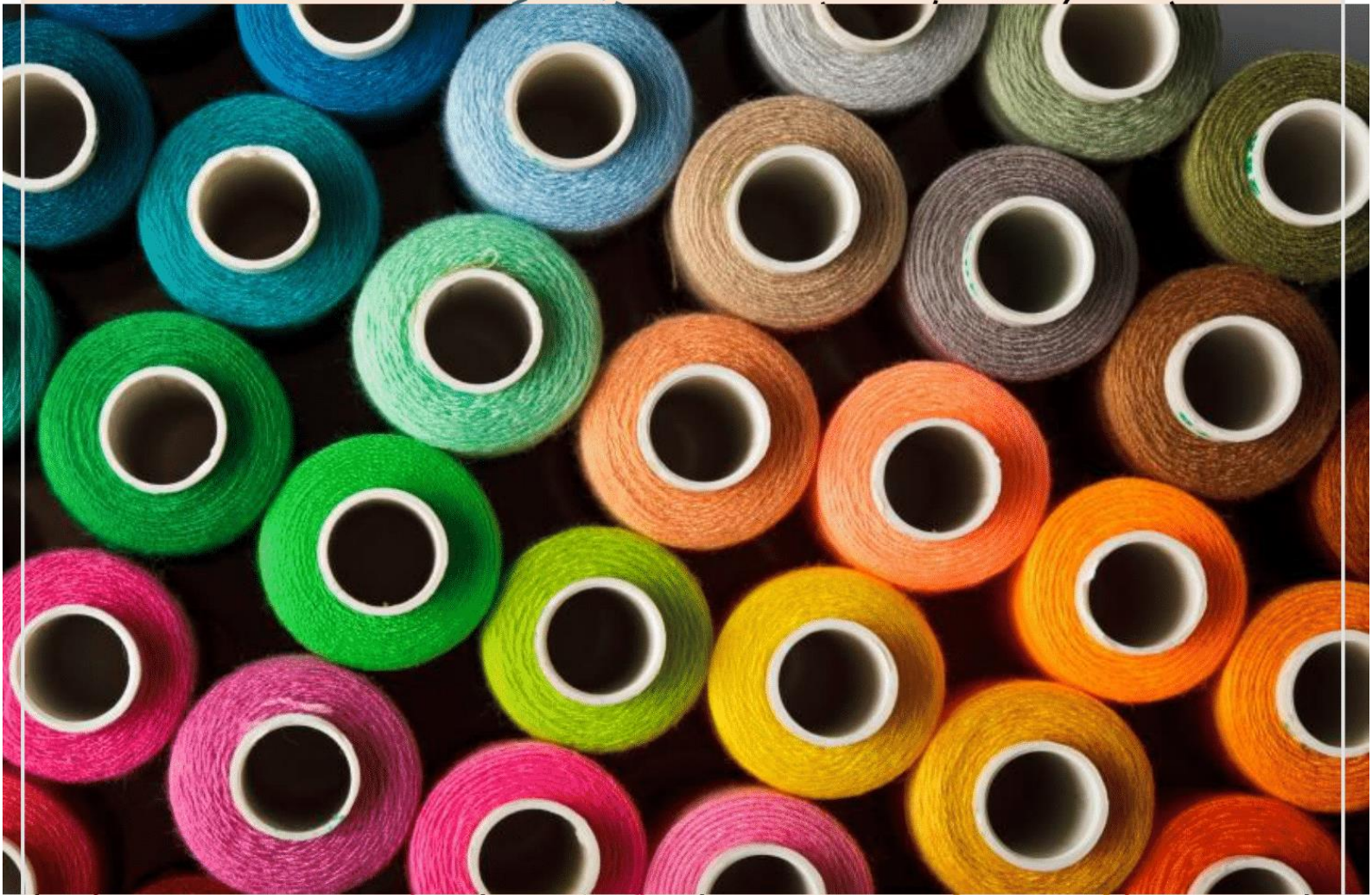


August 2020

# Textiles & Garments Industry



**we CHAT** |

**Mr. Apurv Kodgule** |

Senior Product/Innovation Manager,  
Welspun Group



# ABOUT US



## OUR VISION

**“To nurture thought leaders and practitioners through inventive education”**

## CORE VALUES

**Breakthrough Thinking and Breakthrough Execution**

**Result Oriented, Process Driven Work Ethic**

**We Link and Care**

**Passion**

*“The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.” - Alvin Toffler*

At WeSchool, we are deeply inspired by the words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities require a new approach both in terms of thought as well as action. Cross-disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy the mind’s eye needs to be nurtured and differently so.

We school has chosen the ‘design thinking’ approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

## MESSAGE FROM THE DIRECTOR

Dear Readers,

It gives me great pride to introduce SAMVAD's edition every month. Our SAMVAD team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone.



**Prof. Dr. Uday Salunkhe**  
Group Director

As we begin a new journey with 2019, I sincerely hope that SAMVAD will reach new heights with the unmatched enthusiasm and talent of the entire team.

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

SAMVAD is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

**Prof. Dr. Uday Salunkhe,**  
Group Director

## FROM THE EDITOR'S DESK

Dear Readers,

Welcome to the August Issue of SAMVAD for the year 2020!

SAMVAD is a platform for “*Inspiring Futuristic Ideas*” and we constantly strive to provide articles that are thought provoking and that add value to your management education.

With courses pertaining to all spheres of management at WeSchool, we too aspire to represent every industry by bringing you different themes every month. We have an audacious goal of becoming the most coveted business magazine for B-school students across the country. To help this dream become a reality we invite articles from all spheres of management giving a holistic view and bridge the gap between industry veterans and students through our WeChat section.

The response to SAMVAD has been overwhelming and the support and appreciation that we have received has truly encouraged and motivated us to work towards bringing out a better magazine every month.

We bring to you the July Issue of SAMVAD which focuses on “**Textiles & Garments Industry**”.

India is one of the largest producers of textiles & garments in the world, contributing nearly 2% to India's GDP and 12% to our country's exports. But with all the new technologies and changing scenarios in the market, how does this industry thrive so well in different domains of management? Find all this out in this month's edition of Samvad 2020.

We hope you read, share and grow with us!

Hope you have a great time reading SAMVAD!

Best Wishes,

Team SAMVAD.



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# WECHAT

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**Mr. Apurv Kodgule**

**Senior Product/Innovation Manager, Welspun Group**

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## *Team SAMVAD*

**1). Could you please take us through your journey from being a Welingkarite to date?**

**Ans:** I am a 2013-15 PGDM - Business Design pass out from Welingkar. Before joining Welingkar, I completed my electronics engineering and worked as a test engineer at EOS Power India. During that time, I also tried my hand at an entrepreneurial business venture of my own. I have always been very passionate about building and designing new things, which got me attracted to the Business Design course at Welingkar. It was here that I got a campus placement at the Welspun Group. During that time, they were planning to start an innovation department to integrate technology with textiles without affecting quality.

