Are the textile manufacturers and fabric manufacturers in India utilizing their manufacturing capacities optimally? Are they able to cover the cost of capital expenditure in their textile manufacturing units for better profitability? Therefore, how can these textile and cloth manufacturing companies in India utilize their manufacturing capacities optimally? Is outsourcing textile manufacturing the answer?

Cost of capacity
Every manufacturing unit, irrespective of the sector, will incur a cost of capacity on setting up its manufacturing plant and machinery. As a result, this makes optimal utilization of manufacturing capacities indispensable and textile industry is no exception to this. Before we delve into more details, it is important to know what is meant by cost of capacity.

What is Cost of Capacity?
Cost of Capacity is the cost incurred by a manufacturing unit for its continuing business operations and also for future expansion in its operations. Generally, capacity costs are fixed in nature and do not change even with varying levels of output. Some examples of the cost of capacity are insurance, depreciation on equipment, maintenance and repair, rent payments, property taxes, etc.

This cost remains the same even when there is underutilization of available manufacturing capacities. Hence, if you are a textile or fabric manufacturer having underutilized manufacturing capacities, you can prevent these costs from affecting your business profitability by leveraging your surplus capacities into a profitable opportunity. Any Indian manufacturer can achieve this by outsourcing surplus capacities to other textile companies seeking to set up manufacturing facilities.

How can you utilize your textile manufacturing capacity optimally?
There are several ways by which you can utilize your textile manufacturing capacity optimally by outsourcing and white-label or private label manufacturing top the list.

Outsource manufacturing capacity
Outsourcing of manufacturing capacities simply means allocating them to external manufacturers. These external manufacturers may not have the necessary capital or infrastructure but are looking to either expand their operations or outsource parts of their production operations. There is a great demand for outsourcing in the textile industry specially, as textile goods have a short life cycle. In spite of that there is a need to deliver goods on time at an affordable price and still earn profits. This necessitates outsourcing as part of its operations.

White label manufacturing
White label manufacturing involves manufacturing products for different retailers who sell these products with their own branding and logo. The textile company utilizing this service will benefit it reduces production cost significantly by saving time and cost.

Technology
Indian manufacturers looking to outsource their manufacturing capacities or looking to provide white-label manufacturing services need access to up-to-date and first-hand information from a reliable centralized platform. Similarly, Indian and global textile companies are looking to utilize outsourced manufacturing capacities also needs this information to find right manufacturing partner.

Technology platforms like Capximize is helps in online manufacturing by providing in-depth and broad-spectrum information about textile manufacturing companies in India. With its proprietary algorithm-based recommender system it helps its members to connect with global textile manufacturers looking for manufacturing capacities across India.

What Makes India An Attractive Manufacturing Destination for The Global Textiles Manufacturers?
• Variety
India’s textiles industry has the manufacturing capacity to produce a wide variety of products suitable not only for domestic but also for international markets. As per 2001 data, India has the second-largest
yarn-spinning capacity in the world only behind China, accounting for roughly 20 percent of the world’s spindle capacity.

• **Competitive advantage**
  India enjoys a competitive advantage in terms of availability of well-developed infrastructure in this sector. In addition it provides affordable and skilled labour, focus on research and development activities and strong manufacturing capabilities.

• **Policies**
  The investment-friendly policies introduced by the Indian Government in the year 2020-21 has led to an increase in foreign direct investment, therefore attracting more global companies to set up their operations in India.

• **Infrastructure**
  Advanced infrastructure and manufacturing capabilities in the textile hubs of India. Textile hubs include Tirupur, Madurai, Mumbai, Delhi, Amritsar, Ludhiana, Ahmedabad, Surat and Kanpur. These hubs are great attractions for global textile manufacturers looking to outsource their production operations. Tirupur textile industry has manufacturing capabilities for all aspects of knitwear, starting from spinning, knitting, wet processing, printing, garment manufacturing and exports.

  Maharashtra, especially Mumbai, has the best infrastructure and the state has an installed capacity of 1.66 million spindles. This is equivalent to 17 per cent of the country’s capacity for cotton yarn production. Surat is the hub for synthetic textiles production and has a weaving capacity of 7,20,000 weaving machines. Ahmedabad has excellent manufacturing capabilities for cotton textiles, while Ludhiana has facilities for woolen and acrylic knitwear.

  Hope this threw sufficient light on the optimal utilization of manufacturing capacities.

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