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India's Foreign Trade of Textile and Apparel Products: A Study of Composition and Direction of Trade.

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Keyword

Textile and apparel products, Foreign trade, Composition, Direction

Abstract

In the scenario of globalization foreign trade has become the strength of any economy. The textile and apparel industry in India ranks next to agriculture sector and plays a vital role in the economy. The textile sector captures a distinct place in our country. It is one of the earliest sector come into India since decades. It accounts nearly 30 percent of total export and contributes 14 percent of total industrial production. The purpose of this research study is to investigate the composition of foreign trade of principle commodities of textile and apparels and direction of textile trade with top 10 countries. To analyze these statistical tools used here are CAGR, percentage and indices. The study reveals that there is shift in the composition and direction of trade in past five years. The CAGR of commodities like Readymade garments, Man-made textiles, wool and woolen textile, Handloom products shows negative result and there is a need to take appropriate action in this regard to boost the export of such products.

Introduction

The Textile and Apparel Industry is one of the leading segments of the Indian economy with large unmatched raw material base and manufacturing strength across the value chain. Textile industry is also called as "Traditional Industry" and is also regarded as the leg of economy of the industry and about 27 percent of the foreign exchange earnings are generated from textile and apparel industry alone and it contribute 14 percent to industrial production and 3 percent to the Gross Domestic Product (GDP) of the country.

India is the 6th largest exporter of textiles and apparel in the world. The sector is also significant from the employment point of view as it provide direct employment of more than 45 million people and source of livelihood for over 100 million people indirectly; including larger number of women and rural population. India textile industry has several advantages which accelerate export of textile and apparel products, such as availability of raw material and lower cost skilled labor which not only help in accelerating export but also help in minimizing the cost of products and lead time.

Textile sector of India consists of several most potential products like textile yarn and thread which promotes the pace of export. Now a day the Government of India also makes efforts to accelerate the growth of textile and apparel industry and boost export of textile products by introducing different schemes and by providing different incentives and initiatives like 'Make in India' initiative. The study is confined towards accessing India's exports and imports of textile and apparel products in India's total trade.

Objective of the study:

The following are the objective of this research paper:-

- To study the share of textile and apparel products export and import in India's total trade.
- To study the composition of export and import of principle commodities textile and apparel.



- To study the direction of export and import with top 10 countries.
- Suggestive measures to improve the scenario of textile and apparel products foreign trade.

Literature Review:

Various studies have been conducted to analyze the performance of foreign trade of India.

V.N. Balasubramanyam and Yingqi Wei(2005) has done an analytical review to compare the export performance of textile and clothing industries in India and china using Revealed comparative advantage and the Kreinin-Finger similarity indices. The result shows that China has much higher shares in world exports of both textiles and clothing.

Shahzad Khurram(2015) in this paper, the researcher has done a revealed comparative advantage analysis for clothing and textile sector of Pakistan, India and Bangladesh. The study was conducted in two ways one static based and the other is dynamic based. The result shows India has revealed comparative disadvantage in textile .The result also reveal that Pakistan has revealed comparative advantage in case of textiles and Bangladesh has revealed comparative advantage in case of clothing. Dynamic comparative advantage shows Pakistan has been gaining a comparative advantage in textile with declining percentage of textile export and in clothing Bangladesh is dominating.

Chaudhary Asiya (2016) has done an analytical study to investigate export potential of Indian textile industry in the post MFA period. The result reveals that India textile has comparative advantage in terms of total world's textile exports and result also shows that India export of textile commodities have continuously increased in the post MFA period.

Diman et.al. (2016) has perform an analytical study to find out direction and competitiveness of Indian textile export in world trade. The result shows that India has not been in position to increase its share in world trade but has a comparative advantage in many clothing products.

Ahmad et.al. (2018) has perform a analytical study to investigate a RCA analysis of India and China trade. the finding of the study shows that in term of merchandise trade both the countries have been perform well. The study also conclude that China is more prominent both in the world and bilateral market, and there is a wide scope of intra industry trade between both the countries.

Arora et.al. (2020) has done an analytical review on trends and comparative advantage of textile and clothing export for year 2001-2019. The finding of the study reveals that India enjoy comparative advantage in HS61 product group and as per Constant Market share (CMS) textile and apparel export shows comparative advantage.

