

## **Indian Denim Industry: Global Perspective**



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# **India has Great Opportunities in the Denim Business**

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I have been in the jeanswear industry for the past 35 years. This is like the movie industry, the music business-- we make products that no one needs. There are lots of MBAs in the garment business in the US, but they can't make a brand work. China this year expects to produce 2.4 billion yards of denim. And they also expect a 10 per cent retraction in the textile industry in general. Denim players from Hong Kong are quite negative about the future.

At the same time China is a monster in the global supply of denim with hundreds of mills. India is second place. While Chinese denim suppliers are wondering what to do with their business, Indian denim suppliers are growing without any concern about selling.

The average American has 7- 8 jeans in his closet. The market consumes two jeans per person per year. Why would anyone who has 8 jeans in their closet want another one? Obviously they don't need it. My opinion is that jeans are not just a commodity but a human franchise that lets us express our sentiments.

When I was growing up my parents were frustrated I wanted only jeans. In those days, 1965 to 1968, jeans were the uniform of choice for young people in Canada where I grew up. Baby-boomers like me wanted to be independent of their fathers. So we bought tons of jeans.

Today jeans are marketed in all sorts of ways. Abercrombie and Fitch makes distressed heavy jeans for the university boys. The stronger the fabric, the better the wash. Women's premium jeans like sexy fabric, light, soft stretchy jeans that wrap around the body. They use solid fibers to make the jeans feel soft.

There are reasons consumers buy jeans. Indian manufacturers can combine with Bangladeshi manufacturers to make products. China is running away from this business and India is trying to seize the opportunity. India should aim high.

There are good growth opportunities in this business. The US, Japanese and European customers don't really buy denim fabrics. They buy garments. Their ultimate concern is how to source the final product. The final product is composed of denim, stitching and washing. Two of those components are critical to jeans. Denim is obvious and washing is even more obvious. Washing relies also on good fabric. Bangladesh has a tremendous advantage since European garments going to Europe attract no import duty.

Can India or its garment supply chain partners, Sri Lanka or Bangladesh, wash better than China? We know they can do terrific denim. Having the best denim mills on earth doesn't make you survive. Sometimes the fabrics are not commercially suitable. Export markets want design, price, technical competence, service and quick delivery.

For India to dominate the export markets, they have to think like consumers in those markets. China's capacity will decrease in the next 10 years and India's will increase. China's domestic consumption will also increase. India's access to foreign orders will grow as large as India wishes. But India's domestic demand will also grow. India's middle class is growing. I come