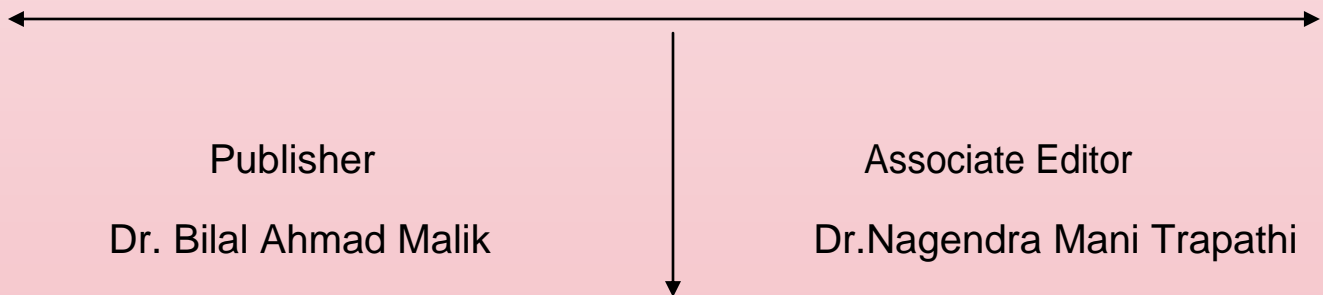


North Asian International Research Journal Consortium

*North Asian International Research Journal
Of
Multidisciplinary*

Chief Editor

Dr. Nisar Hussain Malik



NAIRJC JOURNAL PUBLICATION

North Asian
International
Research Journal Consortium



Welcome to NAIRJC

ISSN NO: 2454 - 2326

North Asian International Research Journal is a multidisciplinary research journal, published monthly in English, Hindi, Urdu all research papers submitted to the journal will be double-blind peer reviewed referred by members of the editorial board. Readers will include investigator in Universities, Research Institutes Government and Industry with research interest in the general subjects

Editorial Board

J.Anil Kumar Head Geography University of Thirvanathpuram	Sanjuket Das Head Economics Samplpur University	Adgaonkar Ganesh Dept. of Commerce, B.S.A.U Aruganbad
Kiran Mishra Dept. of English,Ranchi University, Jharkhand	Somanath Reddy Dept. of Social Work, Gulbarga University.	Rajpal Choudhary Dept. Govt. Engg. College Bikaner Rajasthan
R.D. Sharma Head Commerce & Management Jammu University	R.P. Pandday Head Education Dr. C.V.Raman University	Moinuddin Khan Dept. of Botany SinghaniyaUniversity Rajasthan.
Manish Mishra Dept. of Engg, United College Ald.UPTU Lucknow	K.M Bhandarkar Praful Patel College of Education, Gondia	Dr. Ashish Kumar Department of Management Studies L.N.Mithila University Darbhanga , Bihar
Tihar Pandit Dept. of Environmental Science, University of Kashmir.	Simnani Dept. of Political Science, Govt. Degree College Pulwama, University of Kashmir.	Ashok D. Wagh Head PG. Dept. of Accountancy, B.N.N.College, Bhiwandi, Thane, Maharashtra.
Neelam Yadav Head Exam. Mat.K..M .Patel College Thakurli (E), Thane, Maharashtra	Nisar Hussain Dept. of Medicine A.I. Medical College (U.P) Kanpur University	M.C.P. Singh Head Information Technology Dr C.V. Rama University
Ashak Husssain Head Pol-Science G.B, PG College Ald. Kanpur University	Khagendra Nath Sethi Head Dept. of History Sambalpur University.	Rama Singh Dept. of Political Science A.K.D College, Ald.University of Allahabad

Address: -North Asian International Research Journal Consortium (NAIRJC) 221 Gangoo, Pulwama, Jammu and Kashmir, India -192301, Cell: 09086405302, 09906662570, Ph. No: 01933-212815, Email: nairjc5@gmail.com, info@nairjc.com Website: www.nairjc.com