Methodology:

The study is based on data collected from secondary sources. Data has been collected from the database of ministry of trade and commerce, ministry of textile and apparels and published reports of Government of India. To study the share of India's textile and apparels trade in total trade, time series data from year 2012-13 to 2021-22 has been used. To study the composition and direction, time series data from year 2016-17 to 2020-21 has been used. The statistical tool used here is CAGR, percentage and indices.

India's total trade

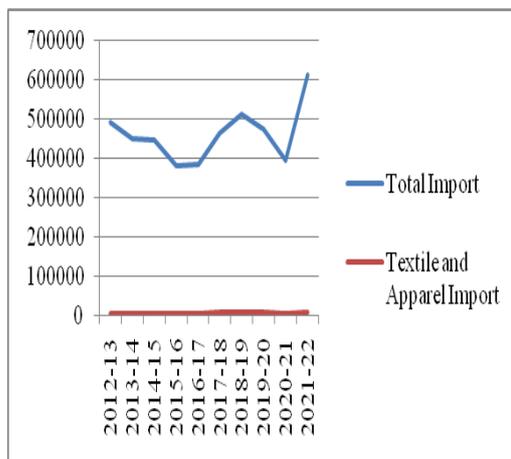
Table 1: Share of textile products in India's total trade

US \$ million

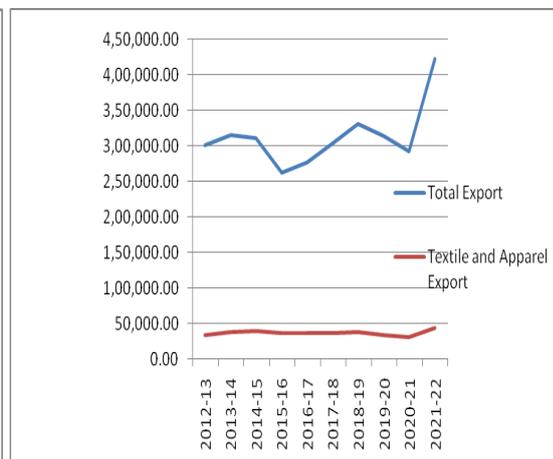
Year	Total Export	Textile and Apparel Export	Percentage of Textile and Apparel Export	Total Import	Textile and Apparel Import	Percentage of Textile and Apparel Import
2012-13	3,00,400.58	33194.8	11.05	4,90,736.65	5356.7	1.09
2013-14	3,14,405.30	37475.47	11.92	4,50,199.79	5309.48	1.18
2014-15	3,10,338.48	38869.2	12.52	4,48,033.41	6020.35	1.34
2015-16	2,62,291.09	36727.51	14.00	3,81,007.76	5865.25	1.54
2016-17	2,75,852.43	36477.48	13.22	3,84,357.03	6045.96	1.57
2017-18	3,03,526.16	36841.71	12.14	4,65,580.99	7036.37	1.51
2018-19	3,30,078.09	37497.74	11.36	5,14,078.42	7393.25	1.44
2019-20	3,13,361.04	34221.73	10.92	4,74,709.28	8157.37	1.72
2020-21	2,91,808.48	30904.45	10.59	3,94,435.88	5863.48	1.49
2021-22	4,22,004.40	43437.59	10.29	6,13,052.05	8337.05	1.36

Source: Ministry of Commerce

Table 1 shows information about the value of India's total export and import, textile and apparel export and import and share of textile and apparel export and import in total export and import. The share of textile and apparel exports ranges between 10.29% to 14.00%, being maximum in year 2015-16 and minimum in year 2021-22. On the other hand, share of textile and apparel imports ranges between 1.09% to 1.57%, being maximum in year 2016-17 and minimum in year 2012-13.



Source: Table 1



Source: Table 1

Figure 1: Total Export & Textile Export

Figure 2: Total Import & Textile Import

The above two figure clearly shows that share of both textile and apparel export as well as import is very negligible in India's total export and import. The total export and import shows fluctuating trend whereas textile and apparel export and import shows a steady trend.

Composition of export of principle commodities

To study the composition of textile and apparel export of principle commodities, data for five years from year 2016-17 to 2020-21 has been taken.

