

The background of the page is a close-up photograph of pink silk fabric, showing its characteristic sheen and fluid, draped texture. The fabric is the central focus, with light reflecting off its curves and folds.

An Overview of Silk Industries in India

Source: Textile Review

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Silk production is regarded as an important tool for economic development of a country. The Central Silk Board is a statutory body established for administrative control of the Ministry of Textiles, Government of India. It is give to advise the Central Government on all matters relating to the development of silk industry including import and export of raw silk. The textiles ministry is expecting that India's silk export is likely to touch ₹ 7,000 crore by 2012. The textiles ministry is creating more awareness to the farmers about silk and also giving training to use of new technologies to silk production. Silk industries are using modern and scientific production techniques for produce silk products and achieve high import to other countries.

The Indian silk industry is an integral part of the Indian Textile Industry and is among the oldest industries in India. The silk industry in India engages around 60 lakh workers and it involves small and marginal farmers. Today, the textile industry is-a global industry and we are living in a world full of volatility in commodity prices, foreign exchange, and interest rates. Since raw cotton presents such a large percentage of total input cost, bad judgments in price fixations can seriously affect the profitability of a company. More and more cotton growers and textile mills around the globe employ the services of consultants to assist them with their cotton pricing and risk management decisions. This is not surprising as cotton is the only major input cost item over which a textile mill has control.

The textile tradition in India has been conditioned by a number of factors, like geography, climate, local culture, social customs, and availability of raw material etc. A variety of raw material like silk, cotton, wool, jute etc is used in India for creating fabric. Silk and cotton weaving predominate the weaving traditions in India. Silk weaving is common in most parts of the country, important centers being Mysore, Assam, Banaras, Murshidabad, Surat, Kanchipuram and Paithan etc.

Man is always inquisitive for silk products. Silk is Queen of Textiles, spells luxury, elegance, class and comfort. Mankind has always loved this shimmering fibre of unparalleled grandeur. It withstood many a daunting challenges from other natural and artificial fibres and yet, remained the undisputed Queen of Textiles since centuries. Exquisite qualities Man is always inquisitive for silk products. Exquisite qualities like the natural sheen, inherent affinity for dyes and vibrant colours, high absorbance, light weight, resilience and excellent drape etc. have made silk, the irresistible and inevitable companion of the eve, all over the world.

The production output of Silk industry in India is 17,300 tons of silk and it produces 4 types of silk viz., Mulberry, Muga, Tassore, and Eri. The crux of India silk industry lies with the Indian states of Karnataka, Andhra Pradesh, Tamil Nadu, Jharkhand, Chhattisgarh, Orissa, Jammu & Kashmir and West Bengal. "Sericulture" or rearing of silkworm revolves around these Indian states and thus the farming of silk is concentrated in these states only. Sericulture involves rearing of food plants, the mulberry plants, rearing of the silk insect, and finally post-cocoon processes such as twisting, dyeing, weaving, printing, and finishing.

Production of Silk

Silk is a high value but low volume product accounting for only 0.2 % of world's total textile production. Silk production is regarded as an important tool for economic development of a country as it is a labour intensive and high income generating industry that churns out value added products of economic importance.

Asia is the main producer of silk in the world and produces over 95 % of the total global output. Though there are over 40 countries on the world map of silk, bulk of it is produced in China and India, followed by Japan, Brazil and Korea. China is the leading supplier of silk to the world. India is the second largest producer of silk, contributing to about 18 per cent to the world production. The real fact is that India's requirement of raw silk is much higher than its current production at present. Thus, there is considerable scope for stepping up production of raw silk in the country, overcome the persistent conflict of interest between exporters of silk products and producers of raw silk. It has a strong tradition and culture bound domestic market of silk. In India, mulberry silk is produced mainly in the states of Karnataka, Andhra Pradesh, Tamil Nadu, Jammu & Kashmir and West Bengal, while the non-mulberry silks are produced in Jharkhand, Chattisgarh, Orissa and north-eastern states.

