

Textile Industry Report Calls for Capturing Billions in Lost Value

A report by management consulting firm, Third Eyesight, has called upon the Indian textile and apparel industry to urgently develop capabilities to capture the value that is being lost due to inadequate focus on product development and value addition.



The report titled ***“Eternal Hope to Reality: Sustained Global Competitiveness for the Indian Textile and Apparel Industry”*** was released by the Honourable Union Minister of Textiles, Mr Shankersinh Vaghela, and a well-attended industry conference organized by the Federation of Indian Chambers of Commerce and Industry (FICCI).

Highlighting the immense gap between the current exports of about US\$ 20 billion and the vision of US\$ 55 billion, Third Eyesight’s report says that the Indian industry needs to look beyond incremental steps.

Presenting the report, Third Eyesight’s chief executive, Devangshu Dutta said, “Dramatic growth cannot come through concentrating on volume alone. Even if the industry wishes to increase its volume of trade, ports are operating at 91 to 92 % of capacity utilization. This sort of growth of exports is only possible through focussing on value addition.”

The Third Eyesight report highlights the fact that when India compares poorly to other countries on the value captured per employee. For instance, if Indian industry were earning as much as Turkey, India’s exports would have been close to China’s exports of US\$ 161 billion.

The report says India’s exports are still too weighted in favour of raw materials and intermediate products, rather than finished products, and this is a major concern if one looks at the long-term competitiveness and value-capturing capability of the industry. According to the Third Eyesight report, apparel exports account for only 41% of India’s textile exports in 2007-08.

India is neither the cheapest producing country nor possibly the quickest in terms of delivery, but it already provides buyers with value in terms of product development and design. According to Third Eyesight, this is the winning formula that needs much more focus. The report describes how design, merchandising and product development capabilities can enable Indian companies to become strategic suppliers to global

industry. India's domestic industry, and its skill at understanding market needs, creating and merchandising product, can also play a valuable role in the industry's growth in the global area.

Dutta said that India already had a significant cachet as a brand in the 1960s, but lost its position until the beginning of this decade. While the trade-brand of India has now started becoming stronger, it is time for the industry and the government to emulate successes created by countries such as Italy. By creating an ecosystem focused on design and product development, India can create and capture the billions of dollars worth of value that is being lost to other countries.