Table 2: Composition of export of principle textile and apparel commodities

US \$ Million

SL.NO.	COMMODITY	2016-17	2017-18	2018-19	2019-20	2020-21	CAGR
1	Ready Made Garments	17368	16707	16138	15488	12272	-6.71
2	Cotton Textiles	10529	11212	12405	10263	11128	1.11
3	Man Made Textiles	5151	5413	5551	5324	4180	-4.09
4	Wool and Woolen Textiles	175	187	222	181	109	-9.03
5	Silk Products	76	69	76	72	76	0.00
6	Handloom Products	360	356	344	319	223	-9.13
7	Carpets	1490	1430	1482	1373	1491	0.01
8	Jute Products	321	350	340	357	397	4.34

Source: Ministry of Textiles

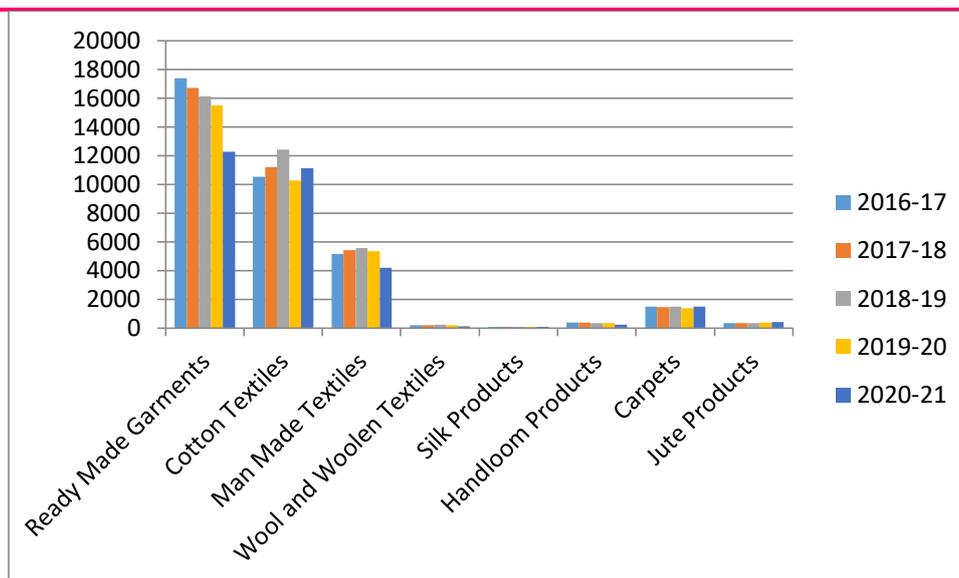
Table 2 gives information about the value of export of principle commodities. Jute products occupies number one position with a positive growth rate of 4.34% followed by Readymade garments (-6.71%), Cotton textile (1.11%), Manmade textile (-4.09%), Wool and woolen textile (-9.03%), Silk product (0.00%), Handloom products (-9.13%), Carpets (0.01%). Readymade garments, manmade textile, Wool and woolen textile, Handloom products shows negative growth rate and silk products shows no growth rate, rest having positive CAGR.

Table 3: Indices of export of principle textile and apparel commodities

SL.NO.	COMMODITY	2016-17 (Base Year)	2017-18	2018-19	2019-20	2020-21
1	Ready Made Garments	100%	96.19	92.92	89.18	70.66
2	Cotton Textiles	100%	106.49	117.82	97.47	105.69
3	Man Made Textiles	100%	105.09	107.77	103.36	81.15
4	Wool and Woolen Textiles	100%	106.86	126.86	103.43	62.29
5	Silk Products	100%	90.79	100.00	94.74	100.00
6	Handloom Products	100%	98.89	95.56	88.61	61.94
7	Carpets	100%	95.97	99.46	92.15	100.07
8	Jute Products	100%	109.03	105.92	111.21	123.68

Source: Author's calculation

Table 3 shows indices of export of principle commodities. The base year is 2016-17. Ready made garment has shown fluctuating trend, Cotton textile has shown increasing trend with decline in year 2019-20, Manmade textile shows declining trend except in year 2018-19, Wool and woolen textile also witnessed decline in its performance except in year 2018-19, Silk product has shown fluctuating trend. There has been an adverse decline in the export of Handloom products, Carpet witnessed increasing trend except in year 2019-20 and Jute products has also witnessed increasing trend except in year 2018-19.