Types of Silk

There are five major types of silk of commercial importance, obtained from different species of silkworms which in turn feed on a number of food plants. These are except mulberry; other varieties of silks are generally termed as non-mulberry silks. India has the unique distinction of producing all these commercial varieties of silk.

Silk has been intermingled with the life and culture of the Indians. Though India is producing all the varieties of silk i.e., dress materials, scarves/stoles, readymade garments, etc., the silk sarees are unique. The saree is almost synonymous with the word silk. It is the traditional costume of Indian woman since time immemorial. There are innumerable references in Indian literature about this draped garment and the style of wearing differs from time to time, region to region and people to people. The silk sarees of India are among the living examples of the excellent craftsmanship of the weavers of the country.

Strengths of Indian Silk Industry are as follows

- Huge production capacity
- Efficient raw material manufacturing capacity Large pool of skilled and cheap labours Entrepreneurial skills
- Huge export potential
- Large domestic market
- Very low import content
- Flexible silk manufacturing systems
- It is wide base and sustaining market demand pull especially from the Indian hand loom weaving sector.
- The infrastructure created by the national sericulture project and the research and training capabilities.

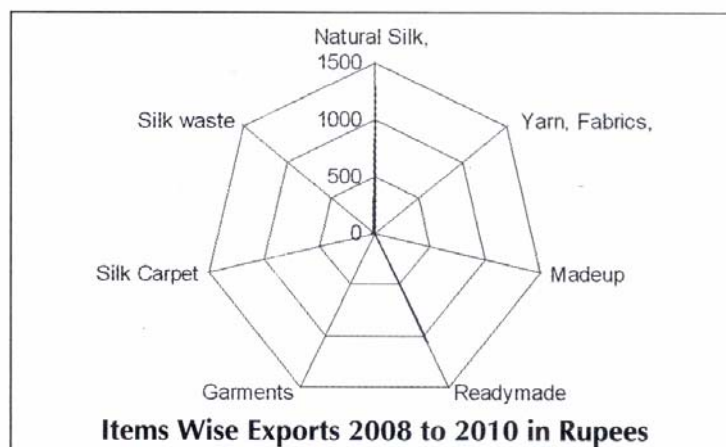
Weaknesses of Indian Silk Industry are as follows

The main weakness is related to a poor database, diverse range of practices leading to a divergence in productivity and quality. Generally, there is weak accent on quality consistency in production, poor transfer of technology to the decentralized sector both due to poor technology absorption and poor/inadequate follow up on laboratory findings; poor market linkages, a thriving unfair trade in the post-yarn sector, high cost technologies due to fears that there might not be corresponding improvement in price realizations. Other weaknesses are inadequate emphasis on quality in the commercial seed sector, neglect of marketing linkages and the need for a basic perspective for development of the sector which clearly defined relative roles for the central and state agencies under the federal, set-up Imports of cheap and alternative textiles from other Asian neighbors and some of other reasons to reduce export.

- Use of outdated manufacturing technology
- High cost of use new technology
- Price challenges. in export market
- Primitive and unscientific production techniques
- Use of poor quality seeds
- Low production of bivoltine seeds
- Use of non-graded and diseased seeds
- Poor knowledge of farm disease amongst farmers Poor supply chain management
- Huge unorganized and decentralized sector
- High production cost
- Recurring droughts
- Increased import of silk from China

Export in India - An Overview

In 1922 to 1937 the industry was in doldrums and during this period a number of the Bombay mills changed hands. The Second World War, during which textile import from Japan completely stopped, however, brought about an unprecedented growth of this industry. The number of mills increased from 178 with 4.05 lakh looms in 1901 to 249 mills with 13.35 lakh looms in 1921 and further to 396 mills with over 20 lakh looms in 1941. By 1945 there were 417 mills employing 5.10 lakh workers.



