

India Emerges as a Global Textile Destination



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India is the preferred sourcing partner in Asia after China

“Globalisation has led to huge changes in global sourcing and manufacturing patterns “

Reconstructing the term globalization in the post-recession era to achieve fast-paced growth won't be easy and requires different approaches and attitudes. There are great opportunities ahead for those who anticipate how business is changing and creatively search for value in the market. In the period from 1950 to 1973, the FDI of world GDP was 5.2 per cent. And from 1974 to 2007 it rose to 25.3 per cent. So globalization has led to a profound change in global sourcing and manufacturing patterns pursued the world over.

Financial flows to developing economies in Asia have grown steadily. Developing economies in Asia have benefited from remittances along with migration. Global sourcing is being increasingly preferred. The reasons are high fuel and commodity prices. They need to achieve higher cost efficiency in input costs. Rise in innovation for design cost has led to higher product recalls.

In 2010 the output of the global economy was 5 per cent. US was 2.8 per cent, EU was 1.8 per cent, Japan 4.3 per cent, Australia 3 per cent, developing Asia 9.3 per cent and Asean 6.7 per cent. So India and Asia have recorded robust economic growth compared to other regions worldwide. Industrial countries are slowly transforming as consuming economies as seen in increasing exports of developing countries. India has high fashion, complete solution, collaboration with buyers and skilled manpower. India is the most preferred sourcing partner in Asia after China. India is abundant in the conditions necessary for healthy investment. The Indian textile industry is very favorable for sourcing.

India is the second largest producer of raw cotton, the largest producer of organic cotton, the second largest producer of cellulosic fiber and yarn, second largest producer of cotton yarn, second largest producer of silk and the largest producer of jute. In 2010 we are 52 billion in domestic and 26 billion at exports. In 2020 we will be 140 billion in domestic and exports at 80 billion. Apparels will be in the forefront at 100 billion, technical textiles will be 31 billion. Home textiles will be 9 billion.

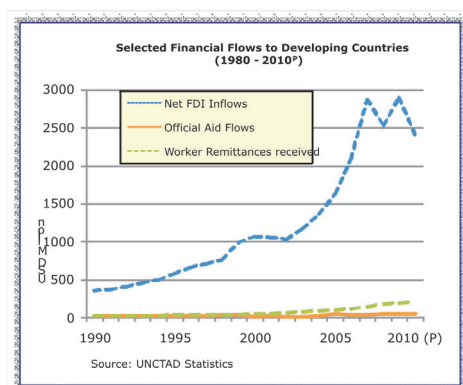
India is growing at a rate of 11 per cent CAGR fueled by rapidly rising domestic demand. Indian textile and clothing exports are 80 billion. Global textile and clothing trade is expected to reach one trillion by 2020 from the current 510 billion. The huge growth of Indian exports is possible because of increased sourcing shift from developed countries to Asia and India. Investments to the tune of 68 billion across the textile value chain will be required till 2020 to tap the potential market. India has fast growing FDI inflows. After China, India is the most attractive destination.

India needs an investment of about one trillion for infrastructural programs in the 12th plan. After the textile and apparel parks are fully operational, there will be employment for 7.5 lakh people. There is a growing recognition among countries for an integrated value chain from farm to fashion. If you look at the 50 textile and clothing products traded in the world, India appears among the top five suppliers only in 14 products. We should widen the base of products manufactured. There is also a need for market diversification. There is a need to work out a product matrix so that promotion efforts are signalised. In the wake of the recession, we should focus on specific markets where recovery is stronger and outlook is brighter. We should know what to sell and where to sell.

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Global Sourcing Trends : Financial Flows to Developing Economies



Financial flows to Developing Economies in Asia have grown steadily

- ❖ Net FDI Inflows
- ❖ Official Development Assistance
- ❖ Migrant Workers' Remittances

Developing Economies in Asia have benefited from remittances along with migration, growing faster than Official Development Assistance (ODA)

Remittances are an important external financing source for developing countries, and a growth driver of many of them

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