During 2015-16, there were a lot of discussions around Augmented Reality. We integrated this technology with storytelling for kids, with products as the backdrop. For this, we successfully received the 'Interactive Textile Article and Augmented Reality System' patent, which makes me feel proud even today. In the AR app, stories were popping out of the interactive Augmented Reality rugs and duvets. For instance, Little Red Riding Hood was popping out from the duvet, or a tiger was crawling out of the rug and walking up to you. This got both the kids as well as their parents interested in the app.

Today I work in a different department – I

take care of Welspun Rugs & Carpet Business for the US Market to identify what new products can be developed for the consumers.

**2). How would you put forth the evolution of the textile industry over the years? What are the drivers of this industry?**

**Ans:** There are various facets of the textile industry, and since I work for the home textiles, I would like to talk from that perspective. Textile is a very labor-intensive industry, which includes a lot of manual work for fabrics or cloth.

Majorly, the textile industry is heavily dependent on raw material – Cotton. Although we know India to be the biggest cotton producer globally, many variables are coming into the picture since cotton production depends on the environmental conditions like rainfall. For the last 15-20 years, there has been an opportunity to export goods, leading to increased production.

For increasing production, newer technologies were adopted, and today, there is a lot of automation involved. Quality checks which were manually done are now being automated. Government policies are also becoming conducive for the growth of the industry.

Talking about exports, with the tag of a developing country being removed for India by the USA, there have been changes on the export front. There is a competitive environment now, thus, aiding innovation and driving the textile industry. Overall, technology and raw material availability can be said to drive the growth in this industry.

**3). In your opinion, how has the Covid-19 pandemic impacted the textile industry?**

**Ans:** Considering that the textile industry is a labor-intensive industry, there are a lot of problems. Companies had to shut down their operations. The workers had moved back to their hometowns, so restarting the manufacturing facilities after the lockdown was lifted with just about 10% of the workforce available was a big task.

Also, training and retaining skilled labor is a tedious process. With skilled labor going home, it wasn't easy to manage operations. In factories, working together is necessary. Along with maintaining all social distancing norms, restarting work needed various implementation changes. Considering the US market, demand drastically dropped with orders getting canceled. Small companies are closing down due to a lack of cash.

While things restarted in June, there was some increase in sales. However, it will still need three-four months to get back on track. The apparel industry was severely affected, but the home textile industry was not affected as there was an increase in demand for bed sheets, towels, etc. So, there was an increase in demand. Also, innovation took the forefront as various health and wellness related textile products like anti-microbial, etc. were launched.

On the positive side, communication between customers and retailers using digital mediums rose, and at Welspun, we created virtual showrooms for displaying our products to customers, all without traveling.

**4). How has digitization and emerging technologies impacted this industry?**

**Ans:** As I mentioned before, technology is currently an essential driver of the textile industry. These emerging technologies and digitization have caused considerable improvements in the industry.

Consider the example of IoT; the machines can be remotely controlled and monitored by a single person sitting at a different location. IoT also reduces machine idle time, improves productivity, and achieves daily production targets in the factories.

On the supply chain side, big data, AI, block chain, and such technologies are helping to harness the data and insights for improving production and demand-supply.

For marketing, the digitization and e-commerce are a boon for the industry, minimizing costs and improving reach and sales for both small and big manufacturers.

**5). What, according to you, is the future of the textile industry? How is the textile industry working towards sustainability?**

**Ans:** There is a lot of disruption happening in the industry. There has been an increased focus on sustainability. The textile industry generates a lot of wastage, so there has been a continuous development of sustainable products and a reduced carbon footprint. The factories are working towards going greener.

Also, automation is aiding expansion and

improving manufacturing capabilities. The current manufacturing moves away from China due to the US-China Trade war & trust issues with China, India's next biggest labor provider. India now has a chance to become the largest manufacturing hub now. Another idea has more ethical ways, especially in the sourcing of cotton. This brings forth the need to structure the supply chain.

New emerging technologies like Virtual Reality, 3D Printing, and Artificial Intelligence are now changing manufacturing and marketing methods. Virtual reality technology is changing how the products are demonstrated, which may, in the future, reduce or eliminate the need for sending over physical samples. Especially during the Covid-19 pandemic, this has emerged successfully, whereby just scanning a QR code will help give the customer access to all the necessary information about the product.

Also, there was little information to predict the demand correctly, but with the big data boom and analytics, it has become easier to fetch and analyze data. This has made inventory management and managing the supply chain more manageable and more cost-effective.

With the emergence of e-commerce, the textile industry will also see a shift from brick and mortar stores to online stores. There has been the closure of several brick and mortar stores due to higher operations costs but lower sales. The shift of consumer preferences to the online medium due to higher discounts and easier delivery is pushing this shift. Some online stores in the US have achieved their yearly targets in June itself, six months before their actual deadline due to the increase in online operations due to Covid-19.

**6). What are the challenges the industry is currently facing?**

**Ans:** With the shift from brick-and-mortar stores to online stores being evident, there will be challenges in inventory.

The brick and mortar stores could facilitate keeping an inventory, but this doesn't seem the case with the online stores. The Minimum Order Quantity (MOQ) will be less. The online store will display hundreds of variety; however, it is impossible to store the entire inventory in the warehouse.

If we consider manufacturing costs, the companies face a big hurdle of higher prices for sustainable products than the existing products. This cost is then passed to the customer, which makes them unhappy. So, finding a middle ground here is necessary but a difficult task.

The industry is also focusing on recycling the products; however, the process needs to be streamlined to reduce the higher costs associated and improve the output. This supply chain process needs to be fixed. Also, the visual appearance of a recycled product and a new product differs, making it difficult to make these products gain a mass appeal.

**7). Basis your rich experience on Product Innovation, could you elaborate on the conceptual design framework and creativity involved while working on product innovation?**

**Ans:** I applied all the knowledge I received in WeSchool, primarily what KD Sir taught about innovation and design thinking. While there are a lot of frameworks, design thinking, empathy, and creativity are essential tools.

In Welspun, we make groups of people with different backgrounds to have different views and opinions. We have situations where we are presented with a problem statement, or we need to find the problem statement on our own. The



most crucial part is brainstorming, followed by primary and secondary research. Out of all the identified solutions, we shortlist a few and work on them. A prototype or Minimum Viable Product (MVP) is created. Further analysis is done to determine if it is feasible by using consumer feedback as an essential tool.