Review of Silk Exports & Imports Table 1: Total Export Earnings of Silk Items

Item wise Exports	December				April to December			
	2009		2008		2009-2010		2008-2009	
	₹ (in Crore)	US\$ (Million)	₹ (in Crore)	US\$ (Million)	₹ (in Crore)	US\$ (Million)	₹ (in Crore)	US\$ (Million)
Natural Silk, Yarn, Fabrics, Madeup	107.36	23.02	140.88	28.96	1048.56	218.68	1287.60	287.86
Readymade Garments	96.51	20.70	119.62	24.59	1026.72	214.12	1058.59	236.66
Silk Carpet	2.24	0.48	5.18	1.06	32.63	6.81	32.47	7.26
Silk waste	5.80	1.24	1.12	0.23	15.95	3.33	5.09	1.14
Total	211.91	45.44	266.8	54.84	2123.86	442.94	2383.75	532.92

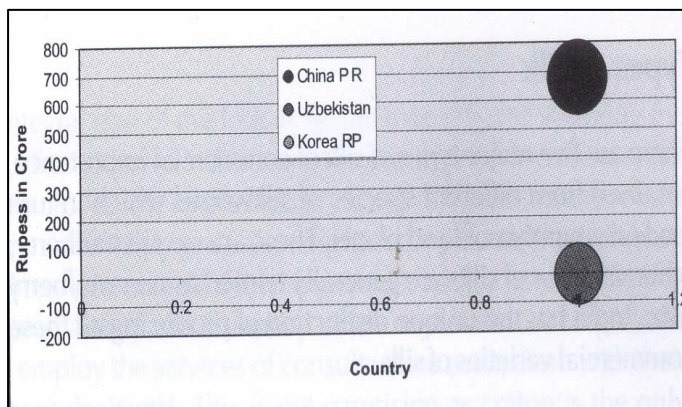
Source: Foreign Trade Statistics of India (Principal Commodities & Countries), DGCI&S, Kolkata

Review of Silk Exports & Imports Table II: Countrywise Imports of Raw Silk

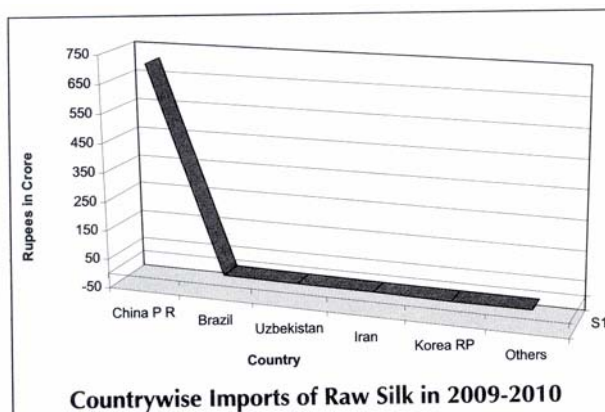
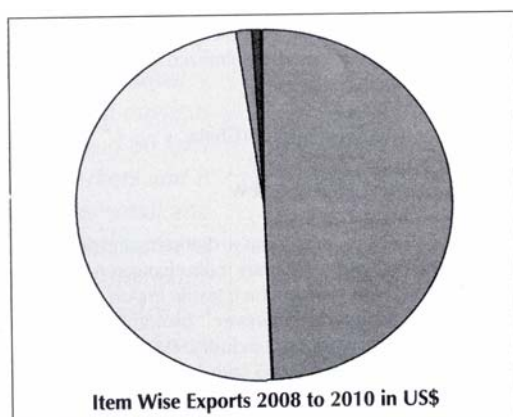
Country	April To December					
	2009-2010			2008-2009		
	Qty. (Tons)	Value ₹ (in Crore)	Value US\$ (Million)	Qty. (Tons)	Value ₹ (in Crore)	Value US\$ (Million)
China P R	5759	712.83	148.66	6295	677.09	151.37
Brazil	65	6.70	1.40	17	1.89	0.42
Uzbekistan	52	3.94	0.82	18	1.32	0.30
Iran	29	1.99	0.42	0	0	0
Korea RP	16	1.35	0.28	0	0	0
Others	25	2.31	0.48	17	1.31	0.29
Total	5946	729.12	152.06	6347	681.61	152.38

Source: Foreign Trade Statistics of India (Principal Commodities & Countries), DGCI&S, Kolkata

A textile export plays a crucial role in the overall exports in India. Thought export friendly government policies and positive efforts by the exporting community, textile exports increased substantially from US\$ 5.07 billion in 1991-92 to US\$ 12.10 billion during 2000-01. The textile exports basket contributing over 46% of total textile exports. In world textile trade has risen to 3.1 percent in 1999-2000 as against 1.80% in early nineties.



