fiber increased from 1268 million kilograms in 2009-2010 to 1285 million kilograms during the year 2016- 2017 registering a growth of 4.34percent.

: The production of spun yarn increased to 3491 million kilograms during the year 2016-17 from 5079 million kilograms during 2009-2010 registering a growth of 13.4percent. The production of man-made filament yarn registered a growth of1.84 percent during the year 2016-2017 increasing from 1522 million kilograms to 2450 million kilograms. The production of fabric registered a growth of 3.7percentduring the year 2016-2017 increasing from 59521million sq. mtrs. to 71730 million sq. mtrs.

: The production of mill sector increased by 13percent while production of handloom, power loom and hosiery sector increased by 2percent, 12percent and 5.5percent respectively. The exports of textiles and garments increased from Rs.89306.20 crores to Rs.98361.39 crores in 2016-17, registering a growth of 10.14percent.

: Growth in the textile and clothing industry in the year 2010-11was 5.7 percent, which was better in comparison to previous growth rates of 4.7 percent and of negative (-) 5.9 percent during 2009-10 and 2008-09. India's strength lies in the production of cotton yarn, which accounts for around 74 percent of total spun yarn production in India. The production of cotton yarn in India has recorded an annual average growth rate of 6.5 percent between FY 2005-09.

OBJECTIVE OF THE STUDY

The main objective of this paper is:
To study the growth and performance of Indian Textile Industry

REVIEW OF LITRATURE

Gao, Li, Qin (2010) made in their Research on Textile Enterprises to Broaden the Financing Channels has to discuss how to broaden the financing channels to solve the current financing problems for textile enterprises in China. Textile industry in China exposes many problems under financing crisis: - Lack of Innovation, Extensive Growth, etc. To solve these problems textile industry must achieve Industrial up-grading and enhance the core competence. However the shortage of capital has restricted the development of textile industry. However in recent years Textile Industry experiences a series of tests such as: Trade friction, RMB exchange rate appreciation, considerable increasing over energy price, A gradual Increase in financing costs it has been in a condition of declining in benefits, increasing in losses and financing difficulties. To solve the shortage of funds problem many enterprises strengthened internal controls which cannot fundamentally solve the funding difficulties. Therefore in current economic situation broadening the financing channels is very urgent and necessary. This paper mainly states some innovational financing means, which textile enterprises can take under present severe financial crisis, such as Special Fund, The financing service, Intellectual property mortgage, bank shares, venture capital, Credit Co-operatives, etc. It will be fairly significant for them to solve the present financing difficulties to help them ride out the storm. The government should re- enforce construction and monitoring and improve the domestic venture capital market, Guarantee system credit service system, enterprise fund system. Above all no matter what innovative financing channel the textile enterprises adopt, it will ultimately return to business operations, the enterprises internal control and governance mechanism. Therefore the good development of textile industry is the best guarantee for the financing. Meanwhile, the paper exist some deficiency about how to guarantee the implementation of the means.

Mohammad Irfan Khan (2009) conducted the research on Price Earnings Ratio and Market to Book Ratio: A Case Study of Pakistani Textile Sector to analyze the effects of P\E ratio and M\B ratio on stock return of listed firms with Karachi Stock Exchange in the textile sector of Pakistan. A total of 30 major firms out of 162 in the textile sector listed with the Karachi Stock Exchange for the period of 2001-06 were selected on the basis of their size in terms of total assets. Firms which have larger size in terms of total assets among 162 firms are selected in this paper. The study reveals that the firms in an exclusive sector exhibit unique attributes that are sector specific and cannot be applied to or judged by combined analysis of the industry. The result shows that coefficients of independent variables are statistically insignificant. This means that stock return is not depending on any of two independent variables. Besides insignificant coefficients, coefficients of determination are also very low in each case. This means that a very low percentage of change in stock return is explained by these two variables. The data was analyzed by running linear regression. Two independent variables i.e. P\E ratio and M\B ratio was selected to see their effects on stock return. Multiple regression models along with a measure of correlation were used to study the effect of the independent variables on the dependent variable. The results for the study revealed that stock return is independent of the two independent variables studied in this paper.

