CHAPTER V

TEXTILE EXPORTS FROM INDIA

INTRODUCTION

The Indian textile industry is one of the oldest organised industries and still continues to occupy a pride of place in Indian economy with considerable magnitude of production and exports. In the computation of the index of industrial production, it occupies a weightage of about 25 per cent, which is indeed sizeable. Exports of textiles account for about 30 per cent of India's total exports, which on the other hand works out to only 10 per cent of total production. Identified as one of the thrust sectors for exports, textiles products hold very good prospects for export developments. In its socio-economic impact, it may be relevant to mention that the organised sector gives employment to about 10 lakh workers and if we take their families into account, it amounts to 55 lakh workers at the rate of 5 persons
The unorganised sector too is a big employer, presently catering for over 100 lakh workers, and holding prospects of greater expansion.

A matter to ponder over is that as the import content in textile exports and production is relatively low and textile exports have emerged as one of the highest net foreign exchange earners for the country.

International trade in textile is characterised by high levels of protection in the industrialised countries as well as severe competition among developing countries which are major exporters. Cotton fabrics, made-up articles of cotton and readymade garments constitute the major components of textiles exports. Silk, woollen and man-made textiles are other sectors of this group. The bilateral textile agreements concluded by India with major importing countries have increased our access to markets abroad.

Government Policies

The union government launched a major marketing offensive for boosting textile exports, keeping in view the fast changing global trade pattern. As part of this exercise, the government proposed during July 1990 to set up a network of business service centres (BSCs) abroad. These BSCs will service export

promotion councils, government organisations and individual exporters on a cost sharing basis in the unified market of Europe, initially. It is in this context that the textile ministry wants to get a portion of the allocation under market development assistance (MDA) especially if it relates to that ministry, brought under its purview. The argument is that the ministry should be allowed to decide the allocation for the sectors under it.

These issues apart, the government is working out possibilities of providing facilities like duty free import of sophisticated garment and textile machinery, diversification of the fabric base coupled with a thrust on the non-quota markets, these exercises form a part of the Eighth Plan strategy being worked out by this commerce and textiles ministries.

The government believes that in view of the changing international business environment coupled with the expectation of a new trading order for textiles under GATT, it is imperative to plan its strategies for the global market. Of immediate concern, however, is the envisaged end of the multi-fibre arrangement (MFA) and the unification of Europe in 1992. Equally important is the need for boosting exports in view of the fast deteriorating balance of payments (BOP) situation.

In planning for the future, the government has also gone by the current trend in exports of readymade garments in particular. The government strategy, however, is also based on the export
industry's strengths and weakness, opportunities and the threats perceived in the world market. In its efforts to prepare for the coming years, the government is also taking into consideration the policy dilemmas arising out of the 1985 Textile Policy Report and the Abid Hussain Report on the implementation of that policy. As a first step, it plans to have a quota policy which will enable maximum utilisation of annual quota levels, higher realisation of foreign exchange by increasing unit value realisation and orderly development of export trade. In this context, steps are afoot to settle the imbroglio arising out of the open tender system.

Other measures include steps for further increasing the unit value realisation from garment and textile exports, diversification of the fabric base (especially in man-made garments) and making available cheap raw material to enable exporters plans to rationalise the recently announced import-export policy for inputs including raw materials and fabrics for registered exporters. Immediate steps proposed include rationalisation of input-output norms.

2. The Abid Hussain Committee on review of the next textile policy announced in 1985 has emphasised the need for export promotion to take full advantage of India's competitive strength in the field of textiles. An official release said that the report covers, among other things, the key problems of the textile industry and the need for a new approach relating to production and prices of cotton and updating of ginning and pressing facilities. The need for an area-based approach for powerlooms and stronger institutional mechanism for the all round development of the handloom sector and issues pertaining to the mill sector including focus on welfare of the mill workers and impetus to modernisation are also covered.
As part of its intensive promotion drive, the government proposed to give equal attention to manpower development and training for export trade through the National Institute for Fashion Technology (NIFT). Having set up NIFT, the government is now in the process of setting up an apparel export training centre at Bombay followed by an Apparel R & D Centre at Tirupur.