Countrywise import of Raw Silk in 2008-2009



Exports have grown at an average of 11 % p.a. over the last few years; the world textile trade has grown only about 5.4% p.a the same years. During the year 2000-01 Indies textile export was US\$ 12014.4 million. It was increased the year 2004-05 US\$ 13038.64 million. The exports of textiles (including handicrafts, jute, and coir) formed 24.6% of total exports in 2001-2002, however this percentage decreased to 16.24% during 2004-2005.

State	Market	Quality	Unit	December '09		December '08	
				Min.	Max.	Min.	Max.
Tasar Reeling Cocoon							
	Chhattigarh	Raigarh /Chaibasha	Railly	₹/'000 no.s	-	-	550
	Daba		₹/'000no.s	500	1605	475	1605
	Bihar	Bhagalpur	Railly	₹/'000 no.s	-	-	1800
	Daba		₹/'000no.s	1150	1250	1600	1700
Tasar Reeled Yarn (Indian) 50 Denier							
	Chhattigarh	Raigarh/Chaibasa	Railly (50- Denier)	₹/Kg	-	-	1600
	Daba(50-Denier)		₹/Kg	1500	2150	1700	1750
	Bihar	Bhagalpur	Warp	₹/Kg	2200	2200	2000
	Weft		₹/Kg	1850	1850	1800	1800
Tasar Ghicha Yarn							
	Chhattigarh	Raigarh/Chaibasha	Fine	₹/Kg	1300	1400	1100
	Medium		₹/Kg	-	-	-	-
	Coarse		₹/Kg	1000	1050	950	975
	Bihar	Bhagalpur	Fine	₹/Kg	1200	1200	1000
	Medium		₹/Kg	1100	1100	800	800
	Coarse		₹/Kg	1000	1000	750	750
ERI							
	Assam	Guwahati (Eri Cut COOCONs)	Superior	₹/Kg	400	500	360
	Medium		₹/Kg	300	350	250	300
	Inferior		₹/Kg	220	250	200	220
	Guwahati	Eri Spun Yarn	₹/Kg	1000	1200	700	800
MUGA							
	Assam	Guwahati	Reeling	₹/'000 no.s	1200	1600	800
			Cocoons				
	RawSilk (Warp)		₹/Kg	7000	8000	5200	5200
	RawSilk (Weft)		₹/Kg	6000	6500	4500	4500

The textile exports recorded a growth of 15.3% in 2002-2003 and 8.7% in 2003-2004. Textile exports during the period of April-February 2003-2004 amounted to \$ 11,698.5 million. During 2004-05 textile exports were US\$ 13,039.00 million, recording a decline of 3.4% as compared to the corresponding period of previous year. However, during April-November, 2005, the textile exports have shown growth of 8.2% as compare to the corresponding period of previous year. Against a target of US\$ 15,160 million during 2004-05, the textile exports were of US\$13039 million, registering a shortfall of 14% against the target.

The overall export target for 2005-06 has been fixed at US\$ 15,565 million. In 2005 textile and garments accounted for about 16% of export earnings. India's textile exports to the US have shown a good rise of 29.5% between January and June 2005. The textiles ministry is expecting That India's silk export is likely to touch ₹ 7,000 crore by 2012. The country's

silk export, including items like garments, natural silk yarn, fabrics, scarves and carpets, was ₹ 2,905.33 crore during April-February 2008-09. The export stood at ₹ 3,500 crore in 2007-08.

The US is the major export market of silk items, contributing about 22% in India's earnings from the product, followed by the UK, the UAE, Italy and Germany. The textiles ministry is expecting that the exhibition would generate a business of about ₹ 300 crore and medium-term sales of ₹ 1,000 crore. To diversify the textiles exports and reduce dependence on the European Union (EU) and US, which accounts for bulk of textiles shipments, new markets like Latin America, Africa and Oceania regions are being explored by the Indian exporters.