FDI IN INDIAN TEXTILE INDUSTRY: SWOT ANALYSIS

NAVNEET KUMAR*

*MBA, Research Scholar L.N Mithila University, Darbhanga

ABSTRACT

Foreign direct investment (FDI) in India is an important element of free market, liberalisation and globalization. The channels through which FDI inflows influence the growth and performance of companies in developing countries is an important factor. The textile industry in India traditionally, after agriculture, is the only industry that has generated huge employment for both skilled and unskilled labour in textiles. The textile industry continues to be the second largest employment generating sector in India.

India has most liberal and transparent policies in Foreign Direct Investment (FDI) amongst emerging countries. India is a promising destination for FDI in the textile sector. 100% FDI is allowed in the textile sector under the automatic route. FDI in sectors to the extent permitted under automatic route does not require any prior approval either by the Government of India or Reserve Bank of India (RBI). This paper is a modest attempt on SWOT analysis on Indian Textile Industry.

Key Words: FDI, Indian Textile Sector, Liberalisation, Augmentation.

INTRODUCTION

Foreign direct investment (FDI) in India is an important element of free market, liberalisation and globalization. The channels through which FDI inflows influence the growth and performance of companies in developing countries is an important factor. FDI enables the recipient developing countries to achieve accelerated economic growth with favourable consequences for employment, improvement in efficiency in operations and productivity resulting in economic betterment and increasing levels of earnings and income. Theories of FDI suggest that firm size, profitability, trade, interest rates, economy and inflation wield significant influence in attracting FDI.

In 1991, when India liberalized its policy towards foreign investment, there was a positive response from capital exporting countries. The liberalisation of government policies that restrict Foreign Direct Investment



(FDI) is a recent phenomenon, although Liberalisation of FDI policies offers opportunities for firms as well as threats. If FDI (and trade) liberalisation results in faster growing national economies, then firms face larger, faster-growing markets domestically. The significance of FDI is rising heavily due to its all round contributions to the growth of economy. FDI to developing countries is also the leading source of external financing.

The rise in FDI volume is accompanied by a marked change in its composition. Foreign Direct Investment (FDI) is considered to be the lifeblood and an important vehicle for economic development as far as the developing nations are concerned. The important effect of FDI is its contribution to the growth of the economy. FDI has an impact on country's trade balance, increasing labour standards and skills, transfer of new technology and innovative ideas, improving infrastructure, skills and the general business climate. FDI also provides opportunity for technological transfer and up gradation, access to global managerial skills and practices, optimal utilization of human capabilities and natural resources, making industry internationally competitive, opening up export markets, providing backward and forward linkages and access to international quality goods and services and augmenting employment opportunities.

The **textile industry in India** traditionally, after agriculture, is the only industry that has generated huge employment for both skilled and unskilled labour in textiles. The textile industry continues to be the second largest employment generating sector in India. It offers direct employment to over 35 million in the country. The share of textiles in total exports was 11.04% during April–July 2010, as per the Ministry of Textiles. During 2009-2010, Indian textiles industry was pegged at US\$55 billion, 64% of which services domestic demand. In 2010, there were 2,500 textile weaving factories and 4,135 textile finishing factories in all of India. According to AT Kearney's 'Retail Apparel Index', India is ranked as the fourth most promising market for apparel retailers in 2009.

The Indian Textile industry adds 14% to the industrial production and 8% to the GDP of India. It provides employment to 38 million people and thus, is the second largest employment provider after agriculture. The Indian Apparel & Textile Industry is one of the largest sources of foreign exchange flow into the country with the apparel exports accounting for almost 21% of the total exports of the country.

India has most liberal and transparent policies in Foreign Direct Investment (FDI) amongst emerging countries. India is a promising destination for FDI in the textile sector. 100% FDI is allowed in the textile sector under the automatic route. FDI in sectors to the extent permitted under automatic route does not require any prior approval

either by the Government of India or Reserve Bank of India (RBI). The investors are only required to notify the Regional Office concerned of RBI within 30 days of receipt of inward remittance.