Innovation has a process-driven approach. Research is an essential part of any innovation. To identify a latent need and working on it will help the product gain acceptance. Different teams' effort goes into making the product reach the customer and make it a success.

**8). What is your advice to the young professionals who will be starting their careers soon?**

**Ans:** *For the first-year students who have just started their MBA journey:*

There may be many you who must have aimed to pursue your MBA studies from IIMs but have got into different institutes, don't be disheartened. Now, you should do your best as there are ample opportunities everywhere. Seize all opportunities that come to you. Try doing more projects to gain practical exposure. This will also be an excellent time to figure out what sector would you like to go to in the future. I see many people saying, "I want to pursue marketing," but marketing itself has different opportunities like digital media marketing, media planning, brand management, etc. Try to identify your interests and align your projects to that, so when a good job opportunity comes for hiring, you can seize it.

*For the second year students:*

Don't be worried about the placements; there are a lot of companies and startups still hiring. If you fail to get a big company, don't hesitate to work for a startup or another company. Focus on

securing a job aligning with your interest. Personally, I believe that working in a startup allows you to explore more fields of work as they have a flat structure.

Keep yourself always updated with new technology and your industry. There are hundreds of people who are just like you, so your knowledge gives you an edge over others. Lastly, keep networking - Interact with the seniors in the organizations as they have the experience, helping you in your journey.

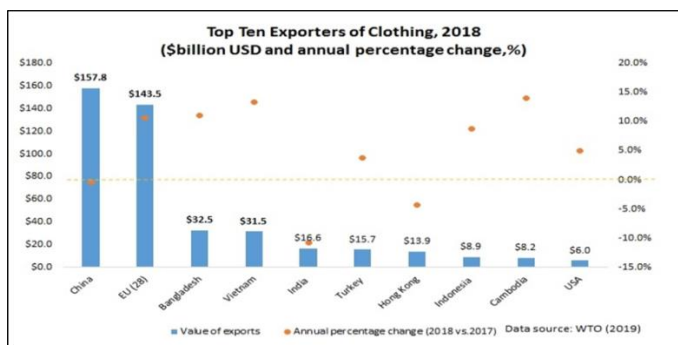
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# OPERATIONS

## Overcoming Supply Chain Challenges in the Textile Industry

**Adityan Ethirajan –PGDM 2019-2021, Birla Institute of Management & Technology (BIMTECH), Greater Noida, Uttar Pradesh**

- Textile industry is one of the oldest industries in Indian economy dating back several centuries. It is expected to grow of 28% in 2019 – 2021. It has share of 2.3% in India's GDP. It is one of the major contributor to India's Exports (12% share in total India exports).
- USA, UK, Spain, France (European Union) etc. are major exporter of Indian textiles. India is 5th largest exporter in the world.



Source: - University of Delaware

- With India's becoming largest producer of cotton (2018 onwards), availability of cheap labor & drive to become 'Atmanirbar Bharat Abhiyan' (self-reliant), there is lot of potential in Indian textile industry. Hence improving the supply chain of textile industry in India is necessary.

### Workflow in Textile Industry

#### 1. Manufacturing of Fiber

- Fiber is the main material – two types – natural & Manmade fibers

- Natural fibers like cotton are grown in agricultural fields whereas manmade fibers are made generally produced from coal, petroleum etc.

#### 2. Spinning

- Fibers made naturally & artificially are spun together mechanically or manually to convert in to yarns.

#### 3. Fabric production

- Loops of yarns are interlaced to form fabric.
- Fabric are dyed in various colors ( Wet processing).
- Large scale companies use machines to do this, whereas unorganized companies do this manually.

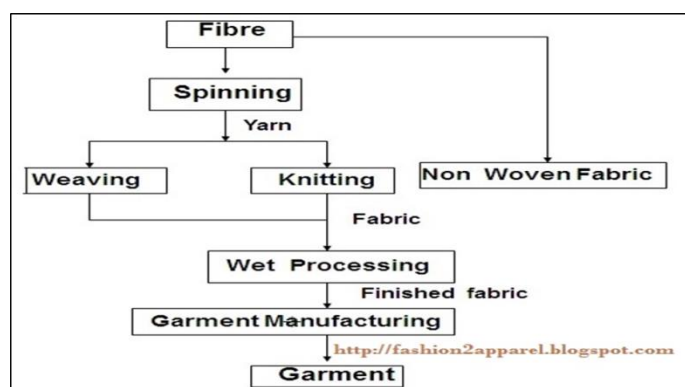
#### 4. Garments

- Fabric is cut into pieces and then according to design they are stitched.
- Big companies either do stitching by themselves or they give it to contractors to do the stitching and they supervise (3rd party contractor).

Once the garments are stitched they are sold to various retailers across the country. There are various levels of retail stores in India. Big focused companies like Globus, Zara etc, mass focused companies like big bazaar, Chennai Silks

etc. & local vendors

Now a days there is a rapidly growing trend of buying garments from e shops like Myntra, Jabong etc. bringing new dimension in to textile industry.



Source:- [fashion2apparel.blog.com](http://fashion2apparel.blog.com)

## Supply Chain Issues

### I. Lead time

- Lead time is defined time gap between start & finish of operation process
- As told earlier that fibers are made naturally from farms like - cotton, silk etc hence garments need to stock the raw materials 6 months to 1 year before the actual delivery of goods.
- With lot of 3rd party vendors - like stitching process, logistics, warehousing, wholesalers etc the lead time increases & complexity of the supply chain.

### II. Forecasting Demand

- Demands of garments follows a trend pattern like demand of winter clothing will be high in winter and extremely low in summers.
- The fashion trend changes frequently & companies need to forecast demand at least 1 year earlier as raw materials are directly farm based ( like cotton , silk etc)

### III. Inventory Management

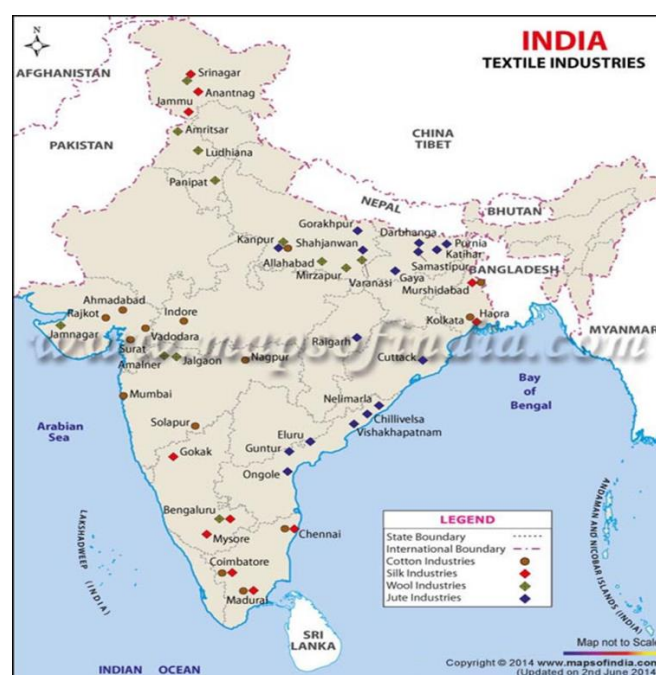
- The most major issue for garments supply

chain, without proper inventory management can lead to raw material stock outs & garment stock out leading to loss of sales.