Kataria (1996)in his study, "Analysis of Published Statements of Accounts of Corporate Units (Cotton Textile Industry of Malwa Region – A Case Study) – Finance India Vol. X No.1, March 1996 has tried to

obtain an insight into the financial position of the selected units of cotton textile industry of Malwa region and to judge their profitability and financial strength. The performance of cotton textile units of Malwa region during the years 1985-86 to 1989-90 has been measured by a methodical and systematic exposition of the general principles of analysis of financial statements. This will provide guidelines to management, investors, creditors, consumers, workers, financial institutions and Bank's & government to take decisions related to their own space of interest. The Objective of the study is (i) To obtain a true sight into the financial position by undertaking a comparative study of the financial statements of these units, (ii) To examine the effect of changes in financial structure of these units, (iii) To appraise the management of working capital, Funds flow and Fixed Assets to find whether the secure financial sources are being utilized to their optimum level., (iv) To assess the profitability of these units. The data used in the present study are secondary data. These have been obtained from the annual report of the cotton textile units of Malwa region for five years. The data is collected from surveys done by NTC, MPFC, PTIRA and various researchers regarding the financial analysis of the units of other regions of India. Articles, Books and thesis related with the study list of which received from national social science documentation center under ICSSR are also studied for the purpose of analysis work ratio techniques and common analysis have been adopted in the study. The technique Fund Flow Analysis has also been used; Chi-square test has been applied to evaluate the operational efficiency of the funds generated in the industry. The important findings on the basis of the analysis of profitability, financial strength, working capital fixed assets and funds flow were (i) Financial Strength-Weak & Disappointing, (ii) Profitability-Increasing negatively, (iii) Fixed Assets-Financed mainly through owners funds, (iv) Working Capital – Not managed properly & effectively, (v) Fund Flow – Predominance of long term borrowings. It has been concluded from this study that the units are chronically ill and non-viable. The Board of Industrial and Financial Reconstruction has recently rejected the modernization scheme for units covered under study submitted to Reserve Bank of India, although the scheme was approved Industrial Finance Corporation of India (IFCI). It has been suggested that many side units were entrusted to the labour co-operatives and they are now remain successfully, the same equipment may be made in these units also, To sum-up what these chronicle side and loss making units require is the judicious combination of efficient financial administration and skillful personnel management. The management who manages men & money skillful may achieve impossible.

Kapelko, Jimenez, Criado (2009). Have tried to examine in their study "Intangible Assets and Efficiency: International Analysis in the Textile and Apparel Industry" that intangible assets have a positive impact on firm efficiency. This prediction is related to resource based view of the firm. Majority of the earlier studies analyze intangibles with relation to financial performance, especially Tobin's Q or Profitability Ratios. This paper aims to extend this field of research by measuring performance by efficiency coefficient. In addition the analysis of traditionally less knowledge intensive sector that is the textile and clothing industry is another contribution to this stream of research. In order to create the international database of firms in the textile and apparel industry the study linked together three comprehensive sources of data for publicly traded companies: COMPUSTAT, DATASTREAM, and OSTRIS, what implied a considerable amount of work devoted to harmonize data. The study relies on the original dataset consisting of 5482 observations of firms from the textile and apparel industry for the 1995- 2004 time period out of which the majority came from USA, Japan and China. All firms are listed in stock exchange. Concerning the characteristics of database, our sample is equally distributed between textile and clothing firms. That is 51percent of observations for the entire period representing clothing industry the rest being textile firms. In the first stage the study computes DEA input distance function in VRS technology for each firm in sample, separately for every year of analysis. The main aim of second stage is to investigate the

dependency of the technical efficiency on the factors hypothesized both internal and external to the firm. The study proposes to use truncated regression for panel data. The results from first stage indicate that input inefficiencies in textile and clothing firms are quite high, on average reacting 68percent level between 1995 and 2004. The average inefficiency increased to 78percent while analyzing bootstrap-adjusted efficiency scores. The second stage results indicate that intangible assets are associated with improving efficiency of firms, it suggests that investment priorities in textile and clothing firms should focus on intangibles. Furthermore leverage and size are significantly correlated to efficiency. Larger firms are found to be more efficient, so that efficiency gains could be realized through a merger of small firms. On the other hand age does not prove to be a significant factor in explaining efficiency. The impact of external factors resulted to be important for explaining firm efficiency.

RESEARCH METHODOLY

This paper is about the Growth and Performance of Textile Industry in India. The research data is secondary in nature. To study the performance and growth analysis of textile industry, the data is being collected for last eighteen years. The data has been collected for the fulfillment of objective from 1999 onwards from published resources like annual reports from registrar office, Ministry of Textiles, DGCI&S Kolkata, Textiles Commissioner Office Mumbai, Textile Magazine and related websites.