Further, it proposes to give more encouragement for export promotion in the non-quota markets. This, however, is a mid-term strategy. As regards the short term measure, the proposal is to encourage textile EPCs to increase participation in specialised fairs, exhibitions, fashion shows and buyer-seller meets. India weeks too would be organised periodically in big department stores. Equally significant is the importance being given by the textile and commerce ministries to eliminate irritants and procedural problems.

Promotional Measures

The recent trade policy reforms, designed for export incentives which replaced the cumbersome Replenishment (REP) licences with EXIM Scips and the system of advance licensing, have helped the textile industry to boost its exports. Apart from liberalising the trade policy, steps have been taken to speed up the modernisation of the industry by allowing import of sophisticated textile machines at concessional duty. The new textile quota policy, for the first time, has introduced a Manufacturer-Exporter
Entitlement (MEE) of 12 per cent with a view to encourage modernisation of the machinery base of cotton textile industry.

Some other important promotional aspects include fixing of minimum export prices for textile items subject to quota restrictions in terms of convertible foreign currencies, improvements in provisions of Garment Export Entitlement Distribution policy, organising buyer-seller meets and study tours in foreign markets to popularise export products. Moreover, a scheme for subsidising air freight of garment air cargo during the peak period by non-scheduled flights has been made operative.

The Government has also taken some steps in consultation with the Apparel Export Promotion Council and other agencies related to garment trade to boost the garment exports. Under the new changes, the percentage of allocation in the MEE system has been raised from 18 per cent to 20 per cent on Past Performance Entitlements (PPE) and MEE allotments taken together has been removed. The quota of 75 per cent under Non-Quota Exporter Entitlement (NQE) system for thrust countries has also been abolished. The base period under this system has been made at par with the PPE system. Further, the allocation in this system has been raised from 10 per cent to 18 per cent including a 2 per cent reservation exclusively for handloom garments.

The 25 per cent concession import duty scheme for capital goods with export obligation under the New Import Export
Policy has helped the textile industry to become more competitive in the international market. Similarly, import duty on 11 items of trimmings and embellishments in Appendix 17 of the Import-Export policy were put under a concession duty of 45 per cent.

In order to upgrade the quality and ensure quality export, the Textilos Committee exercises strict quality control for textile products, import of a large number of sophisticated garment manufacturing machinery and other textile machinery has been allowed under various concessional custom duty schemes, which will add to the better quality products with higher unit value realisation.

Minimum support prices announced by the Government every year ensures reasonable returns to the cotton growers after converting the cost of inputs. Whenever the prices of cotton yarn fall below the minimum support price, cotton Corporation of India provides price support.3

A new long-term textile export quota policy for 1994-95, designed to be exporter-friendly and encouraging increased units value realisation for quota items, has been announced. The new policy, applicable for export of textiles and garments in restrained textile items to the United States, Canada, European

Community, Austria, Finland and Norway from next year till 1996, envisages strictly monitoring of quotas, while removing restrictions that might hamper utilisation of quotas. Quota exports of textile items during the current fiscal year are estimated to touch a massive Rs. 10,000 crores.

The Abid Hussain Committee (1990) which went into the review of the progress of implementation of Textile Policy of 1985 said the market share of India in world clothing exports is about 2.6 per cent to 2.7 per cent and in textiles about 3.5 to 3.7 per cent. It said a reasonable target to be achieved in the next five years should be to try to attain at least five per cent of the GLOBAL market share in textiles and clothing and to export at least 15 per cent of the total production in the country.