India's \$55-billion textile sector employs about 35 million people. The country's textile exports declined by 10% to \$20 billion in 2008-09 over the previous fiscal due to demand recession in the major global markets, including in the US and EU. The textile ministry has failed to achieve the target for silk export for 2008-09. The ministry had set a target of exporting silk items worth ₹ 3,970 crore but the country could export silk goods worth only ₹ 3,165 crore during the period. However, 2008-09 recorded a growth of 16%, compared with exports of ₹ 2,727 crore, which were reported in 2007-08.

According to the latest statistics released by the Central Silk Board (CSB), an apex body of the silk industry, the export of readymade silk garments increased to ₹ 1,437 crore in 2008-09, from ₹ 746 crore in the previous year. The exports have been affected due to the decline in demand for silk products like natural silk yarn, fabrics and made-ups. China, the world's largest producer of silk, has acquired India's major silk export markets, by offering these items at a cheaper cost. Silk items like natural silk yarn, fabrics and made-ups fetched export earnings of ₹ 1664 crore in April-March 2009, down 12% from ₹ 1,897 crore recorded in the previous fiscal.

The country's silk carpet exports stood at ₹ 58 crore, down from ₹ 72 crore, while exports of silk waste also declined to ₹ 5 crore from ₹ 12 crore. The failure in achieving the export target is mainly attributed to a cut in silk exports to the US. The country exported silk items worth ₹ 535 crore to the US in 2008-09, down from ₹ 614 crore exported in the previous fiscal. Silk exports to the UK also declined to ₹ 348 crore from ₹ 390 crore recorded in the previous fiscal. The US, Hong Kong, the UK, the UAE and Italy are the top five countries that imported Indian silk goods in value terms during April-March 2009. India's total silk exports, the US accounted for 16.9%, followed by Hong Kong at 12%, the UK at 11%, the UAE at 9.5% and Italy at 6.2%.

Shrinking silk demand from the key Indian silk material importer, The US, has influenced the country's target of silk export earning fixed for the fiscal 2009-10. The country garnered ₹ 28.71 billion in 2009-10, just 67% of the target of ₹ 41.5 billion fixed by the Union Textile Ministry and also recorded a 10% fall against the earning of the fiscal 2008-09 which stood at ₹ 31.7 billion.

The export volume of silk items reduced in 2009-10 mainly due to the fall in exports to the US to ₹ 4.1 billion from ₹ 5.3 billion of 2008-09. Moreover, exports to Hong Kong as well as UK tumbled down to ₹ 3.66 billion and ₹ 3.12 billion in 2009-10, from ₹ 3.81 billion and ₹ 3.41 billion, respectively. Further in this declining trend, Indian silk exports to Germany fell down to ₹ 1.58 billion from ₹ 1.93 billion, to Italy from ₹ 1.96 billion to ₹ 1.5 billion and to France to ₹ 1.22 billion from ₹ 1.5 billion, while to Spain it tumbled down to ₹ 1.12 billion from ₹ 1.81 billion.

Natural silk yarn, fabrics, made ups, readymade garments, silk carpet and silk waste are the products which India exports. It shipped around ₹ 14.13 billion worth natural silk yarn, fabrics, made ups, and ₹ 13.93 billion worth silk garments in fiscal 2009-10. Export of Indian silk during the first quarter of the current financial year rose by 30% in value terms. Decline in Chinese exports of silk products and rising demand for Indian products were attributed to be the main reasons for this encouraging performance of the domestic silk industry. The silk industry is also planning to raise the production of raw silk from 14,000 tons to 20,000 tons during this financial year.

In one of the new casualties of the global financial slowdown, the Indian silk industry, which has fair SME presence, has registered an export decline of 10% from ₹ 3,178 crore in 2008-09 to ₹ 2,871 crore during 2009-10. Although the Union Textile Ministry had set a target of ₹ 4,150 crore for the last financial year, according to the Central Silk Board (CSB) only 67% of the target could be achieved.

