

# ANALYSING COMPANY RESPONDENT'S VIEWS ON MEASURES TAKEN TO IMPROVE EXPORT OF INDIAN TEXTILE INDUSTRY

**Dr. Bimal Jaiswal**

Professor, Faculty of Applied Economics, University of Lucknow, Lucknow

**Praveen Joshi**

Research Scholar, Faculty of Management, PAHER University, Udaipur

---

## ABSTRACT

---

India is the second largest producer and exporter of cotton in the world at \$6.3 billion, marginally close to China. Cotton industry is sustaining livelihoods of 5.8 million farmers and 40-50 million people engaged in other activities like processing and trading. India is the largest producer of jute in the world. This paper analyses the company respondent's views on measures taken to improve Export of Indian textile Industry primary data collected from the exporters. The result of one sample t test by SPSS revealed that they exhibited a fair amount of agreement that all representative measures were taken by the company to increase the export of the textile product and their results seems to be positive.

**Keywords :** Indian Textile Industry. Export, Cotton Industry, Jute

---

## INTRODUCTION

The Indian textiles industry, currently estimated at around US\$ 150 billion, is expected to reach US\$ 250 billion by 2019. Indian textile industry is one of the largest industries in India. It is the second largest industry in terms of providing employment opportunities to more than 35 million people in the country. India is the second largest producer and exporter of cotton in the world at \$6.3 billion, marginally close to China. India has emerged as the largest producer of cotton in the world with the production of 345 lakh bales in 2016-17 and second largest exporter after China. Currently, the cotton

industry is sustaining livelihoods of 5.8 million farmers and 40-50 million people engaged in other activities like processing and trading. India is the largest producer of jute in the world.

India is first in global jute production and shares 63% of the global textile and garment market. India is second in global textile manufacturing and also second in silk and cotton production. 100% FDI is allowed via automatic route in textile sector. Rieter, Trutzschler, Saurer, Soktas, Zambiat, Bilsar, Monti, CMT, E-land, Nisshinbo, Marks & Spencer, Zara, Promod, Benetton, and "Levi's are some of the foreign textile companies invested or working in India.

**Table-1: Number of persons employed/engaged in the organized Manufacturing Sector, Textiles and Wearing Appare Sector as per Annual Survey of Industries**

Year	Number of persons employed in		% age of employment in Textile Sector to total employment in manufacturing Sector
	Total Manufacturing sector	Textiles and Wearing Apparel Sector	
2011 -12	13429956	2380798	17.73%
2012-13	12950025	2331619	18.00%
2013-14	1,35,38,114	24,74,903	18.28%
2014-15	1,38,81,386	25,26,610	18.20%
2015-16	1,42,99,710	26,48,238	18.52%
2016-17	1,49,11,189	26,97,123	18.09%

Annual Survey of Industries upto 2016-18.

**REVIEW OF LITERATURE**

Kim et.al., (2018) investigated “the impacts of informational and motivational seminars on export promotion targeting small and medium enterprises in the traditional apparel and textile clusters in Vietnam. To control for biases due to self selection, we conducted a randomised controlled trial and invited randomly selected firms to participate in 1 day seminars. Because only some of the invited firms participated in the seminars, we employ an instrumental variable approach in which the dummy variable for a random invitation is used as an instrument for quantifying the effects of participation. We find that seminar participants were more likely to sense the difficulties of the export procedures and were, on average, unlikely to start exporting in the short run”.

Hirose & Yoshida (2018) explained that “foreign growth can induce changes in production structures across domestic regions through international trade. They found evidence that the growth of Asian countries leads to a change in the regional structure of exports and production in Japan. With respect to an adjacent Asian country, the growth of a foreign country exerts opposite effects on production among Japanese regions”.

Baoet. al., (2017) evaluates the “effectiveness of China increasing its tax rebate on textile exports to the USA. Using the difference in differences technique and employing The Harmonized System six digit data, it is found that the tax rebate policy boosted the growth of textile exports to the USA. Approximately 6 to 25 per cent of the growth can be attributed to this policy. The difference in differences technique appears useful in

evaluating such policies and opens the door to studies measuring the impact of polices. The effectiveness of the export tax rebate policy should be a lesson for policymakers facing slumps in their exports in economic downturns and perhaps become part of the standard trade policy arsenal”.