Although the country's preponderant share of textile exports goes to quota countries as the global trade in textiles and clothing is governed by the restrictive multifibre arrangement (MFA) a redeeming development is the rising share of non-quota items in the country's total textile exports which were reported to have touched almost 40 per cent last year. Be that as it may, till the current MFA is phased out over a span of ten years, pending a positive outcome of the ongoing Uruguay round the trade talks, India's exports of textiles and clothing would continue to be governed by the quota regime. As such, the importance of
the new quota policy for textiles and garments for the three year period 1994-96 could hardly be exaggerated.\(^4\)

Under the new policy for textiles, including yarn, fabric and made-ups, the number of systems of allocation been reduced from seven to five, as too many systems of allocation lead to fragmentation of quotas. For the past performance entitlement (PPE) system, against the current policy of 40 per cent, the new policy provides for 55 per cent and the increase in allocation is likely to bring about greater stability and continuity. Within this 55 per cent PPE, 10 per cent of quota entitlement is being reserved for high value entitlement to encourage exporters whose unit value realisation during the base period was more than the average unit value realisation for the relevant country category.

The quotas under the new policy with the existing quota in brackets have been fixed for manufacturer exporters entitlement MEE system at 15 per cent (12 per cent), for non-quota exporters entitlement (NQE) system at 10 per cent (13) per cent, for power-loom exporters entitlement (PPE) system five per cent (same) and for ready goods exporters entitlement (RGE) system at 15 per cent (10 per cent). No quota has been alloted for contract reservation system (CRE) and Public Sector Entitlement (PSE), compared to 18 per cent and two per cent respectively in the existing policy.\(^5\)

\(^5\) Ibid, p. 23.
A notable addition is a separate scheme of allotment for export of handloom made-ups to the U.S., under which 55 per cent is allocated to PPE, of which 10 per cent is for high value entitlement, 35 per cent is allocated for RGE and ten per cent for NQE.6

In the case of garments, the number of systems has been reduced to three, apart from the first-cum-first served (FCFS) system which would cover only allotments from surrenders and flexibilities. The percentage of annual levels of exports for garments under the PPE allocation has been enhanced from the existing 60 per cent to 70 per cent in the new policy of which ten per cent had been reserved for high value entitlement. The additional ten per cent allocation under the PPE had been reserved for those unit value realisation during the base period was more than the average unit value realisation for the relevant country/category. For the MEE, the 20 per cent allocation has been retained and for the first time two per cent allocation has been given to newcomers.

For the NQE under garments, the allocation cut from 18 per cent in the present policy to 10 per cent, though the NQE for handloom garments allocation was retained at two per cent. The ready made goods exporter's entitlement system (RGE) had been increased from 10 per cent to 15 per cent, while the contract

reservation system (CRE) currently at 18 per cent has been done away with. The public sector entitlement of two per cent for garment exporters had also been dispensed with.

A significant feature is a separate scheme of allotment for export of handloom made-ups to the U.S., in order to increase export of these items to the United States. The allocation percentage was that for the PPE 55 per cent, out of which ten per cent is towards high value entitlement, 35 per cent for the RGE and 10 per cent for the NQE. Another feature is that the base period for calculation of past performance and non-quota entitlement has been reduced from two years to one year. The division of allotment year into two different period of January-May and June-September for utilisation of the PPE, the NQE and the MEE had been dispensed with. Entitlement in these systems could now be utilised up to September 30 without any restriction and could be extended upto December 31, against 25 per cent earnest money deposit (EMD) or bank guarantee (BG) in the case of textile items of 30 per cent EMD/BG in the case garments. The earlier irksome provision in the case of garment entitlement for submission of letter of credit for such extension has also been removed.

Another feature is that the facility of submitting legal undertaking (LUT) for extension of entitlements in the garment sector has now been extended to exporters who hold an entitlement of 25,000 pieces in PPE systems.
The new policy also postulated effective measures for preventing quota fraud. An enforcement committee headed by the Textile Commissioner would deal with quota fraud which would have the authority to debar any defaulting exporters from obtaining or utilising export entitlements for specified period of time. To plug the loopholes of misdeclaration by the manufacturer exporters entitlement (MEE) for garments, a panel of character accountants has been envisaged besides the joint inspection of MEE units by officers of the Textile Commissioner, Textile Committee and the Apparel Export Promotion Council (AEPC).

Finally, to regulate the activities of quota brokers, the new policy stipulates registration of quota brokers or quota agents with AEPC. There would be security deposit and annual subscription for quota agents and provisions for debarring any quota agents found indulging in fraud.