RESULTS AND DISCUSSIONS

The textile industry has been playing a significant role in the developing economy of the country and has emerged as the growing segment of Indian industry. Modern Textile Industry has the tremendous potential of becoming an engine of the accelerated economic growth of the country. It enhances contribution to industrial output, employment generation and export earnings

STRUCTURE OF TEXTILE INDUSTRY OF INDIA

India's textile industry is comprised mostly of small scale, non-integrated spinning, weaving, finishing and apparel making enterprises. Government policies of India have created a fragmented structure of India's textile industry. The government policies have promoted labour-intensive small scale operations and discriminated against large scale firms

Textile Mills in India

Years	Spinning Mills (No) (Non SSI)	Spinning Mills (No) (SSI)	Composite Mills (No) (Non SSI)	Exclusive Weaving Mills (No) (Non SSI)
1999-2000	1565	921	285	202
2005-06	1570	1173	210	204
2010-11	1757	1333	183	174
2015-16	1779	1362	201	196
2016-17	1803	1425	205	201
Mean	1663.5	1223.67	216.22	192.72
SD	91.457	134.369	36.813	13.916
CGR	0.9905	2.123	-2.2174	-0.893
t-value	10.521	11.589	-4.263	-3.321
Result	**HS**	**HS**	**HS**	**HS**

Source: Ministry of Textile Report 2016-17

It is evident from above Table that number of spinning mills (Non SSI) have increased from 1565 in 1999-2000 to 1803 in 2016-17 at a CGR of 0.99 percent per annum which is highly significant. Number of spinning mills (SSI) has also increased at a CGR of 2.123 percent per annum being highly significant. Number of composite mill has decreased during this period from 285 mills in 1999-2000 to 183 mills in 2016-17 at a CGR of -2.22 percent per annum. Similarly exclusive weaving mills show negative CGR of -0.89 percent per annum. CGR of spinning mills (SSI) is highest amongst other mill sectors.

INSTALLED CAPACITY OF TEXTILE MILLS

In the last few years the industry has witnessed considerable expansion, integration and technological up-gradation due to potential growth opportunities in the export as well as domestic market. Capacity Installation and Utilizations in the industry has also improved considerably over the past few years.

Capacity Installed in Textile Mills of India (in Lakh No)

Years	Spindles(SSI +Non SSI)	Spind(Woolen) (Worsted+Non Worsted)	Rotors (SSI+Non SSI)	Looms (Organized Sector)	Power-loom	Hand-loom
1999-00	370.80	10.04	4.44	1.40	16.30	38.91
2005-06	375.10	10.41	5.20	0.92	19.44	38.91
2010-11	475.70	10.41	7.49	0.52	22.91	23.00
2015-16	498.10	10.43	7.32	0.74	24.14	25.06
2016-17	502.30	10.46	8.01	1.08	24.45	25.69
Mean	427.056	10	6.278	1.33	20.611	33.389
SD	51.421	0	1.283	0.577	2.67	7.056
CGR	2.149	0	3.834	-3.197	2.523	-3.512
t-value	9.922	0	9.471	-2.177	14.987	-5.794
Result	**HS**	**NS**	**HS**	**S**	**HS**	**HS**

Source: Ministry of Textiles of India.

Table of Installation Capacity in textile mills reveal that spindles (SSI+ NonSSI),spindles (Woolen), rotors and power loom shows a CGR of 2.15 percent, 3.83 percent and 2.52 percent per annum respectively, which is highly significant. On the other hand installation capacity of looms shows a negative CGR of -3.19 percent per annum whereas installation capacity of hand loom has remained constant over this time period showing zero percent growth rate. Most of the machinery installed in textile industry is either unused or outdated. Therefore, modernization and technology up gradation becomes evident to increase production to cope up with future demand.

PRODUCTION OF FIBERS

According to the National Fiber Policy 2010-11, presently the Fiber consumption in India is 59:41 (FY-09) between Cotton & Man-Made Fibers as against 40:60 globally. The global fiber consumption trend in future is likely to further tilt in favour of man-made fibers as there is a limitation to growth of cotton world-wide on account of limited availability of land for cotton cultivation. Given that the future demand is expected to be largely in favour of man-made fiber based textiles, special attention is required to boost the consumption and Production of man-made fibers in India.