- Companies need to store sufficient raw materials (like cotton etc) for manufacturing garments.
- After retailing process Retailers companies need to store garments and since the Industry is based on trends the demand is volatile & fastly changing hence there is risk of stock outs.

### IV. Logistics

- India has enough resources for textile industry but these resources are geographically distant.
- Example - Gujarat is major producer of cotton. Karnataka, Tamil Nadu, Andhra Pradesh & West Bengal together produce 97% of silk.
- Hence companies selling various varieties of textile & garments need to have robust logistics system.

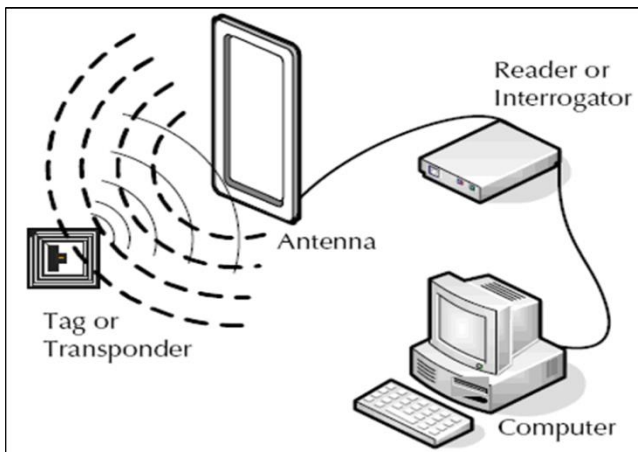


Source: <https://www.mapsofindia.com/map/india/textile-industry-map.html>

## How to Overcome the Supply chain Issues?

**Use of RFID** – for Inventory management, Logistics, Warehousing & Visibility.

- Radio Frequency Identification Devices – Uses radio waves ( electromagnetic waves ) to track objects ( which has tags)



Source:- <https://www.epc-rfid.info/rfid>

- By using RFID tags we can track raw materials from starting stage to end processes. This gives the company the advantage of end to end visibility of the supply chain.
- RFID improves the inventory accuracy hence reduces the possibility of stock outs.
- Since automates the process of inventory management there will be initial investment cost but over the period the labor cost will decrease.

## ERP Integration – Lead Time Reduction

- Enterprise Resource Planning is software that does vertical integration connecting all sectors of supply chain ( procurement , forecasting demand , manufacturing , logistics & warehousing)
- Since textile industries have 3rd party sourcing for various sectors of supply chain adopting ERP would be beneficial for information flow across various departments.

- This information's flow would be helpful in reducing the lead time and increasing the supply chain visibility internally (within the organization) & externally (among customers).

**Example** – Companies like Levi Strauss, Nike have been publishing information about their suppliers on their websites – increasing supply chain visibility among customers.

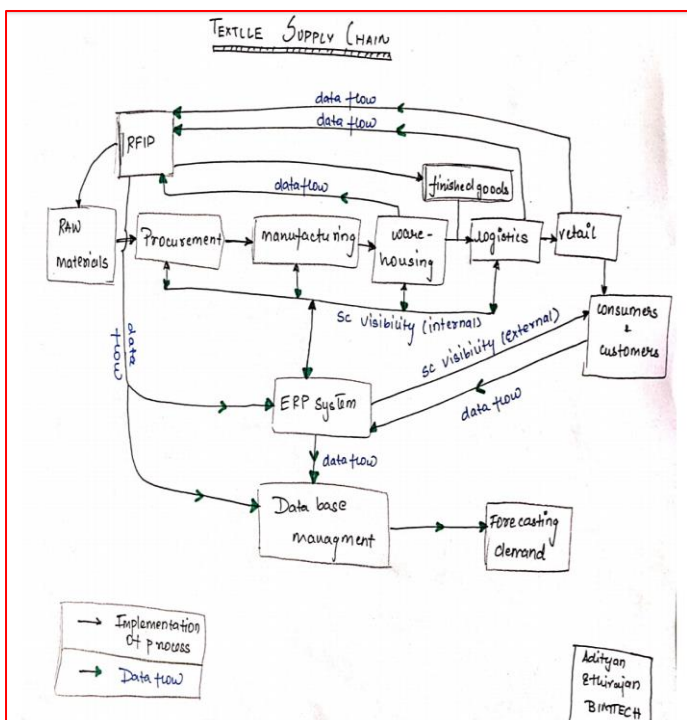
Details of supplier can be converted into QR codes and published along the tags that customers can know from where the clothes are manufactured hence creating value among customers.

**Example** – In 2011 Zara was accused of using child labor (in Brazil) for manufacturing clothes this damaged their brand image and various legal cases were registered on Zara across the world. Hence supply chain visibility is important and creates value among customers.

- Over the period the data stored in ERP , RFID etc can be utilized by the companies for forecasting demand ( trend analysis – like holts method , exponential method etc)
- Source: - [www.Nextprocess.com](http://www.Nextprocess.com)



### Final Flow – Textile supply chain



# FINANCE

## Contribution of the Textile Industry to the Economy

*Nikita Paunikar- MBA , Department of Management Sciences (PUMBA), Pune University*

A few weeks ago, Textile Industry beamed with a piece of news that said, N9 world Technologies, a subsidiary of Bengaluru Resil chemicals and consolidated pathways Inc. USA, launched an innovative textile product that promises to render bacteria and viruses like the coronavirus ineffective. This durable anti-viral Swiss technology not only brings hygiene to textile materials but also improves fabric's resilience against viruses, including coronavirus. At such desperate times, this has brought a sea of opportunities with it.

Another headlines read, when the world was in dire need of PPE (Personal Protective Equipment), India came to the rescue by becoming the second-largest manufacturer of PPE in the world. There are more than 600 companies in India certified to produce PPE. The global market worth of these companies is expected to be over \$ 92.5 bn. by 2025.

At such desperate times, these two have brought many opportunities for our country. The textile industry's contribution can be better understood by knowing some facts about it.