The Textile Ministry has stated that the new policy attempts to balance the twin objectives of liberalising some of the restrictive provisions to the current policy and alongside tightening the monitoring of quota utilisation and prevention of quota fraud.

Reactions to the new policy have been on the whole on predictable lines with the Apparel Export promotion Council (AEPC) stating that it would impart the much-needed impetus to garments and knitwear exports from the country. Raising the PPE
allocation to 70 per cent from the existing 60 per cent was a healthy step for providing stability to exports, itsaid, adding that the reduction of base period from two years to one year was "a retrograde" step as one year is too short a period for assessing genuine export performance.

Now that the government has put in place a liberalised quota policy for textile exports, the ones is on the industry to acquit itself by availing of the new exporter friendly quota policy to enable the country to score a quantum jump in export earnings and achieve the Eighth Plan Final Year (1996-97) target of 33.6 billion dollars textile exports.7

Textile Exports Percentage of Total Exports

It is evident from Table 5.1 that the percentage share of textile exports in India's total exports had been increasing at a rapid rate especially since 1988-89. The percentage share of textile exports which was just in single digits from 1982-83 to 1987-88 varying between 4 to 8 per cent suddenly shot up to double digits from 1988-89.

When compared to 1982-83, textile exports rose by 42.2 per cent in 1985-86, and 63.7 per cent in 1986-87. A phenomenal jump in textile exports could be witnessed in 1987-88 and

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7. Ibid., p. 5.
afterwards. The total textile exports rose from Rs. 726.22 crores in 1986-87 to Rs. 1,273.41 crores in 1987-88 and further escalated by 4.5 times in 1989-90 and almost more than doubled in 1992-93 (see Table 5.1).

Textiles exports (including handicrafts, jute and coir) have reached a record level of Rs. 28,235.44 crores ($ 8999.23 millions) during April to February of the financial year 1994-95 against Rs. 22,241.73 crores ($ 7091.30 millions) in the previous year. 8

The performance during the 11 months of 1994-95 for which data is available thus represents 26.9 per cent growth both in rupee and dollar terms and nearly 100 per cent fulfillment of the target set for the year. The rise in textile exports has been ahead of the overall growth rate in exports thus helping this sector consolidate its share in total exports from 35 per cent to 37 per cent. 9

Thus it can be seen here that the textile exports have become the most significant segment of India's exports.

8. — Textile exports higher at Rs. 28,235.44 The Economic Times, April 24, 1995.

Composition of Textile Exports

Before going into the details of structure of textile exports, it is necessary to have a look at the structure of the industry itself which is as follows:

Structure of Industry - Supply Base

Conventionally, the textile industry is classified into the following four categories.

-- Mill Sector (Organised Sector)
-- Handloom Sector (Unorganised Sector)
-- Powerloom Sector (Unorganised Sector)
-- Khadi Sector (Tiny Sector)

This deals with cotton mill textiles in view of its importance and man-made fibre textiles in view of high future growth prospects of the industry. Textile exports from India comprises readymade garments, cotton yarn fabrics, made-ups natural silk textiles, wool and woollen manufactures, coir and coir manufactures, jute manufactures etc. Exports of woollen products from India consists of fabrics, woollen knitwear blankets, travelling rugs and blanketeting cloth, shawals, scarves mufflers, rumals, machine-made carpets, other woollen knitwear includes jerseys, sweaters, palfovers, mufflers, stockings etc. Readymade garments include ladies blouses, gents shirts, T'shirts, ladies shirts and dresses, suits, play suits,
etc., knitted pyjamas, night dresses, etc., trousers and shirts, coats, jackets, etc.

**Woollen Knitwear Exports from India (Table 5.2)**

As is evident from Table 5.2 exports of woollen knitwear from India increased by about 47 per cent from Rs. 612.2 million in 1980-81 to Rs. 900 million in 1987-88, registering an annual average growth rate of 5.7 per cent. The sharp decline witnessed in 1983-84 was due to squeeze in imports by the Russia our single largest buyer of this item. According to trade circles, exports of woollen knitwear are expected to register 25 per cent increase by the end of the Eighth Plan on the level of export performance of Rs. 900 million in 1987-88. In absolute terms, annual level of exports of Rs. 1,327 million is estimated for 1994-95.