Source: Table 2

Figure 3: Export of principle Textile and apparel products.

Figure 3 is diagrammatical representation of table 2. It can be seen that there is huge difference in the value of export of commodities at 1st position and last position. Almost all commodities have witnessed changes in their value in the past five years.

Table 4: Composition of import of principle textile and apparel products

US \$ Million

SL.NO.	COMMODITY	2016-17	2017-18	2018-19	2019-20	2020-21	CAGR
1	Ready Made Garments	596	773	1106	1144	881	8.13
2	Cotton Textiles	2083	2448	2065	2759	1527	-6.02
3	Man Made Textiles	1973	2265	2670	2682	2334	3.42
4	Wool and Woolen Textiles	327	372	425	332	200	-9.36
5	Silk Products	210	251	202	210	99	-13.96
6	Handloom Products	5	11	15	10	6	3.71
7	Carpets	71	94	101	118	72	0.28
8	Jute Products	244	181	170	242	176	-6.32

Source: Ministry of Textile

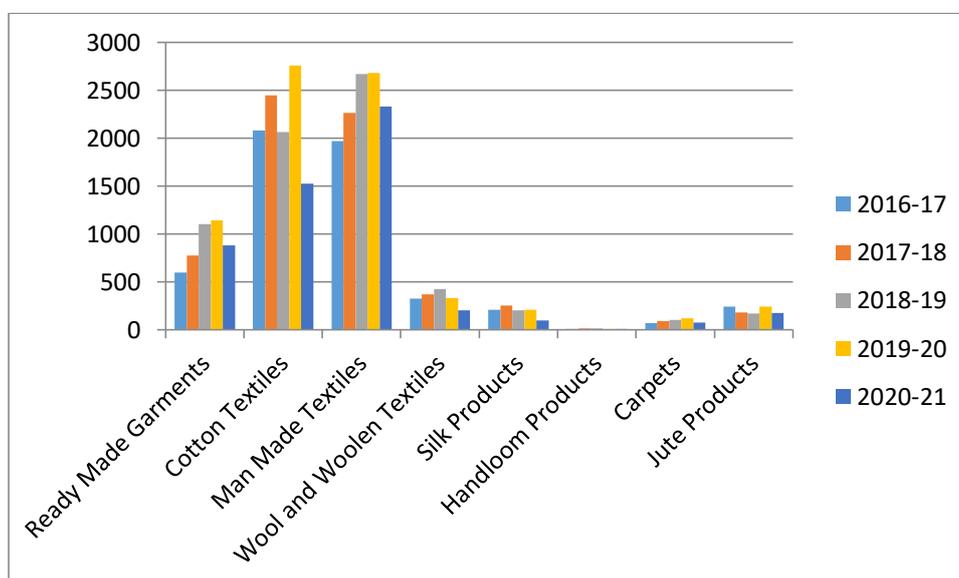
Table 4 gives information about the value of textile and apparel import of principle commodities. The share of readymade garment is maximum in total textile and apparel import with a growth rate of 8.13% followed by cotton textile (-6.02%), manmade textile (3.42%), wool and woolen products (-9.36%), silk products (-13.96%), handloom products (3.71%), carpets (0.28%), jute products (-6.32). The value of carpet is increasing since 2019-20 and the value of cotton textile import is drastically increasing in 2019-20 as compare to 2018-19 and there has been decline in cotton textile import in year 2020-21.

