

## Inaugural Session



**"The supply chain in textile and apparel industry is multi stepped and each step in the supply chain has its own set of challenges."**

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It is my pleasure to address this audience today which comprises the who's who of the textile and apparel industry of India. First of all, I would like to congratulate all those concerned with the organization of this conference, The effort deserves a big round of applause for bringing together all the stakeholders on one platform.

After every recession, the human race is very uncertain about the future and what it holds for the world. The last recession taught us a lesson on financial regulation. Though it has been a bit more than two years since the entire world was affected with recession, and recovery is gaining strength, still there are some pockets of concern in our minds.

The global textile and apparel trade was not spared the recession as most of the consuming countries had cut back on imports and demand in domestic markets also slumped. However, things have improved and started to look positive.

During the course of this conference many critical areas for the growth of the textile industry would be deliberated upon by some of the most intellectual minds of this country / industry and I am sure it will help us in devising strategies which will help leapfrog India's exports and domestic textile industry.

If you are looking for bulk purchase at very low prices you would be shopping in China. But things now are changing. China's advantage of having extremely cheap labour is eroding as domestic wage level is on the rise. The outcome of the rising wage levels will be higher domestic demand and Chinese manufacturers have started looking at the domestic market. This in turn will create unfulfilled demand and it will be an opportune time for India, Bangladesh and other manufacturing countries.

However there are a few issues common to every textile manufacturing country which must be tackled. We all know that fashion is one of key drivers of the textile and apparel industry. With rising penetration of internet and the media, consumers are always aware of the latest trend or design that comes from across the globe. This lightning pace of spreading information is making life very difficult for textile players. By the time they start manufacturing clothes having a particular trend, a new trend has fancied the customer.

The supply chain in textile and apparel industry is multi stepped and each step in the supply chain has its own set of challenges. Procuring the raw material at appropriate prices, transport and timely shipment, quality control and strict supervision at each stage of production are a few of the challenges. I believe that the order of the day will be consolidation and collaboration. Small companies who will not be able to sustain costs due to lack of scale will be merged with bigger companies. To increase efficiency in the entire supply chain, it is very

essential that the members invest in mutual development of inter-linked processes.

Lower wages and availability of skilled labour give developing nations a competitive advantage. But this advantage will slowly erode with time as the average wage levels will eventually rise. Along with rising wage levels, ever increasing cotton and polyester prices are hurting the industry. Textile players are finding it difficult to absorb the rising input costs and even more difficult to pass on the cost to the value sensitive end consumer. Textile and apparel industry has always been a low margin-high volume business and the recession has affected the global textile and apparel trade. The global textile market slumped to US \$ 510 billion in 2009 from US \$ 612 billion in 2008. Though looking forward, it is estimated, assuming a CAGR of approximately 5 per cent, the global textile and apparel trade will reach US\$ 1000 billion by 2020.

What are the opportunities that India has and what role can India play in augmenting the global textile and apparel trade? With government support and private initiatives, the Indian textile and apparel industry is going to see rapid growth. It is estimated that in 2010, Indian textile and apparel industry touched US\$ 78 billion of which US\$26 billion is exports while the balance of US\$ 52 billion represents the domestic market size. It is projected that by 2020, the Indian textile and apparel market size will swell to US\$ 220 billion and the ratio of export to domestic market will be 35:65.

However there are some challenges and issues that India needs to deal with to achieve the estimated projections. In the short term, the Indian companies need to find out ways on how they can tackle increasing cotton prices and other rising input costs. Apart from reducing costs, the companies must necessarily invest in innovation of technology and products. The role of government in the development of the textile and apparel sector is very crucial. The sector alone employs more than 35 million people directly and contributes roughly 5 per cent to the Indian GDP.

I hope that this conference would provide a suitable platform for the thought leaders in the textile and apparel industry to deliberate upon on what strategies the Indian companies should adopt to tackle the current issues. To address these issues is a challenge for all the stakeholders in the industry viz. entrepreneurs, government, employees, policy makers, service providers etc. All of us have a role to play to take India to its due position, which is at the top in the global textile trade. We all have to work together to achieve these goals and work constructively to address the challenges we face today and might face tomorrow. I am confident that this conference will go a long way in all these aspects and provide a platform to come up with practical and implementable strategies.