America's inclination towards Chinese silk products is also being attributed as one of the major reasons behind the decline in silk exports. A major share of India's silk exports is contributed by the SME sector with products such as natural silk yarn, fabrics, readymade garments, silk carpet and silk waste. "There has also been a decline in silk exports to Eastern European countries. Besides the global financial slowdown, the frequent currency fluctuations are also restricting silk export to these countries. India's silk export to countries such as Hong Kong, the UK, Germany, Italy, France and Spain had also declined during 2009-10, which reflects the poor performance of Indian silk-export based SMEs in these countries. Under the circumstances, the Textile Ministry's prediction last year that silk exports would reach ₹ 7,000 crore by 2012 is unlikely to materialize.

Silk exports declined US demand

India has missed the target set for silk export earnings in 2009-10 because of falling shipments to the US, a major importer of Indian silk materials. The country's silk exports in 2009-10 touched ₹ 2,871 crore, down 10% from ₹ 3,178 crore recorded in the previous year (2008-2009). The union textile ministry has set a target of ₹ 4,150 crore for the year, but the country could achieve only 67% of the set target. The volumes declined primarily because exports to the US tumbled to ₹ 417 crore in 2009-10 from ₹ 536 crore recorded in 2008-09.

Indian exporters had reduced their shipments to the US when the rupee weakened against the dollar in 2007-08 since realizations in value terms crashed by around 20%. This led the US buyers switching over to Chinese silk materials two years ago. Further in 2008-09, exports to the US slipped due to the economic recession. The exports to the US have been continuously declining in the past three years which is alarming news for the domestic silk industry. In 2007-08, India exported ₹ 614 crore worth silk items to the US. From financial year 08, the exports to the US fell by a whopping 32%.

Exports to Hong Kong also declined to ₹ 366 crore in 2009-10 from ₹ 381 crore reported in the previous year while to the UK, exports tumbled to ₹ 312 crore from ₹ 341 crore. Shipments to Germany fell to ₹ 158 crore from ₹ 193 crore while the exports to Italy tumbled to ₹ 150 crore from ₹ 196 crore. Exports to France also declined to ₹ 122 crore from ₹ 150 crore and to Spain, it tumbled to ₹ 112 crore from ₹ 181 crore. India exports silk items like natural silk yarn, fabrics, made up, readymade garments, silk carpet and silk waste. In 2009-10, the country shipped ₹ 1,413 crore worth natural silk yarn, fabrics, made

up and ₹ 1,393 worth readymade garments. Silk carpet exports stood at ₹ 39 crore while that of exports of silk waste touched ₹ 25 crore.

The Central Silk Board

The Central Silk Board is a statutory body established on 28th April 1949 by an act of Parliament. It functions under the administrative control of the Ministry of Textiles, Government of India. One of its main functions is to advise the Central Government on all matters relating to the development of silk industry including import and export of raw silk. The Pre-shipment Inspection Authority for Natural Silk goods meant for export under the EXIM Policy is the Central Silk Board, having its Head Quarters at CSB Complex, B.T.M. layout, Madiwala, Bangalore-560068. Under the EXIM Policy compulsory Pre-shipment Inspection of Natural Silk goods was dispensed by Ministry of Textiles with effect from 01 .04.2000. Central Silk Board extended its services to Silk trading Community by offering voluntary Quality inspection of Natural Silk goods meant for exports through its Certification Centers spread across the country whenever it is desired by the exporters. List of Certification Centers.

It is imperative on the part of Indian Manufactures and exporters to initiate suitable measures towards strengthening its quality assurance, for the purpose of continuing the survival in the competition with the global traders. Hence Central Silk Board felt it should assist the "Indian Silk Trade and Industry" in the field of quality appraisal in an effective manner. Therefore the conception of "New Voluntary Quality Inspection Scheme" for all types of Natural Silk Products was evolved.