### **So, let's dive deep into the Textile Scenario of India.**

Indian textile Industry is one of the earliest developed industries in the world. We are the second largest manufacturer and exporter of textiles globally, after China. This industry has a strong relationship with the Indian Agriculture. The threads of culture and tradition deeply bond them. The uniqueness of this sector lies in the integration of hand-woven and textile mill sector. The Indian mill sector is the second-largest mill sector in the world. Handlooms,

handicrafts, and small scale power loom units are the essence of the Indian textile Industry. It contributes to 75% of the total textile production of the country.

### **Market Size of the Industry**

The share of textile in total exports was 13% in 2017-2018. Currently, it contributes 5% of global trade in textiles and apparel. Textile Industry contributes 7% of the industry's output in value terms, 2% of India's GDP, and 15% of its total export earnings. It is the largest employment generation source, employing 45 million people directly and 6 Crore people in the allied sector, mainly of women and rural populations. The textile sector serves the purpose of many significant initiatives of the country like – Make in India, Skill India, Women Empowerment, Rural Youth employment.

The Indian textile industry has strength across the whole value chain. Its key growth drivers are – an abundance of raw material, competitive manufacturing costs, and availability of a skilled workforce, growing markets, organized retail, and e-commerce landscape. India has a strong hand in both- natural and manmade fibers. We are the largest producers of cotton, with the production of 370 Lakh bales in 2017-2018.

The Indian textile and apparel industry was valued at \$142 bn in 2019. Out of this, \$106 bn was sold in domestic markets, and \$36 bn was exported to the global market. The break-up of household consumption is as follows - \$78 bn apparels, \$20 bn technical textiles, and \$8 bn home furnishings. The maximum contribution to the export was by Textile, followed by Apparel and Handloom. The total number is expected to

grow up to \$220 bn by 2025 at a 12% CAGR.



Fig: Indian Domestic Textile and Apparel market size (\$US billion) Image source – [www.texmin.nic.in](http://www.texmin.nic.in)

- The European market is the largest market for Indian textile and apparel products. In 2018, India exported \$9,136 million of textiles to Europe. Here, 63% of exports consisted of garments, followed by home textile, which was 13%.
- The USA is the second-largest market for Indian textiles. In the USA's total imports, 40% is exported from India, consisting of home linen.
- Even though China is a significant competitor in the global T&A trade, it is one of the country's largest markets. In 2018, 6% of China's textile imports were accounted for by India, worth \$2,035 million.
- Japan is another major market. In 2018, India's imports to Japan consisted of \$458 million. Also, India enjoys free duty access while exporting to Japan.

### FDI in the Textile Sector

According to the textile industry's FDI policy, 100% of investments are allowed through automatic route. The total FDI in the country's textile industry from April 2000 to March 2020 is \$3,447.53 million, which constitutes 0.73% of total FDI inflows during the period.

Some of the Recent FDI investments in the country are -

- Korea based textile and apparel company Youngone Corporation announced to invest Rs. 900 Crore in Kakatiya Mega textile park, Warangal.
- South Korean-based Hyosung started a full-scale Spandex plant in India.

- Turkey's Kivanc Tekstil is tied up with the Reliance industry to manufacture eco-friendly R-Elan green Gold fabric.
- Japan-based knitting machine producer Shima Seiki agreed with Voltas to market the products of Shima Seiki in India.

### Milestones Achieved by the Industry

- According to the Bureau of Indian technical Standards (BIS), in 2019, 348 Technical textile products were developed.
- Under the Scheme of Integrated Textile Parks (SITP), 59 textile parks were sanctioned, out of which 22 are completed.
- In 2016, I-ATUFS (Integrated- Amended Technology up-gradation fund scheme) was launched, a web-based claim monitoring and tracking mechanism. 381 new block-level clusters were sanctioned.

The 'All India handloom Board' (AIHB), which was constituted in 1992, is now abolished by the Government of India to rationalize the government bodies in consonance with 'less government and more governance.' This board's primary role was to advise India's government in devising policies for the handloom sector. This is one of the significant steps taken by the Government of India to remove the obstacles coming into the Industry.

### Atmanirbhar Bharat

Under the umbrella of atmanirbhar Bharat, recently, the Department of Promotion of Industry and Internal Trade (DPIIT) has proposed incentives to top 40 apparel and home textile goods and top 10 technical goods, which are traded globally. Also, a 10% reimbursement of freight for 50% growth in turnover has been proposed. Another long-term plan to make the textile industry a significant contributor to Atmanirbhar Bharat is to invest around Rs. 40,000 Crore in the identified textile industry. One of the other proposals is to build a coastal mega textile park. Few policies in the making will give direct benefit to the cotton farmers. All

these things help the country to become self-dependent.

### **After COVID Scenario**

Although the pandemic has impacted the textile industry worldwide, it has also opened new doors of opportunities. Now, there is a great demand for 'Hygiene Textile.' Consumers seek qualities like Anti- Microbial, Anti- Bacterial, Anti-Viral, Water repellents, Hydrophilic, wrinkle-free, anti-odor, anti-sweating in their clothes. Producers will now have to produce apparel, keeping in mind all these things. This will now give more business opportunities to textile producers.

### **The Future of the Industry**

The Indian textile industry's Future is promising, not just in the domestic market, but also in the global market. Several international players like Marks and Spencer are coming to India. This really puts high hopes of the country on the textile Industry. The Industry's contribution to the country's economy is commendable. Progress of the textile Industry in India will lead to the Progress of the overall country.

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# MARKETING

## Role of E-Commerce in the Textiles and Garments Industry

*Anusha Singh & Aruja Bhatnagar – MBA 2019-2021, T. A. Pai Management Institute, Manipal, Karnataka*

Have you really thought about what goes behind the process of the creation of the clothes you wear? With the current digital age, we have the luxury of buying clothes online. There are many choices available on various e-commerce platforms that cater to this need of ours. Now, let us look at the textiles and garments industry to understand where we get our favorite clothes online.

The textiles and garments industry is concerned with producing fibers and fabric, from raw materials to finished apparel. India's textile industry is one of the oldest industries in the Indian economy. It contributes 2.3% to India's GDP and is also the second-largest employer in the country, employing around 45 million people.

The industry has a lot of diversity in terms of product segments such as handloom, handicrafts, wool, and silk products. India's textile industry produces various products suitable for different market segments within India and across the world.

With the current COVID-19 scenario in place, India has also become the second-largest PPE manufacturer in the world. There are over 600 companies in India that are certified to produce PPEs. The FDI in the textiles and apparel industry has reached up to \$3.4 bn during 2020, and the exports are expected to reach \$300 bn by 2024-25.