Burkinshaw (2015) explained that “Textile materials can be considered as principally cohesive, fibrous assemblies in which individual fibres are assembled via friction. The theory of the dyeing of textiles concerns the nature of the interactions that operate between the fibrous assemblies and dyes, these interactions can be considered in terms of three aspects: the gross structural arrangement of the fibrous assembly (e.g. yarn, woven fabric and garment); the constituents of the fibrous assembly (i.e. fibre, filament, etc.); and the composite macromolecules.”.

Kar M. (2015)discussed“the international and domestic policies affecting the trade potential of this industry in a meticulous detail. It also takes into account the diverse projections and resultant effects stated by earlier studies for ensuing a complete knowledge about the present scenario embracing this industry”.

Nedergaard, P. (2009) revealed that “decisions taken by decision makers are for export of product of a supply by demand. By using this model, it is explained how the lifting of quotas on Chinese textile and clothing exports to WTO members on 1 January, 2005 and the political situation surrounding the French referendum on the Constitutional Treaty on 29 May, 2005, constitute key

events in the decision making process”.

Castley R. (1997) examined “the growth of two of Korea's major industries; textiles (including garments) and electronics. The former dominated the earlier period of Korea's growth (1965–75), the latter played an influential role in the late 1970s and 1980s. Although the Korean economy rapidly diversified into a wide range of industrial activities in the 1970s, it is worth remembering that the initial 'take off' was largely determined by the success of the textile and garment industry, and the transition to a more sustainable industrial development was strongly influenced by the growth of the electronics industry”.

Datye (1991) revealed that “Organisational, statistical and technological aspects of the textile coloration and related industries of India are reviewed, whilst examining the functioning of some of the typical centres where coloration is carried out. The impact of government policy planning, modernisation efforts, role of viscose and synthetic fibres, existing traditional coloration practices, exports, etc. are analysed to bring out the strengths and weaknesses of the coloration industry in India. The serious efforts to increase exports of value added textiles and garments and to compete in the world markets have given impetus to the growth of modern coloration and related industries. However, it may still be said that a review of the coloration industry of India takes the reader through several centuries of developments in coloration technology

Jones (1984) expressed that “Voluntary export restraint agreements (VERs) allow exporters to control the trade restriction and thereby raise the export price. In fact all effective participants gain from the VER agreement, while consumers and others hurt by it are excluded from the negotiating process. Among the inherent problems of VERs, however, is their tendency to divert exports towards third markets, spreading protectionism worldwide and destabilizing trade relations. Continuing protectionist pressure in such an environment encourages the development of more sophisticated and comprehensive methods of induced export restraint”.

Neundörfer (1981) explained that “in view of the negotiations on the extension of the Arrangement Regarding International Trade in Textiles, usually referred to as the Multi fibre Arrangement (MFA), I

would like to comment, on behalf of the Confederation of Textile Industries in the Federal Republic of Germany (Gesamttextil), on the study for the Trade Policy Research Centre by Donald B. Keesing and Martin Wolf, Textile Quotas against Developing Countries”.

## RESEARCH OBJECTIVES

- To explore the measures taken to improve the exports from India textile industry.
- To study the positive impact of measures taken for exports on increase in exports.

## RESEARCH METHODOLOGY

**Data Type :** For achieving the objective of this study and to conduct the investigation, data was collected from both primary and secondary sources:

**Primary Data Source :** Primary data was collected from 287 exporters working the companies exporting Textile products. This study involves primary data collection through structured questionnaire filled by exporters.

**Secondary Data Source :** Secondary data was collected through DGCI&S, ICAC Cotton, export Books, annual reports of Ministry of Textiles, Periodicals, Journals, Research papers, and case–study, Websites, Articles, and Newspapers. With Online Directories like EBSCO and Google Scholar.

**Population :** A population is the aggregate of all the elements that share some common set of characteristics and that comprise the universe for the purpose of the research problem. All the items under consideration in any field of inquiry constitute a 'universe' or 'population'. The universe of present study consists of all Exporters of Textile Industry Exporters, who are working for Exports of Textile products.

**Sample Unit:** 287 respondents are selected for this study.

**Sample Size :** The study includes 287 Exporters who have presented Problems and Prospects of Exports of Textile Industry. Further the data of export is presented for the period of 2012-13 to 2016-17.

**Data Collection Tool :** All selected exporters working in the companies exporting the textile products by a survey questionnaire as part of data collection process.