Production of Fibers

Year	Raw Cotton (Million Bales)	Man-made Fiber (Million Kgs.)	Raw Wool (Million Kgs.)	Raw Silk (Million Kgs.)
1999-2000	15.60	835.00	47.90	15.21
2005-2006	24.10	968.00	44.90	17.31
2010-2011	32.50	1285.00	50.00	21.10
2015-2016	38.00	1325.38	51.24	18.36
2016-2017	35.20	1338.42	52.62	18.89
Mean	27.611	1091.72	48.11	17.5
SD	8.506	163.887	2.514	1.675
CGR	6.476	2.559	0.1434	0.9805
t-value	9.616	6.591	0.573	2.518
Result	**HS**	**HS**	**NS**	**S**

Source: Ministry of Textiles of India.

It has been observed from above Table that production of raw cotton has increased from 15.60 million bales in 1999-2000 to 35.20 million bales in 2016-17. Its production grew at the rate of 6.47 percent per annum which is highly significant. Similarly production of man-made fiber and raw silk has increased at a CGR of 2.56 percent and 0.98 percent per annum respectively, being highly significant. Whereas production of raw wool shows a very less CGR of 0.14 percent per annum which is not significant, this shows that there is too much fluctuation in production of raw wool. It is expected that demand for man-made fiber is likely to be increased in future; therefore efforts should be made to increase its productivity.

Production of Fabric by Type (Qty. in Million Sq. Mtr)

YEAR	Cotton.	Blended	100% non- cotton.
1999-2000	18984	5913	14306
2005-2006	23873	6298	19406
2010-2011	31718	8278	21765
2015-2016	38440	10809	15335
2016-2017	42715	12082	17352
Mean	27742.22	7808.78	18305.44
SD	7397.622	1902.787	2449.861
CGR	5.16	4.274	0.7581
t-value	17.41	11.438	1.2
Result	**HS**	**HS**	**S**

Source: Ministry of Textiles of India.

Above Table shows that production of fabric has increased during this period, yet fluctuations have been noticed in certain years. Share of cotton fabric is the maximum in total fabric production and has increased from 18984 Million Sq. Mtr. in 1999-2000 to 42715 Million Sq. Mtr in 2016-17. Similarly production of blended and 100 percent non-cotton fabric has increased over time. In 2008-09 the overall fabric production decreased at 1.92 percent due to global recession. It is evident from table that both cotton and blended grew at a CGR of 5.16 percent and 4.27 percent per annum significantly. Whereas production of 100 percent non-cotton fabrics have grew at a CGR of 0.75 percent per annum which is significant.

Sector-wise Production of Cloth (Qty in Million Sq Mtrs)

Year	MILL SECTOR			HANDLOOM SECTOR			POWERLOOM SECTOR			HOSIERY SECTOR		
	Qty.	Share %	Growth %	Qty.	Share %	Growth %	Qty.	Share %	Growth %	Qty.	Share %	Growth %
99-00	1714	4	-4	7353	19	8	23187	60	12	6373	17	2
05-06	1673	3	12	6108	13	7	30627	63	7	10418	21	15
10-11	2208	4	13	6903	11	2	37517	62	12	14372	24	5
15-16	2509	4	-	8198	11	-	43976	59	-	19406	26	-
16-17	2752	4	-6	8610	11	5	44554	59	1	20056	26	3
Mean	1973.67			6921.77			33187.55			12155.55		

SD	417.541			766.138			6170.14			4123.623		
CGR	3.745			0.96			3.63			6.924		
t-value	8.994			1.992			17.235			23.547		
Result	**HS**			**NS**			**HS**			**HS**		

Source:-Textile Commissioner Mumbai.
Note: Growth rate is calculated w.r.t. same period last year.

Above table depict the sector wise production of cloth. The table describes that production of cloth by hosiery sector has increased at a CGR of 6.92 percent whereas CGR of handloom sector is 0.96 percent being not significant. Production of cloth by mill sector and power loom sector grew at a CGR of 3.745percent and 3.63 percent per annum respectively, both being highly significant.

Trends in Yarn Exports (Rs. in crores)

years	Cotton yarn	Manmade yarn	Other (wool, silk)	Total export
1999-2000	13388.24	3515.88	1246.67	18150.79
2005-2006	17464.92	8667.94	2272.76	28405.60
2010-2011	25057.15	19127.02	2056.44	46240.61
2015-2016	25602.54	21553.74	2348.45	49504.73
2016-2017	26312.39	22603.21	2487.58	51403.18
Mean	19721.77	13505.27	1990.33	17520.86
SD	4202.421	6527.142	296.75	5321.13
CGR	3.994	11.405	2.003	7.3141
t-value	12.196	14.657	3.285	14.386
Result	**HS**	**HS**	**HS**	**HS**

Source: Ministry of Textile

Above table reveals that total exports of yarn have increased at a CGR of 7.31 percent per annum during last years which is highly significant. CGR of cotton yarn and man-made yarn is 3.99 percent and 11.40 percent per annum respectively, whereas CGR of other yarns turn out to be 2.003 percent significantly. Share of man-made yarn in total exports has been continuously increasing during these years, having a positive impact on growth of textile exports.