Table 5: Indices of import of principle textile and apparel products

SL.NO.	COMMODITY	2016-17	2017-18	2018-19	2019-20	2020-21
1	Ready Made Garments	100%	129.70	185.57	191.95	147.82
2	Cotton Textiles	100%	117.52	99.14	132.45	73.31
3	Man Made Textiles	100%	114.80	135.33	135.94	118.30
4	Wool and Woolen Textiles	100%	113.76	129.97	101.53	61.16
5	Silk Products	100%	119.52	96.19	100.00	47.14
6	Handloom Products	100%	220.00	300.00	200.00	120.00
7	Carpets	100%	132.39	142.25	166.20	101.41
8	Jute Products	100%	74.18	69.67	99.18	72.13

Source: Author's calculation

Table 5 shows indices of principle commodities of textile and apparel. The base year is 2016-17. It has been seen that the value of readymade garment, manmade textile, handloom products and carpet has increased as compare to base year. On the other hand cotton textile has shown fluctuating trend, wool and woolen textile, silk product, jute products also witnessed fluctuating trend. The value of readymade garment was increasing till 2019-20. In year 2020-21, its value declined to great extent. There was a increase in import of manmade textile till 2019-20 but it was decline in year 2020-21. On the other hand the value of carpet import was increased till 2019-20 and decline in 2020-21.



Source: Table 4

Figure 4: Import of principle textile and apparel products

Figure 4 is diagrammatical representation of table 4. It can be seen that there is huge difference in the value of import of commodities at 1st rank commodity and other commodities. Almost all the commodities witnessed changes in their value in last five years. On the other hand all commodities has shown fluctuating trend in import of textile and apparel products.

Direction of Export with top 10 countries

Table 6: Export of textile and apparel products with top 10 countries

US \$ Million

SL.NO.	COUNTRY	2016-17	2017-18	2018-19	2019-20	2020-21	CAGR
1	USA	7787.87	8118.86	8450.89	7510.09	10816.66	6.79
2	Bangladesh	2260.40	2499.75	2059.20	2079.23	4268.37	13.56
3	United Arab Emirates	4109.43	2471.32	2441.25	2070.63	2673.93	-8.24
4	China	1520.18	1842.89	1400.15	1316.79	2050.70	6.17
5	United Kingdom	2242.37	2193.80	2152.55	1596.58	1956.97	-2.69
6	Germany	1785.76	1705.13	1515.28	1249.51	1464.59	-3.89
7	France	956.48	972.51	919.37	708.88	903.57	-1.13
8	Spain	1072.57	1055.92	1011.21	702.87	868.87	-4.12
9	Netherlands	668.79	700.91	689.03	610.35	806.53	3.82
10	Turkey	740.73	654.41	585.93	465.42	779.23	1.02

Source: ITC Trade map and Ministry of Textile (Government of India), Joint data

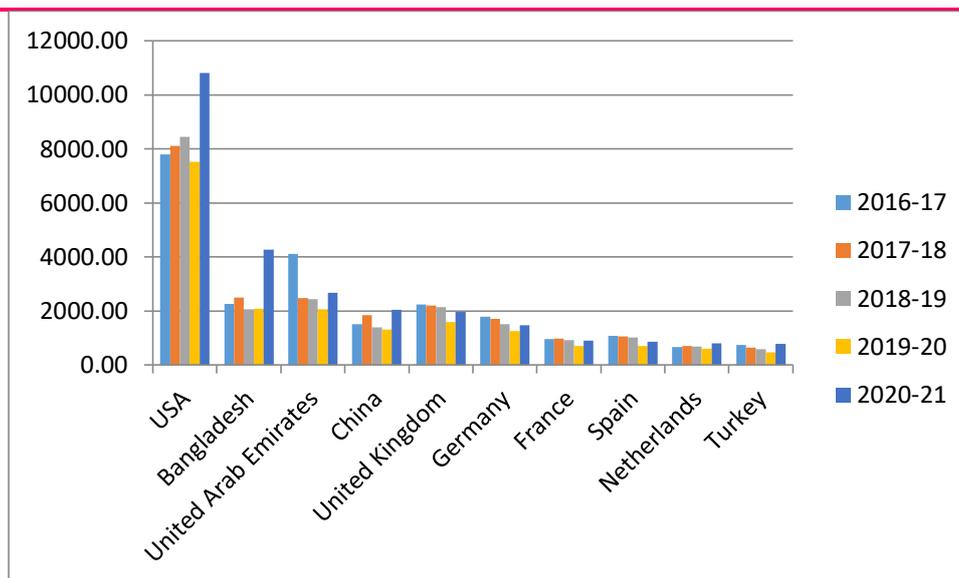
Table 6 shows information about the direction of textile and apparel export with top 10 countries. India's export with Bangladesh is maximum with growth rate of (13.56%) followed by USA (6.79%), United Arab Emirates (-8.24%), China (6.7%), United Kingdom (-2.69%), Germany (-3.89%), France (-1.3%), Spain (-4.12%), Netherland (3.82%), Turkey (1.02%). United Arab Emirates, United Kingdom, Germany, France and Spain have a negative CAGR.