The exports trade of woollen knitwear is concentrated in the hands of a few exporting units mainly on the basis of mutual understanding developed over the years between the Russian buying agency Rezno-Export is distributed among these 20 units by the representatives of the Russia Buying Agency and repeat export orders are also placed only on these exporters. Exports of the remaining units are directed to the EEC, USA, and the countries of Middle East which absorb less than 5 per cent of the total exports of knitwear from India.

With about a quarter of its total production being exported, the woollen knitwear industry is one of the export
oriented industries of the country. However, the share of exports in production has, over the years, declined as compared to 1980-81, when exports accounted for nearly half of total production. This is due to the fact that production has increased at a much faster pace than exports and a large share of the industry's output is being directed to meet the growth domestic demand:

Export of woollen and woollen manufactures which constituted 0.50 per cent of the total textile exports in 1988-89 increased to 0.90 per cent at the end of 1992-93 (see Table 5.2). When compared to 1988-89 woollen and woollen manufacturers increased by five and a half times in 1992-93.

Exports of Readymade Garments from India (Table 5.3)

Export of readymade garments from India have witnessed remarkable progress during eighties. Exports increased from Rs. 2,850 million in 1977 to Rs. 18,574 million in 1987 over six fold growth in a period of a decade. Even countries like Hong Kong, South Korea, Italy, etc., which otherwise are major exporters have not experienced such a growth. As against an average annual growth of 11.7 per cent recorded in the garment exports of the premier supplying country, Hong Kong, during the decade 1976-85, exports of the Indian garments industry grew at a much higher rate of 24.1 per cent. The next two years have also witnessed a remarkable growth in exports - 23.9 per cent in 1986 and 40.4 per cent in 1987 (see Table 5.3).
Readymade garments constitute a significant proportion of total textile exports. It can be seen from Table 5.3 that ready-made garments constituted a consistent share of more than 50 per cent from 1988-89 to 1992-93. There was three and half times increase in exports of readymade garments in 1992-93 when compared to 1988-89 (see Table 5.3). Readymade garments exports rose by 91.13 per cent in 1991-92 and 230.2 per cent on 1992-93 when compared to 1988-89.

**Direction of Exports**

India's exports of readymade garments are primarily directed to USA and West European countries, which are operating quota restrictions on imports. Nearly 81 per cent of exports are absorbed by these countries as is evident from the Table 5.4.

USA by far is the largest importer of Indian garments. The prominent West European markets are Germany, UK, France and Italy. Among the Socialist block, Russia was an important market for India. It is interesting to note that these six major markets consistently account for a share of over 75 per cent in India's total garment exports.

This trend is not surprising since USA and West European countries are the major markets for readymade garments even on a global basis. These countries account on an average for 70 per cent of the global garments imports.
Major portion of the exports consists of sensitive or restricted items which fall under quota restriction in the major markets. Such items in terms of quantity accounted on an average for 54 per cent of exports during the five year period 1983-87 and their dominant share continued rather increased between 1987 and 1992. The total percentage stood at 65.23 per cent at the end of 1992. The share of non-restricted and that of outside bilateral agreement were weighing with each other (See Table 5.5) the non-sensitive or non-restricted items but still coming under bilateral negotiations accounted for another 26 per cent. Items outside bilateral agreement and export to non-quota countries contributed 20 per cent as is evident from the Table 5.5.

Table 5.6 shows the trends in textile exports during greater part of eighties. It can be seen that the mill made cotton cloth constituted a large part of total cotton textile exports. It was at one time as high as 44.5 per cent in 1984-85 which, however, came down to 29 per cent at the end of 1987-88, while cotton yarn exports as share of total textiles exports picked up after mid-eighties, the share of cotton made ups which was in double digits came down to 5.8 per cent especially at the end of 1987-88. The share of made-ups, powerlooms was consistant being around 4 per cent in the total exports of cotton textiles throughout the period ending 1987-88. The share of powerloom in the total textile exports increased from 5.32 per cent in 1982-83 to 9.11 per cent in 1984-85, 13.33 per cent in 1986-87 and further to 15.3 per cent at the
end of 1987-88 (see Table 5.6). Handloom cloth varied between 10.8 per cent and 14.8 per cent during 1982-87.