However, the textile industry is facing significant hurdles in the following areas due to the COVID-19 pandemic:

### Labor Force and Employment:

There has been a temporary closure of factories, and there have been lay-offs among low-wage workers. Many of them have also gone back to their respective hometowns and do not wish to return.

### Import and Export:

The pandemic has affected most of India's export market (US and EU form 60% of India's export value), causing cancellations leading to an inventory build-up. Domestic consumption is also affected due to lockdown. New stores have stopped opening, and even the existing ones have a lot of inventory.

### Supply Chain Disruption:

There needs to be a focus on garment manufacturers' local sourcing opportunities due to the impact on imports and export.

### Consumer Sentiment:

Consumers have also become careful while shopping, whether online or in markets. There are concerns about maintaining social distancing, safety, and health while shopping now.

The online shopping segment is still relevant due to multiple safety and security measures like contactless delivery and proper sanitization.

The new normal has pushed businesses to rethink their operational model and what is a better way to connect with customers than the e-commerce marketplace.

Studies show that the garment and textile industry have found their savior in the e-commerce platforms. The transaction can be

classified into two models i.e., B2B and B2C.

In B2C, the lifestyle of consumers has majorly impacted their buying behavior. While a Gen Y and Gen Z are finding e-commerce as a platform to explore, experiment, and connect to the latest trends and fashion, Gen Z working professionals find it a time-saving and efficiency platform. E-commerce provides greater flexibility, customer feedback and satisfaction, and hassle-free exchanges.

The other aspect of the textile & garment industry is B2B relationships. This segment is growing at a much faster pace as compared to the B2C. The demands and behaviors of business are strikingly diverse and performance-oriented. They are looking to breaking the barriers of communication and collaboration between companies and technologically empower the industry. Trust and close relationships play a crucial role in establishing business grounds.

E-commerce has revolutionized the face of business in every sector, and the textile industry is no exception. The organizations understand the gravity of indulging in electronic commerce, which requires redesigning and restructuring the fundamental models.

To know their consumers better, brands are willing to provide a different shopping experience every single time. Providing better shopping experiences, timely deliveries, and better packaging are among retailer's top priorities to preserve their existing customer base and expand to newer ones.

Welspun India Limited is one such example, prioritizing e-commerce to extend its revenue stream and cope with the COVID crisis. It is working extensively in creating e-catalog, ramping up its website, employing digital marketing strategies, targeting customers, and enhancing the presence on e-commerce distributors channel.

Talking about another example, we have Bombay Dyeing, with a 137-year-old legacy, breaking their barriers and adopting the

contemporary mindset. They have invested heavily in improving their online presence and digitization. They have tied-up with major e-commerce companies like Amazon, Flipkart, and Snapdeal to increase customer reach. They have revitalized the brand to target youths' active lives and are tapping the platforms that interest youths the most.

Taking a sneak peek into the significant aspects that are enhanced through e-commerce:

### **A. Internal Process Enhancement**

Focusing on the internal processes, technology is improving every part of the value chain. The crucial aspect of production processes, including raw materials and inventory planning, ordering, procurement, and replenishment from time to time, processing of payments, and supplier management, are handled more efficiently. Streamlining the operations and procurement process helps in cost reductions.

### **B. Information Management**

Information can be created, distributed, stored, and retrieved quickly and effortlessly. This not only helps the top management to make decisions quickly but also to understand the changing trends.

### **C. Bridging Communication Gap**

Enabling businesses to remove any communication gap between the business and consumer, business and business associates, or between business and its employees. Providing a platform for interacting and involving suppliers, companies, and customers become more comfortable. Answering customers' queries quickly, feeding on demand delivery of goods, and customized orders help business organizations win customers' loyalty.

### **D. Expanding Global Outreach**

Business organizations are extensively utilizing the power of the internet to connect with customers and suppliers worldwide. They can send messages with the help of electronic

mediums, exploring new markets at a lower cost. Customers are attracted to lower prices and quality services and the opportunity to splurge in culturally diverse offerings.

No doubt that e-commerce has multifold benefits for the textile industry, yet there are few challenges in their way, as discussed below:

### **E. Difficulty in Accurately Categorizing the Product Online**

The apparel purchasing decisions are very personal to every customer. The clothes that they buy reflect their body image and what they think of themselves. To appeal to such a large target segment and fulfill their needs becomes challenging. The current B2C sites cannot categorize their products accurately as there is a high return rate of the clothes purchased online.

### **F. Factors such as Color, Feel, and the Fit is Challenging to Communicate Virtually**

One of the significant factors when making an online apparel purchase is the color of the product. According to research, 88% of consumers would prefer to buy from a site that guarantees the products' true and accurate color. Knowing the exact feel and fit of the product is also a massive challenge for consumers.

### **G. Lack of Trust in the E-Commerce Platforms**

Be it payment issues or low-quality products present online; people tend not to trust online platforms. Many people refrain from online shopping, even today, as they do not trust them completely.

### **Conclusion**

E-commerce has driven great economic benefits for the textile industry. It has been majorly beneficial for the small and medium scale industries, by empowering them with the necessary support to compete with the major players. The major players can reduce costs by achieving economies of scale, robust distribution channels, and retail partners. E-commerce

eliminates the need to own distribution networks or build dedicated retail channels, hence reducing the overhead costs. The other factors contributing to the rise of E-commerce are its vast population, various options available, increased internet penetration, and increased purchasing power. Also, there are many payment options available such as debit cards, credit cards, cash on delivery (COD), electronic wallets, and internet banking, making it easier for the customer to pay.

The use of technology has improved overall productivity and foster inter and intra organizational relationships. Improvement in the value chain is also observed, which finally translates to lower prices for end products. The key is to understand the customer sentiments and move along with the trends, like festive marketing and gifting combos, which has seen an uptick throughout the year. The textile industries aim to reach maximum production capacity in these unprecedented times, and clearly, e-commerce is the way ahead.

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# HUMAN RESOURCES

## Efficient HR Strategy for the Textile Industry

*Ankur Sharma- MBA 2019-2021, Symbiosis Institute of International Business(SIIB), Pune.*

Today, textile Industries realize that the most effective strategies are not driven by a single function like marketing/sales or operations, but are produced by cross-functional collaboration. Since it participates in the organization's strategic planning process, HR understands the value the organization is trying to generate and the role each function plays in producing the value.

Also, since its mission as a crux function is to deliver the other functions' talent and services, HR also fathoms and realizes the specific challenges each function faces. It can identify and support the need for additional resources or training. It can use its mission to advise core functions on how to align with the organization's strategy. It can even locate necessary talent resources dispersed throughout the organization.