Table 7: Indices of textile and apparel products export with top 10 countries

SL.NO.	COUNTRY	2016-17 (Base Year)	2017-18	2018-19	2019-20	2020-21
1	USA	100%	104.25	108.51	96.43	138.89
2	Bangladesh	100%	110.59	91.10	91.99	188.83
3	United Arab Emirates	100%	60.14	59.41	50.39	65.07
4	China	100%	121.23	92.10	86.62	134.90
5	United Kingdom	100%	97.83	95.99	71.20	87.27
6	Germany	100%	95.48	84.85	69.97	82.01
7	France	100%	101.68	96.12	74.11	94.47
8	Spain	100%	98.45	94.28	65.53	81.01
9	Netherlands	100%	104.80	103.03	91.26	120.60
10	Turkey	100%	88.35	79.10	62.83	105.20

Source: Author's Calculation

Table 7 shows information about indices of export. The base year is 2016-17. Export with USA shows a fluctuating trend. United Arab Emirates, China, Germany, France, Spain, Netherlands and Turkey continuous declined till 2019-20 and improved a little in year 2020-22. India's Export with Bangladesh is shown fluctuating trend with maximum export in the year 2020-21 as compare to other countries.



Source: Table 6

Figure 5: Textile and Apparel export with top 10 countries

Figure 5 is diagrammatical presentation of table 6. It can be seen that export from almost all the countries shows fluctuating trend. Export with all the countries increased in 2020-21 as compared to 2019-20.

Direction of import with top 10 countries

Table 8: Import of textile and apparel products with top 10 countries

US \$ Million

SL.NO	COUNTRY	2016-17	2017-18	2018-19	2019-20	2020-21	CAGR
1	China	2376.70	2689.99	3461.89	2927.56	5946.69	20.13
2	Bangladesh	438.18	336.85	647.84	714.55	589.33	6.11
3	USA	422.50	641.71	658.17	820.64	306.54	-6.22
4	Vietnam	158.62	239.41	362.57	358.82	217.17	6.48
5	Indonesia	133.56	143.16	282.67	268.43	173.11	5.32
6	Hong Kong	144.32	129.73	198.41	232.44	151.43	0.97
7	Korea	146.38	169.30	247.84	206.95	138.01	-1.17
8	Thailand	125.65	150.32	215.76	186.09	126.73	0.17
9	Japan	123.66	128.77	172.61	158.43	117.37	-1.04
10	Germany	103.40	121.48	173.69	141.63	101.11	-0.45

Source: ITC trade map and Ministry of Textile (Government of India), Joint data

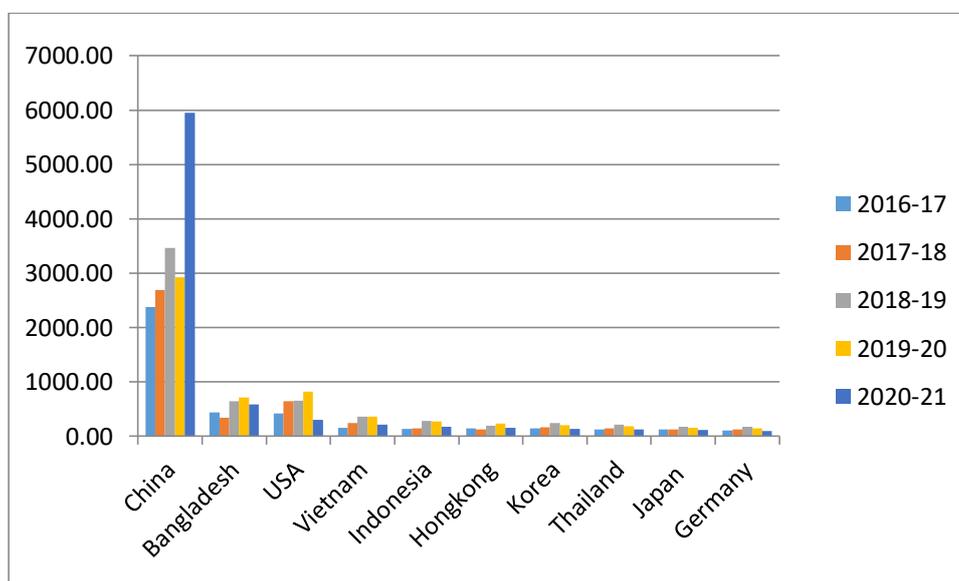
Table 8 shows information about the value of textile and apparel import with top 10 countries. China ranks number one in import with a positive CAGR of 20.13% followed by Bangladesh (6.11%), USA (-6.11%), Vietnam (6.48%), Indonesia (5.32%), Hong Kong (0.97%), Korea (-1.17%), Thailand (0.17%), Japan (-1.04%), Germany (-0.45%). Import with USA, Korea, Japan and Germany shown a negative growth rate.

