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## GLOBAL RECESSION IMPACT ON THE COTTON TEXTILE INDUSTRY IN INDIA

**Prof. Anil P Kamble**  
Principal, L.B.P. Mahila College, Solapur.

### ABSTRACT:

*The phenomena of a global economic downturn are not new in economic history, although the causes and consequences of such economic syndromes are dissimilar at various periods. The main problem of global recession of 2008-09 started in U.S.A. subprime followed by a series of other financial crisis has shattered the world economies. The epidemic of recession affected various economies conceptually; recession implies drastic slowing down of the economy leading to a fall in aggregate demand over a period of time. The features of such a recession may be associated with a plummet in output, escalating unemployment, flagging interest rates, mounting prices & more uncertainties in business activities, several economies across the globe in general and industries in particular, were relation hurt by the crisis. The Indian economy also grieved with the catastrophe, although not severely. Indian textile industries which are primarily export oriented industries.*



### INTRODUCTION –

The enduring and pervasive economic revolution globally in terms of globalization, liberalization and Privatization Policies ensures substitution and assimilation among cross border economies. Congruently the interlink ages amongst the financial and real Markets both domestically and internationally, remain fairly sensitive to uploaded information Technology, telecommunications and especially the encompassing impingement of infrastructure facilities, successfully, the contagion and spit over effect of any sorts of Macroeconomic disturbances in an economy affect the rest of the World. The latest global economic meltdown of 2008-09, which started with the US. Subprime crisis followed by Lehman brothers financial crisis, is not unexceptional. The developed economies, the mainly US, U.K, Japan, Germany and many others were the most effected economies, several industries and business firms irrespective of the size have been cripplingly distressed and more uneven macroeconomic accomplishments occurred. The Indian economy also suffered a lot although not severely. Besides others, the Indian textile industries were among the worst affected industries. The Indian Textile Industries are considered to be one of the finest, leading and vibrant industries in the World. Until the eighties, it was predominately an unorganised industry. Historically, since 1985, for the first time the prominence of the textile sector was recognised and a distinct policy statement was announced for the inclusive growth of the sector, subsequently, the liberalization policies, of the nineties obligated radical change in functions, shape and profile of the industry. The open economy has injected a much needed push to the sector. The industry has now effectively become one of the largest industries in the world next to China. The Indian textile industry basically depends upon textile manufacturing and exporting, Its importance as an industry is well organised and articulated through its contribution towards economic growth of the country, GDP, foreign exchange earning and employment generation. Recent statics show that India earn about 27% of its total foreign exchange through exports,

further the textile industry also contributes nearly 14% of total industrial production, around 4% of the country's GDP, 17% of total export earnings, 30% market share of export, 9% of excise collection and 18% of employment is also the industrial sector. The Indian Textile industry is also the largest in the country in terms of employment generation. It's not only spawns jobs in its own industry, but also unlocks scope and avenues for employment opportunities in other ancillary sectors such as agriculture, manufacturing industrial, organised and decentralized sectors. It is also one of the effectiveness industries creating job and generating employment opportunities equally in rural and urban area. The industry currently generates employment to the more than 35 million people. It is estimated that the industry generate more than 12 million new job by the middle of year 2011. Being second largest employment provider after than agriculture sector.

### **An Overview of the Textile sector in India:**

Historically, the Indian textile industry enjoys a rich cultural heritage, ancient customs and inherent traditions. The history of Indian textile industries is guide old & as old as that of human civilization. It traces back to the Indus valley civilization where people used homespun cotton for weaving their cloths, cultural and religious text such as 'The Ramayana', Mahabharata depicted the existence of the wide variety of fabrics in ancient India. The modern day textiles industry is not only inherent of the culture of the past but also fulfils their requirements. Similarly, in terms of textile trade the foundation of the Indian textile trade began as early as the second century. Indian silk was used as barter for species from the western countries.

### **Organisation of textile sector:**

Broadly, the textile industry in India is divided into two categories, namely organised and unorganised sector. The organised sector includes spinning mills, whereas the unorganised sector comprises power looms, handlooms & garments, such as cotton textiles, silk textile, woollen textiles, readymade garments, hand-crafted textiles jute and coir textiles.

### **Size of the textile sector:**

In terms of the size of the industries, an approximate number of textile manufacturing companies operating in India as of 2010 are given badges, emblems ribbons and allied products-175; bed covers, curtains, cushions and other draperies-2471, carpets & rugs-270, embroidery and embroidered garments. Made up and finishing-848, fabrics and textiles-3013, yarns and threads 1201, jute products 337, kids apparel and garments 1052, ladies apparel and garments 2932, men's apparel and garments 2936, miscellaneous garments textile & leather accessories 1658, yarns and tread 1201, wool, woollen, garments, blankets and accessories 468, textile chemicals, dyeing & finishing chemicals 239 etc.

### **Pros and cons of Indian Textile industry**

India has great potential for domestic and foreign market for textiles. It is blessed with enriched large natural resources of the raw materials required for textile industry. Being the second largest producer of cotton in the world, it is flush with fibres resources like polyester, silk, viscose etc. This country is powered with a wonderful combination of skilled and unskilled human resources and produces varieties of apparel both in terms of large volume and high quality, meant for domestic and exports markets with low cost. In fact today's fashion world is dominated by these fabrics. However textile industries, have their own drawbacks. It is a highly fragmented industry not transport and with very stringent rules & regulation, restrictions in import and exports.

### **India's tops in World organic Cotton**

The country is organic cotton output increased 292% during 2007-08 to 73702 tonnes compared with the previous year. But this is what the organic exchange is organic cotton for particularly the result of more accurate data, the increase is also a result of unavailability of fertilizers, prohibitive cost of synthetic

pesticides and general disenchantment with genetic cotton. The table 1.1 shows that India comparison with other countries.

**Table 1.1(Cotton Production)**

Country	2010-11 (tonnes)	2021-22 (tonnes)
India	18790	73702
Turkey	23152	2440
Syria	2500	2800
Chiana	4079	7354
Tanzania	1662	2852
US	1918	2716

This table 1.1 indicate that position of cotton production of India's country in the world during in global recession period.

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