

# Changing with the times!

Change is a constant on the path of growth. **Bindu Gopal Rao** explores the changing face of the apparel industry in India and looks at the many factors that have contributed to this evolution.



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**L**et's start off by looking at some staggering figures. India's total textile and apparel industry size, both domestic and export, is projected to grow at a CAGR of 9.5 per cent to reach the \$223 billion mark by 2021 from \$89 billion in 2011, according to a white paper by industry body FICCI (Federation of Indian Chambers of Commerce and Industry) and research

firm *Technopak*. The white paper titled 'Challenges in Textile and Apparel Industry' also disclosed that the domestic textile and apparel market in India is worth \$58 billion and has the potential to grow at a CAGR of nine per cent, to reach \$141 billion by 2021. India's share of the world's textile and apparel exports stands at 4.5 per cent and it is estimated that due to the increasing shift of textile and apparel production to Asian nations and the deteriorating export-competitiveness of China, this figure will grow to eight per cent by 2020, with a total export value of \$82 billion. This growth, from four and a half per cent to eight per cent of world trade will open up huge opportunities for Indian players. These numbers are certainly mind boggling and augur very well for the apparel industry in the country.



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### EVOLVING RIGHT

Slowdown in the world's economy has had an impact on the industry, but has not deterred its growth path. "We, now have to compete with multinational brands that have entered the country, offering the latest that is available to the rest of the world. Competition is tough and the variety on offer to the consumers is vast. Thanks to technological connectivity, people are updated and have access to the latest in fashion and apparel at the click of a button," says Suhail Sattar, Co-founder and Director, Hasbro Clothing Pvt. Ltd. The Indian consumer has also evolved. The consumption pattern is growing and every occasion creates the demand for a different outfit. Also, the increasing upper middle class population with both parents earning, coupled with one or two kids at the most, means that their ability and inclination to provide the best to their kids has

gone up tremendously in the last ten years and is the main reason that has propelled growth in the kids' segment. Increasing media exposure and fashion and brand consciousness is also helping organised retail grow, particularly in this segment. "The market is hugely under served and we feel that there is huge potential in the kids' segment. Many cities in India do not have a proper kids' wear store to fulfil their needs. With the overall growth of the retail sector in the country, it is important that we address the needs of the customer right from his/her birth. These trends have also lured export houses to look at domestic demands," says Sharad Venkta, Managing Director and CEO, TOONZ Retail India Private Limited. Today, there is also a strong focus on sustainable fashion and consumers are more and more interested to know the details of the whereabouts of the clothes they are wearing. "The great thing is that many of these organic labels come up with very fashionable creations and they prove that sustainable fashion does not mean being out of sync with fashion. Now, everyone just needs to understand that sustainable fashion is going to be more expensive, but will also last longer," opines Meera Saxena, Creative Director, Loom Mool by SEWA Bharat.

### TREND CHECK

The evolution of the apparel industry is due to the many trends that have been making waves in this segment since the last few years. Over time, the apparel industry has seen various trends emerge, the current being retailing through e-commerce and this is relevant especially in today's times with internet connectivity being within everyone's reach. "Technology has changed the game completely. Trends such as multi-channel retailing are becoming a reality as it is important to be present where the consumer is," says Sattar. Kids' apparel is also ruling the roost, thanks to an upsurge in the number of middle class families and better pay packages. "Exposure to television has led to kids developing their own fashion opinions; they want to choose for themselves what to wear and what not to wear. New age parents, too, are inspired to experiment with new fashion for their children. The exposure to international fashion has created a

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demand for more mature detailing and silhouettes, even with respect to kids' brands," elaborates Venkta. Another key trend is the cropping up of several small brands—brands that work with small artisans/producers as opposed to big manufacturing units. These products come at a higher price but also last longer and are really just another kind of sustainable fashion. "Further, I think it's important to mention again how democratic fashion has become. Everyone, from all walks of life, can wear anything with full confidence," says Saxena.

### THE CHALLENGES FACED

Rising overhead costs, raw material costs and increase in volatility in raw material prices are the key challenges being faced. Coupled with factors like labour unrest, poor working environment and supply chain problems (lead time), the industry while powering ahead, still has several challenges left to overcome. Achieving scale and profits together seems to be a huge challenge, given that for a developing world's consumption levels, Indian retail does involve first world's costs. "I guess this

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is the phase where organisations and entrepreneurs will have to dig deep to ensure that the business stays relevant and innovate to sustain reasonable levels of profit," explains Sattar. The biggest challenge is the development/production/supply chain of each clothing item itself. "When you look at the cycle of a cotton shirt, for example, and the numerous steps and materials that are involved in making it plus the number of people involved—the entire process is a huge challenge. Nobody outside the industry is aware of the complexities but expect a perfect



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product at a minimal cost, that lasts forever, which is a difficult task,” says Saxena.

### COMPETITIVE DEMANDS

China and Bangladesh are the markets that are posing huge competition to the Indian apparel industry. The Chinese apparel industry has been successful when it comes to supply and manufacturing and they do have successful brands in the domestic market; however, they are yet to cross the border and launch in India. “Competition is massive, especially from China. While China is not an innovative country, they copy within no time. They have invented the *chikankari* embroidery machine and in many areas the quality is much better; but the beauty and intricacy of certain products from India is unique. We must build on that and improve our quality and efficiency to be a strong competitor,” says Saxena. “There are no

domestic Chinese apparel labels that are doing well internationally. As far as Bangladesh is concerned, they are very strong on the supply side but we are yet to hear of any brands in their domestic market,” says Sattar. Venkta, however, has a different take. “We don’t feel these markets are a threat to the industry because of two reasons. With dollar prices rising and the anti-dumping duty, they are not as competitive as before and imports have risen way beyond the local sourcing prices. Also, with respect to high-end fashion products, a lot is being compromised on to bring the prices into competitive parameters.”

### ADVANTAGE INDUSTRY

The apparel industry in the country is fragmented into unorganised retail, organised retail and several other categories, and it is time that all of these come together to form a unanimous body. “The RAI and the CMAI should collaborate to solve issues with regards

to bringing down operation costs and promote technology upgradation with respect to the industry. Apparel Manufacturing and Retail, collectively, are important pillars of the economy and have contributed to approximately 14 per cent of the GDP,” says Venkta. The apparel industry and retail largely needs to be given industry status and the GST (Goods and Services Tax) roll out has to happen. For national retailers, the paperwork and loss of tax between states (octroi, entry tax, etc.) needs to go. The industry needs to become more organised—right from fabric production to the way factories are managed and organised.

### GOVERNMENT IMPETUS

As with any industry, the Government’s support and encouragement is a must for the apparel industry to do well. The industry and the Government must collaborate together, more often on public forums, to discuss issues pertaining to the industry and raise them with the respective bodies and the Government for the betterment of the industry. More trade fairs should be organised on the domestic and international levels as well, which should be backed by the Government for increasing business opportunities and for the welfare of the industry. The Government can help the industry by controlling inflation, bringing in further FDI, supporting technology upgradation and overhauling and improving the implementation of GST. “The Government can regulate certain procedures that help companies to streamline their businesses. Also, if they implement certain quality standards and empower companies to get certifications matching international standards to be competitive, it will help. They can also assist the industry to grow by subsidising certain skill trainings and empowering individuals to develop within a business,” opines Saxena.

The coming together of the various associations and the Centre to further drive the industry forward and overcome the obstacles in its path, is all the Indian apparel segment needs to emerge as a world leader. ♣