Indian textile and apparel industry is one of the largest in the world with US\$ 19 billion of export and US\$ 30 billion of domestic textile and apparel during 2013-14. The industry has, over the years, contributed significantly to national output, employment and exports. At present, industry accounts for about 14% of our total industrial production and contributes to nearly 15% of total exports. It provides direct employment to about 35 million people and another 56 million are engaged in allied activities. The textile export has registered a growth of 10 percent to 19.24 billion during 2006-07 (P) from US\$ 17.85 billion during 2014-16. The Industry has a potential to reach a size of US\$ 85 billion by 2010. With its consistent growth performance and abundant cheap skilled manpower, there are enormous opportunities both for domestic and foreign investors to make investments in textile sector in India.

SWOT Analysis

Strength

Natural Resources Enrichment

India has rich potential as far as natural resources in concern. Production of cotton in India has been in top five for several years.

Man Power Availability

India has been the leading man power provider country among several largest economy. Man power is very important resources among all available resources.

Rich Coverage

India is a country of multicultural background that provides ample scope for even specialised cultural offering in terms of dresses.



Growing economy

India is a developing country and day by day industrial revolution has been spreading with rapid pace that provides ample opportunities for employment. It leads to increase in purchasing power and ultimately it gives motivation to the textile manufacturer.

WEAKNESS

Dependency on imports of raw material

India has good rate of cotton production but this industry requires also polyester, synthetics etc. but these raw materials are imported materials and dependency is on foreign market. Due to import of these raw materials cost of production go high and then it becomes tough to fight with competitors price.

Poor technology

India is still very poor as far as weaving and spinning technology in concern. Its creates big barrier in the way to produce quality products at low rate.

Weaving Sector

India has relatively less number of shuttle-less loom.

Fabric Processing

Processing is the weakest link in the Indian textile value chain, adversely affecting its ability to compete in exports.

Lack of Skilled Labour

Productivity levels for manufacturing various apparel items are far lower in India in comparison with its competitors.



OPPORTUNITIES

Growing Industry

World textile trade would continue to grow at a rate of 5-6% to reach \$300-310 billion by 2020.

Integration of Information technology

‘Supply Chain Management’ and ‘Information Technology’ has a crucial role in apparel manufacturing. Availability of EDI (Electronic Data Interchange), makes communication fast, easy, transparent and reduces duplication.

Opportunity in High Value Items

India has the opportunity to increase its UVR's (Unit Value Realization) through moving up the value chain by producing value added products and by producing more and more technologically superior products.

THREATS

Rapid Change in Fashion

It gives lesser time for a product to have positioning in all market. In a short time establishment of one fashion requires some time but there has been an increase in seasons per year which has resulted in shortening of the fashion cycle.

Establishment of Trade Area

Government is forming bilateral trade agreement as well as multilateral trade areas that restricts the market. It is a major disadvantage.

No Restriction for Foreign Players

There is big problem for domestic players to compete with foreign players because foreign players are very rich with technological infrastructure.

REFERENCES:

1. Ministry of Textiles Report 2016, Government of India.
2. FDI in textile sector up 91% in 2013-14, Business Standard, 15 August 2014
3. www.fibretofashion.com
4. www.fdiintelligence.com
5. www.makeinindia.com/sector/textiles-and-garments



Publish Research Article

Dear Sir/Mam,

We invite unpublished Research Paper, Summary of Research Project, Theses, Books and Book Review for publication.

Address:- North Asian International Research Journal Consortium (NAIRJC)
221, Gangoo Pulwama - 192301

Jammu & Kashmir, India

Cell: 09086405302, 09906662570,

Ph No: 01933212815

Email: nairjc5@gmail.com, info@nairjc.com

Website: www.nairjc.com