One common observation can be that value of various constituent exports of cotton textiles had an overall increase in absolute terms during 1982-88.

It is evident from Table 5.7 that after readymade garments, the major share of exports among textiles is held by cotton yarn fabrics and made-ups. During 1988-89 cotton yarb fabrics and made-ups held a share of 28.2 per cent in the total textile exports which went upto 31 per cent in 1991-92. Though they had fallen slightly to 30.3 per cent during 1992-93. It can be seen from table 5.7 that though the exports of cotton yarn fabrics, made-ups etc., increased in the subsequent years percentage wise when compared to 1988-89, their share did not correspondingly increase in the total composition of textiles exports. For instance when compared to 1988-89 exports of this group rose by 30.6 per cent in 1989-90, 85.3 per cent in 1990-91, 1982.7 per cent in 1991-92 and 245.1 per cent in 1992-93. It is also evident from table 5.7 that man-made textiles made-ups maintained a gradual increase as a proportion of total textile exports per cent in 1988-89 to 5.7 per cent in 1990-91 and further to 8.4 per cent in 1992-93.

Similarly the gross value of exports of natural silk textiles though rose in absolute terms from Rs. 185.2 crores in
in 1988-89, as a percentage of total textile exports there had been no appreciable change which stood at 3.1 per cent in 1992-93 whereas it was 4.6 per cent in 1988-89.

Wool and woollen manufacturers, however, could increase their share in total textile exports from 0.50 per cent in 1988-89 to 0.7 per cent in 1991-92 and further to 0.90 per cent in 1992-93. Wool and woollen manufactures amounted to Rs. 113.6 crores in 1992-93 which rose by more than five times when compared to 1989-90.

Exports of coir and coir manufactures during 1988-89 amounted to Rs. 31.63 crores in 1988-89 though increased to Rs. 90.5 crores in 1992-93, their share in the total textile exports remained almost static throughout the period (see Table 5.7).

**Direction of Textile Trade**

Government exports during the period under review (1984-90) have gone up to 291.3 million units valued at Rs. 2,022 crores from 232.4 million units worth Rs. 1,365.69 crores during the corresponding period of last year, recording a 25.34 per cent increase in quantity and a 48.06 per cent jump in value. The unit value realisation during 1989-90, however, had improved to Rs. 69.41 from Rs. 58.76 for the first five months of the last year, a mere 18.19 per cent considering the constant devaluation of the rupee. EEC continues to be the single largest market for Indian garments with exports going up from 100.4 million units valued at Rs. 540.16 crores to 137.5 million units worth Rs. 869.68 crores, recording a 36.95 per cent increase in quantity and 61 per cent in terms of value. The per unit realisation, however, has gone up just 17.56 per cent from Rs. 53.80 to Rs. 63.25.

Exports to Germany have gone up from Rs. 178.48 crores during the first five months of 1988-89 to Rs. 293 crores during the same period of 1989-90. Exports to France from Rs. 88.14 crores to Rs. 140.11 crores. Italy from Rs. 53.73 crores to Rs. 57.26 crores, Beneluk countries from Rs. 59.90 crores to Rs. 95.69 crores, Denmark from Rs. 11.41 crores to Rs. 16.57 crores, UK from Rs. 136.95 crores to Rs. 245.44 crores, Ireland

from Rs. 3.03 crores to Rs. 4.31 crores, Greece from Rs. 62 lakhs to Rs. 1.54 crores, Spain from Rs. 7.58 crores to Rs. 14.36 crores and Portugal from Rs. 32 lakhs to Rs. 1.40 crores.

USA follows with exports to that market declining by 9.33 per cent in terms of quantity from 61.1 million units to 55.4 million while value wise they are up 18.01 per cent from Rs. 473.05 crores to Rs. 558.25 crores. Thus, the per unit realisation has been substantially higher at Rs. 100.77 against Rs. 77.42 during the same period of 1988-89, recording an improvement of 30.16 per cent.