Sector Wise Analysis of the Indian Textile Exports (Rs. in crores)

Years	Readymade Garments	Cotton Textiles	Man-made Textiles	Wool & Woolen Textiles	Silk Textiles	Total Textiles
2001-02	22027.52	14697.99	5191.24	1378.75	2083.88	45379.38
2005-06	35358.49	20369.27	9029.91	2018.52	3069.39	69845.58
2010-11	52280.56	29685.4	20630.21	2489.003	3115.651	108197.5
2015-16	84198.36	47808.64	33225.17	4008.564	5017.787	174253.2
2016-17	92618.2	52589.5	36547.68	4409.421	5519.566	191678.5
Mean	46717.944	27445.167	16653.88	2357.11	3196	96365.056
SD	2286.474	11937.527	10175.206	942.995	1020.382	46152.015
CGR	9.709	8.483	13.67	7.541	5.776	9.738
t-value	26.002	17.279	33.505	16.995	12.358	30.265
Result	**HS**	**HS**	**HS**	**HS**	**HS**	**HS**

Source: Foreign Trade Statistics of India (Principal Commodities & Countries), DGCI&S, Kolkata

It may be observed that on the whole the exports of total textile products have gone up to Rs. 191678.5 crores in the year 2016-17 from Rs. 45379.38 crores in 2001-02, shows the currently CGR 9.73 which is highly significant. Thus it is clear that contribution of overall textile exports to total exports has increased as compared to previous years.

Share of Textile Exports to Total Exports

Year	Textile Exports (US$ Million)	Total Exports (US$ Million)
2005-06	17520.07	103091
2010-11	26826.50	249816
2014-15	37140.74	310338
2015-16	39664.02	262004
2016-17	45028.80	316879
Mean	24521.88	185403.39
SD	10199.204	93323.622

CGR	7.901	10.386
t-value	15.745	12.003
Result	**HS**	**HS**

Source: Foreign Trade Statistics of India (Principal Commodities & Countries), DGCI&S, Kolkata

The exports of textile and clothing till 2004-05 have grown at moderate pace. However a sharp growth was registered in 2005-06, due to removal of Multi- Fiber Arrangement quotas. Table shows that textile exports increased from US$ 14026.72 million to US$ 17520.07 million in 2005-06 and from the next financial year the volume of Indian rupee devalued. Due to this, amount of foreign exchange has been reduced in India. There was a further loss of 15 percent to 20 percent due to recession that struck the world in the year 2008. After recession period textile export increased from US$ 18519.96 million in 2008-09 to US$ 249816 million in 2010-11, whereas total exports has increased from US$ 103091 million in 2005-2006 to US$ 316879 million in 2016-17 with 10.38 percent CGR which is highly significance, showing a growth as compared to previous period.

CONCLUSION

This study has examined the role of textile industry in growth of Indian economy. Textile industries are important in economic and social terms. In short run textile industry provides income, job especially for women and foreign currency receipts and in the long run provides country the opportunity for sustained economic development. Textile industry is very important in terms of trade, it provides opportunities for export diversification and manufactured exports for low income countries that can exploit their labour cost advantages and fill emerging niches and meet increasing buyer demands.

Indian textile industry contributes about 14 percent of the total industrial production, it provides direct and indirect employment to around 38 million people and contributes to more than 5 percent of GDP as foreign exchange earnings. It has a unique position as a self-reliant industry, from the production of raw material to the delivery of finished products, with substantial value addition at each stage of processing. The textile industry in India is composed of handlooms, power-looms and mills. While the mill sector is well organized and modern, the same cannot be said of the power-loom and handloom segments. The mill sector has managed to grab a reasonable share of the global export market.

To sum up, the ability of Indian textile industry to take the advantage of quota phase out would depend upon their ability to enhance overall competitiveness through exploitation of economies of scale in manufacturing and supply chain. The need of the hour is therefore to evolve a well chalked out strategy aimed at improvement in the levels of productivity, efficiency, quality control, faster product innovation, quick response to changes in consumer preferences and the ability to move up in the value chain by building brand names and acquiring channels of distribution so as to outweigh the advantages of competitors in the long run.

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