During the **formulation phase of strategy** for the Textile Industry, the following analysis can be done:

**PESTLE Analysis:** It can be conducted on different levels: for the entire enterprise, individual units, functions, or specific activities. PESTLE analysis can also be applied in other functional areas such as **Talent Acquisition**, where PESTLE analysis can be used to understand the **external factors** affecting the **Textile companies' recruitment process**. Carrying out this type of research requires HR Professionals to embrace an extensive and more future-oriented perspective than they may typically use. The HR Professional should cover the following areas:

Assemble a list of possible events or trends that exist now in the Textile industry or could

could be carried out through **brainstorming-meetings, interviews, or even focus groups with experts in certain areas.**

Identify the likely impacts on the organization. These should include positive and negative or immediate and long-range effects on apparently unconnected processes or parts of the organization.

Analyze the impacts more comprehensively to understand probable causes, dimensions, and relationships with other events or trends. For example, trending information may be obtained from industry associations.

**SWOT Analysis:** It is an efficient process for assessing a company's strategic capabilities compared to threats and opportunities recognized during environmental scanning. Strengths and opportunities can be leveraged; weaknesses and threats are problems that must be solved and are often more challenging to control for Textile companies. Information collected from **environmental scanning** can be utilized to complete a SWOT analysis for these textile industries. Meetings can be used to generate items and sort them into four categories.

The later research could focus on weighting strengths and weaknesses relative to specific environmental changes (threats or opportunities). These analyses usually take the form of a ranking sheet. Each scenario (example: a strategic option) is used against the four categories, and the scenarios are ranked by composite score. **A SWOT analysis can underscore the need for addressing cultural misalignments or skill gaps before committing to a strategy.** It should often be performed when

Textile companies consider entering new markets or expanding globally. As with all aspects of strategic planning, SWOT analysis of a global Textile company like **Welspun Group, Trident Limited, etc., is more complicated**. It must consider local variations in performance, competitive situations, exchange rates, labor supply, and various political, cultural, and legal influences in each locale.

**Scenario Analysis:** It can help the Textile companies to compare the impact of changes in the environment on the organization's outputs. This lets the HR Planners recognize those environmental elements that have significant potential for positive or negative effects and use risk management principles to **strategy formulation**. For example, a large Textile company might analyze the impact of changes in the pool of **newly graduated employees** on the firm's operations. What would be the effects if the firm received 25 to 50 percent fewer applications? How would this affect the cost of recruitment, salaries, or positions that are not filled? Scenario Analysis can analyze all these answers.

**Growth Share Matrix:** Larger Textile companies like Bombay Dyeing, Arvind Ltd, Raymonds, etc. can use matrix tools like the growth share matrix to find where the greater value in the organization lies.

For Executing the Strategic Plan of the textile company, the project leader's responsibility should be to make sure that the project meets its objectives in terms of schedule, budget, and quality. This requires establishing processes that support and monitor progress and use of resources. The project manager of the various Textile Companies like **Vardhman Textiles Ltd, Grasim Industries, Sutej Textiles & Industries Ltd, etc. can do that by:**

Establishing and maintaining channels of communication within the team and between the project team and project stakeholders.

Providing Leadership by informing/conveying the value of contributions, keeping the group

concentrated on goals, and modeling organizational integrity.

**Clearing away Obstacles to Progress:** This requires quickly identifying performance issues (such as conflicts, performance gaps, inadequate supervision, inadequate resources, and morale problems) and taking steps to correct them and operate the team back in the right direction.

**Managing Internal and External Stakeholders:** This involves making sure that expectations are understood, realistic, and agreed upon and checking in periodically to make sure that stakeholders and customers are satisfied or if their needs have changed.

**Monitoring and Controlling Progress:** Measurement cannot wait until the end of the initiative. Milestones should be set to judge progress toward goals. The use of resources should be measured regularly and projected to detect problematic trends.

**During strategy implementation for Textile Industries,** tools and processes should be created to collect data related to the key **performance objectives**. Measurement tools may include **performance scorecards for quantifiable metrics, spreadsheets comparing planned to actual outcomes, observation guides, and narratives**. The HR Team members should be thoroughly trained to carry out their responsibilities related to data gathering dependably and precisely. They should understand how to use the measurement tools and processes and why they are being used- the benefits that evaluation creates.

The HR Professionals of the Textile Industry can also use specialized approaches like:

**Six Sigma Strategies:** It refers to a level of quality so high that very few errors occur. It implies the maintenance of the desired quality in processes and products. It undertakes to meet and improve organizational objectives on **quality, cost, scheduling, workforce, new products**. It works continuously towards

revising the current standards and establishing ones. Six Sigma efforts three main areas: **improving customer satisfaction, reducing cycling time, and reducing defects.**

**Lean Strategy:** It focuses on eliminating waste by maintaining a compact concentration on the expected value of the project, entrusting the team to make judgments, interpreting, and solving problems instead of working around them, accentuating regular learning.

Therefore, in the end, it can be concluded that all these strategies mentioned above could play an instrumental role in the success of a Textile Industry.

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# GENERAL MANAGEMENT

## Textile Industry and Market Growth in India

*Mayank Shah & Vivek Kaushik– MBA, Symbiosis Institute of Business Management, Nagpur*

### Introduction

In India's cultural heritage, the textile industry has played a vital role in connecting us with different nations and has also supported an economic interest. This industry is mainly divided into two divisions - the organized sector and unorganized sector. The 175-year-old organized sector holds the embracing of garments, spinning segments, which may apply new technology with the implication of modern machinery.

On the other side, the unorganized sector, like Khadi and handloom, is the oldest in the whole country. This sector is the second-highest employer in the country after the agriculture sector. The overall textile industry employs approx. 45 million & 60 million directly and indirectly respectively in the 1800 textile mills, based across India.

The modern textile industry came into existence around the beginning of the 19th century. In India, the Britishers built the first textile mill were situated at Fort Gloster near Calcutta in 1818. However, the operations of the cotton textile industry began in Mumbai only in the year 1850.

India's government has also taken initiatives from time to time to improve the textile industry, like framing a policy that allows 100% FDI in the textile sector of India under the automatic route. The main fundamental strength of the Indian textile industry flows from its wide range of production materials like jute, cotton, silk, wool to synthetic, polyester, viscose, nylon, and acrylic, etc.



(Source: Ministry of Textiles)

### Market size: -

This industry has strengthened the whole value chain from natural to human-made fiber to apparel to home furnishing. The share of the textile industry is 6% in the Indian GDP and 13% in exports. The textile industry's innovation and our experience in this field will help us achieve a growth of 20% in exports in the next few years.