A recessionary trend in the US markets, India's silk exports have surpassed the 2001-2002 targets of \$430 million with exports of \$470 million. In rupee terms, silk exports from India dipped by 6.91 per cent to ₹ 2235.38 crore from the previous year's ₹ 2401.4 crore. The decline in exports, expected to be much sharper, has been partially stemmed on account of a marginal gain in other markets, according to the Indian Silk Export Promotion Council (ISEPC). Keeping in mind the recessionary trend in some of the country's key silk markets, ISEPC had pegged its export target at \$450 million for the current fiscal. A significant decline in domestic silk exports was accounted for by the US, Canada, Europe and Japan. Exports of silk products including natural silk yarn fabrics, readymade garments, silk carpets and silk waste, to the US fell by 22% to ₹ 678.82 crore (₹ 866.80 crore) and those to Canada also dipped by 22 % to ₹ 34.67 crore (₹ 44.21 crore).

According to an official of ISEPC, exports to the US, hit by sluggish demand was further impacted following terror attacks on the World Trade Centre in September 2001. Europe, the decline of silk exports was to the extent of 1 7%to ₹ 707.04 crore in 2001-2002 as compared to exports of ₹ 847.05 crore in the earlier year. The slide in exports to Europe was on account of a significant shortfall in exports to Denmark, Italy, Spain, Germany, Greece and the UK.

Exports to Italy fell by 33% to ₹ 114.59 crore during 20012002 as compared to ₹ 171.36 crore in the earlier year. Exports to Denmark slipped by 32 per cent to ₹ 15.61 crore (₹ 10.58 crore); Spain fell by 17%t to ₹ 78.34 crore (₹ 64.49 crore) and Germany slipped by 27% to ₹ 156.45 crore (₹ 218.17 crore). Silk exports to Japan fell by 43 per cent to ₹ 30.79 crore (₹ 54.1 7 crore).

The declines in exports to these countries were offset by an increase in sales to Australia, Hongkong, United Arab Emirates and Saudi Arabia. Australia recorded a 58% increase at ₹

56.59 crore (₹ 35.8 crore). Among the various silk products, exports of silk carpets rose by 52% to ₹168.45 crore as compared to ₹ 110.88 crore in the earlier year. But exports of natural silk yarn fabrics and made-ups fell by 6.6% to ₹ 1,309.47 crore (₹ 1,401.98 crore), readymade garments moved down by 14.6% to ₹ 720.88 crore (₹ 844.28 crore) and silk waste moved down by 17% to ₹ 36.58 crore (₹ 44.27 crore). According to ISEPC official, China continues to remain dominant player in the world market. Priced at the equivalent of ₹ 1,050 per yarn, Chinese exports are more attractive over India's offer at ₹ 1,100-1,200 per yarn.

The Central Silk Board under the Ministry of Textiles Government of India has taken some steps to revive this sick industry. It has collaborated with the Japanese Government for technology cooperation for increased cultivation and use of bivoltine seeds. Further, the 10th Plan envisages an increased silk production of 21,800 MT, increased exports by 15%, and creation of livelihoods for around 61 lakh people by the end of year 2007. Knowledge that is required to assist you with your price fixations of "on call" purchases on the New York Cotton Exchange (now ICE) as well as with a variety of risk management strategies and also have the necessary experience to guide textile mills through the process of technical arbitrations at the International Cotton Association in Liverpool and at the American Cotton Shippers Association in Memphis.

Conclusion

The textiles ministry is expecting that India's silk export is likely to touch ₹ 7,000 crore by 2012. Silk industries also used to good quality raw material for produce of good quality products. More development of silk industries it has to reduce cost of production, good market analysis, and good supply chain management, introduce new technology at low cost, knowledgeable labour, traditional silk industries to be changed to organized and centralized sector. The textiles ministry is achieving to its expectation it give more concentration on traditional and handloom silk industries. Give more relaxation to Indian exporters and also control silk import from Asian countries. The textiles ministry is creating more awareness to the farmers about silk and also giving training to use of new technologies to silk production. Silk industries are using modern and scientific production techniques for produce silk products and achieve high import to other countries.

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