### Data Analysis

As per the objective of the research whether the measures taken by company in the past 1 year regarding export of the textile product is measured for the positivity with the help of one sample t test as under:

hypothesized test value with the calculated sample statistics for measures taken by company in last one year of the export of the textile product as ( $p < 0.05$ ) at 5% level of significance. The respondents have exhibited a fair amount of agreement that all the above representative measures were taken by the company to increase the export of the textile product is positive.

**Table-1: One-Sample t Test**

One-Sample Statistics						
Variables	SPSS code	N	Mean	Std. Deviation	Std. Error Mean	
Are you satisfied with measures taken in the past 1 year by your company	Meas_tak	287	1.4077	.49226	.02906	
Price Change in trend	Measur_tak_1	287	2.5087	.50080	.02956	
Promotions/Discount	Measur_tak_2	287	2.3240	.46883	.02767	
Growth deficiency through management integration within the group	Measur_tak_3	287	2.4355	.51058	.03014	
Employment adjustments	Measur_tak_4	287	2.2997	.52300	.03087	
Decline in days/hours for sales and operations	Measur_tak_5	287	2.4530	.49865	.02943	
Rise in sales price	Measur_tak_6	287	2.1951	.47700	.02816	
Decline in sales price	Measur_tak_7	287	2.4599	.51985	.03069	
Review suppliers (limit number of suppliers, change to cheaper suppliers, etc.)	Measur_tak_8	287	2.6098	.48866	.02884	
Decline in costs through improved efficiency of production and sales	Measur_tak_9	287	2.3554	.61947	.03657	
Expand the range of high value -added products / services	Measur_tak_10	287	2.4216	.60875	.03593	
Expand the range of low price products / services	Measur_tak_11	287	2.2927	.63525	.03750	
No measures have been taken	Measur_tak_12	287	2.4181	.60252	.03557	
One-Sample Test						
	Test Value = 2					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Meas_tak	-20.385	286	.000	-.59233	-.6495	-.5351
Measur_tak_1	17.209	286	.000	.50871	.4505	.5669
Measur_tak_2	11.709	286	.000	.32404	.2696	.3785
Measur_tak_3	14.451	286	.000	.43554	.3762	.4949
Measur_tak_4	9.706	286	.000	.29965	.2389	.3604
Measur_tak_5	15.389	286	.000	.45296	.3950	.5109
Measur_tak_6	6.930	286	.000	.19512	.1397	.2505
Measur_tak_7	14.988	286	.000	.45993	.3995	.5203
Measur_tak_8	21.139	286	.000	.60976	.5530	.6665
Measur_tak_9	9.719	286	.000	.35540	.2834	.4274
Measur_tak_10	11.733	286	.000	.42160	.3509	.4923
Measur_tak_11	7.805	286	.000	.29268	.2189	.3665
Measur_tak_12	11.756	286	.000	.41812	.3481	.4881

### CONCLUSION :

The output of the 'one sample t test' in the table-1, reveals that significant gap exists between the

## REFERENCES

- Bao, Q., Hou, J., Li, K., and Wang, X. (2017) The impact of tax rebates on export performance: China's textile exports to the USA. *Asian-Pacific Economic Literature*, 31: 79– 89. doi: [10.1111/apel.12175](https://doi.org/10.1111/apel.12175).
- Burkinshaw, S. M. (2015). *Fundamental Aspects of Textile Fibres*. In *Physico-chemical Aspects of Textile Coloration*, S. M. Burkinshaw (Ed.). doi:[10.1002/9781118725658.ch1](https://doi.org/10.1002/9781118725658.ch1)
- Kar M. (2015) *International and Domestic Policies Associated with the Textile and Apparel Industry and Trade: An Overview*. In: *The Indian Textile and Clothing Industry*. SpringerBriefs in Economics. Springer, New Delhi, 7-33.
- Nedergaard, P. (2009). *European Union Import Quotas on Chinese Textile and Clothing Exports in 2005: A Panic-Driven Commission or Rational Explanations?*, *Journal of Industry, Competition and Trade*, 9(1), 17–47.
- Castley R. (1997) *Japan's Influence on Korea's Textile Sector*. In: *Korea's Economic Miracle*. Palgrave Macmillan, London, 225-251.
- Datye, K. V. (1991), *The textile coloration industry in India. Review of Progress in Coloration and Related Topics*, 21: 86-97.
- Jones, K. (1984), *The Political Economy of Voluntary Export Restraint Agreements*. *Kyklos*, 37: 82-101.
- Neundörfer, K. (1981), *Prohibitively High Textile Tariffs of Developing Countries*. *World Economy*, 4: 333-336.