Table 9: Indices of textile and apparel products import with top 10 countries

SL.NO	COUNTRY	2016-17 (Base Year)	2017-18	2018-19	2019-20	2020-21
1	China	100%	113.18	145.66	123.18	250.21
2	Bangladesh	100%	76.87	147.85	163.07	134.49
3	USA	100%	151.88	155.78	194.23	72.55
4	Vietnam	100%	150.93	228.58	226.21	136.91
5	Indonesia	100%	107.19	211.64	200.98	129.61
6	Hongkong	100%	89.89	137.48	161.06	104.93
7	Korea	100%	115.66	169.31	141.38	94.28
8	Thailand	100%	119.63	171.72	148.10	100.86
9	Japan	100%	104.13	139.58	128.12	94.91
10	Germany	100%	117.49	167.98	136.97	97.79

Source: Author's calculation

Table 9 gives idea about the indices of textile and apparel import taking base year 2016-17. Import with Bangladesh, USA and Hong Kong has shown a increase in import till year 2019-20 with reduction in year 2020-21. The value of import is fluctuating with China, Vietnam, Indonesia, Korea, Thailand, Japan and Germany.



Source: Table 8

Figure 6: Import of textile and apparel products with top 10 countries

Figure 6 is diagrammatical representation of Table 8. It can be seen that import from China has shown increasing trend. Other countries have shown fluctuation in import value from the year 2016-17 to 2020-21.

Conclusion

The study reveals negative impact on the export. The export of Readymade garments, Manmade textile, Wool and woollen products, and Handloom products has shown a negative CAGR of -6.71%, -4.09%, -9.03%, -9.13% respectively. The CAGR of silk products shows 0.00% CAGR. Effort should be made to boost the export of these commodities. Also, export from United Arab Emirates, United Kingdom, Germany, France

and Spain has shown a negative CAGR of -8.24%, -2.69%, -3.89%, -1.13%, and -4.12% respectively. There is need of prompt action to look after the reason for decline in export from these countries. Import of Readymade garments, Manmade textiles, Handloom products, Carpets shows a positive CAGR. In order to get favorable balance of payment there is need to reduce the import of textile and apparel commodities. On the other hand, import from countries like Bangladesh, Vietnam and Indonesia has shown a positive CAGR. Import from China alone is 20.13 %. To reduce import of textile commodities, there is an immediate need to take actions. Textile and apparel sector has great potential for the development of Indian economy in future.

Suggestive measures

It has been found from the above study that the share of textile sector is considerably low in past few years. There is need to take an appropriate action in this regard. India has a great potential to boost export of textile and apparel commodities; thereby encouraging export. Steps should be taken by the government to enhance export of textile products.

- Focus should be laid on improving the infrastructure of textile industry as poor infrastructure is also a hindrance in development of India's textile industry.
- Specify policy measure should be implemented to provide education and training to labor of textile industry to enhance productivity.
- Investment should be made in manufacturing equipment and for improving technology, so that producers get better opportunities to enhance production.
- Credit and loan facilities should be provided to existing and young entrepreneurs to support investment in textile industry.
- Rules and regulation related to export should be simplified to promote export.

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