As per the Ministry of Textiles, by 2021, the Indian textile market's total value is assumed to reach \$223 US billion markets, which has expanded at a CAGR of 10.14% between 2009-21. According to the new policy, the Ministry of Textiles aims that by 2024-25, they will reach the target of \$300 US billion by exporting textile products.

Increment in the raw cotton and man-made fiber production: -

In India, cotton production is expected to grow from 28.0 million sales to 33.7 million sales from FY 2007 to FY 2029 at a CAGR of 1.6%. It is estimated that the production of cotton in India will reach 32.3 million sales in FY2020. Fibers and cotton are the most critical segment in the textile industry, and during FY 2019, the production of fiber in India was approx. 1.443 million tones. Yarn production increased to 5,862 million per kg in FY 2019 from 4,712 million per kg in FY 2011, with the implication of 2.69% of a CAGR.

#### Exports: -

Exports are the most critical aspect of the Indian textile industry. During FY 2019, exports of textile from India accounted for US\$38.70 billion. Also, 5% of GST has been levied for domestic textile manufacturers and importers from FY 2017 onwards, which has also impacted the prices of imported garments - the rate of imported garments decreased by 5-6%. As compared to the pre-GST period, the industry was looking at a growth of 6.2% in post-GST - in September of FY 2019.

India current Exports are as follows	
Cotton Fiber	9%
Cotton Yarn, Fabrics and Made-ups	23%
Man-made Textiles	14%
Garments	39%
Handlooms & Handicrafts	11%
Others	4%

Since the past few years, Indian products have had a significant market share in the global home textile industry, and India accounted for 7% of the worldwide home textile trade. Some Indian textile companies are the leading companies in the US and UK with a 2/3rd contribution to their total exports.

A new domain of the textile industry- the technical textile industry: -

Due to the cost-effectiveness, durability, and utility of our textile industry, India is the key growth market for the technical textile industry. Majorly seat belts and adhesive tapes, thermal protection, and blood-absorbing services will be offered by the technical textile industry. To promote the sector, the Government of India (GOI) has also allocated 207 Harmonized System Nomenclature (HSN). The industry is assumed to have a CAGR of 12.20% and reach a valuation of US\$ 32 billion by FY 2023. According to the Bureau of Indian Standards in 2019, 348 textile products have also developed to promote the technical textile industry. GOI also launched six additional courses for technical textiles on one of their educational platforms named Samarth.

#### Other Government Initiatives: -

Following are some of the initiatives taken by the Indian government to promote the textile industry: -

- Textile Parks & Public-Private Partnership (PPP): - To develop the participation of the private sector in the textile industry, the Ministry of Textiles, with the help of GOI, took a step to authorize the institute under the PPP model. In December 2019, the Ministry of Textiles had sanctioned around 59 textile parks under the PPP scheme around the country, and out of that, 22 textile parks are still active.
- Promotion of Khadi: - GOI plans to connect with 50 million Indian women across thousands of villages to provide them with the Charkha till 2025. Indian Khadi is also going to open its first foreign venture in Bhutan.
- Incubation in Apparel Manufacturing (SIAM): - The target of this scheme is to motivate the young entrepreneurs in manufacturing garments by providing the



- right work area and reduce their financial & operational costs for building up a new business.
- In the year 2017 Ministry of Textiles signed approx. 65 MoUs with national & international organizations across various industries, out of which 3 were G2G MoUs.
- To increase the demand in the domestic market, GOI is setting up SITPs and Mega Cluster Zones, and are also expecting US\$ 140 billion of foreign investment. The government is also establishing a policy to increase TUF loans to fulfill the unexpected demand for textiles. Latin America and Africa will be the crucial key markets for Indian textiles.

These steps would help us generate employment in value creation and work towards fulfilling our Prime Minister's vision of "Make in India." During this process, investments worth around \$180 billion to \$200 billion are expected to be made, and about 35 million new jobs could be created.

#### **Conclusion: -**

The Indian textile industry has made an eventful journey from handlooms to machines. Today, it has emerged as the 2nd largest textile producer globally and has even attracted foreign countries by its work identity. Entering into a new era, the industry is also developing and expanding in its growth, with the government taking considerable initiatives to improve Indian textiles' position across global markets. The primary and secondary textile industries could play a critical role in the economy. But for that to happen, the opportunities in these industries must be appropriately utilized, and various government schemes for industry integration could be a solution. Multiple projects like 'Make in India' are being organized, and in the coming future, these will be essential and pivotal in providing opportunities to Indians.

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# CALL FOR ARTICLES

We invite articles for the September 2020 Issue of SAMVAD.

The Theme for September month- “**Ed-Tech**”

The articles can be from Finance, Marketing, Human Resources, Operations or General Management domains.

You may also refer to sub-themes on Dare2Compete.

## **Submission Guidelines:**

- Word limit: 1000 words or a maximum of 4 pages with relevant images.
- Cover page should include your name, institute name, course details & contact no.
- The references for the images used in the article should be mentioned clearly and explicitly below the images.
- Send in your article in .doc or .docx format, Font size: 12, Font: Constantia, Line spacing: 1.05' to **samvad.we@gmail.com**. **Deadline for submission of articles: 22<sup>nd</sup> September 2020**
- Please name your file as: <Your Name>\_<title>\_<section name e.g. Marketing/Finance>
- Subject line: <Your Name>\_<Course>\_<Year>\_<Institute Name>
- Ensure that there is no plagiarism and all references are clearly mentioned.
- Clearly provide source credit for any images used in the article.

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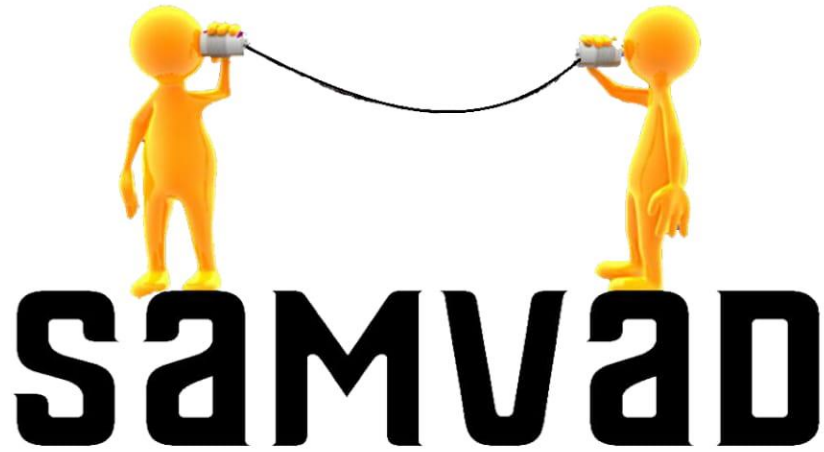
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