Among the other restricted countries, exports to Canada have gone up from Rs. 37.31 crores to Rs. 55.34 crores, Norway from Rs. 4.59 crores to Rs. 10 crores, Sweden from Rs. 12.53 crores to Rs. 32.22 crores, Finland from Rs. 4.77 crores to Rs. 7.79 crores and Austria from Rs. 12.88 crores to Rs. 26.76 crores.

Exports to non-quota countries have gone up from 57.6 million units valued at Rs. 280.4 crores to 79.5 million units worth Rs. 461.97 crores, while the per unit value has moved up from Rs. 48.68 to Rs. 58.11, recording only a 19.37 per cent increase. Exports to USSR have increased from Rs. 108.45 crores to Rs. 142.47 crores, to Japan from Rs. 55.46 crores to Rs. 85.92 crores.

11. Ibid.
12. Ibid.
Australia from Rs. 13.88 crores to Rs. 15.77 crores, Switzerland from Rs. 38.84 crores to Rs. 61.56 crores, Hong Kong from Rs. 2.90 crores to Rs. 12.76 crores and the UAE from Rs. 21.28 crores to Rs. 76.91 crores.

Global Production

Present world production of readymade garments is estimated to be over 9.5 billion in numbers. The developed countries especially USA, Germany and UK are the most prominent manufacturers of readymade garments. In the developing world, Hong Kong, Korea Republic, Singapore, India, Brazil and Malaysia are the important producers. The important items of production are blouses, shirts and underwear. These three items generally account for over 75 per cent of the production of garments.

World Trade

Global imports of clothing touched a stupendous level of US $ 66 billion in 1994. In the period 1981-85 world imports recorded an annual growth rate of 5.2 per cent. Garments of woven fabrics have a higher share in world trade than knitted garments, the proportion being 60:40 (Table 5.8).

USA and EEC together accounted for almost 70 per cent of the global imports during the period 1981-85. USA alone had a share of over 40 per cent. Japan is yet another country with substantial imports.
Hong-Kong, Italy, Republic of Korea, Singapore and Germany figure as the most prominent suppliers of garments.

**Government Efforts**

As the ongoing economic reforms also focus on stepping up exports, the government has identified textiles as the thrust area of development. A number of policy and procedural initiatives have been taken up to help textiles achieve its full potential. This remarkable performance, to some extent, be attributed to the various promotional measures taken by the government to promote the textile exports.

India is making a determined bid to set up joint ventures with garment manufacturers of Singapore, Hong Kong, Japan and South Korea. The objective is to promote, through these tie-ups, the manufacture of winter clothing and non-quota items. Several companies from these countries have already evinced interest in joining hands with their counterparts in India.

In the case of South Korea, it is explained, several Indian garments exporters and manufacturers have already begun discussions with companies in that country, this is being done first to utilise the technology and the fabric base available there. The joint ventures will help in producing non-quota garments for markets in the US and Canada as also the European Economic Community. The items which India is trying to make through joint ventures include pullovers, parkas, men's jackets, sports jackets,
ski jackets cardigans, capes rain coats, overcoats and jerseys.

The tie-ups with the partners in South-East Asia and Japan will also help in setting up manufacturing units in India with an arrangement for import of modern machinery. In addition, fabric will be imported as the essential input to manufacturer in non-quota items on a regular basis. The objectives is to achieve economies of scale as also to diversify the market. Special specific agreements could be signed in areas like: setting up of joint ventures, technical assistance, know how agreements, licence agreements, patents and trade marks and also commission.

Turnkery contracts for setting up plants in India completely for the manufacture of all kinds of winter clothing and its marketing overseas are also likely to be studied. The advantage of pushing Indian garments in these markets is that they do not come under quotas nor are they covered under the multi-fibre arrangement (MFA).

It is hoped that these islands will pick up substantial quantities of Indian garments which may later be sold to the department stores in the US and EEC. The exercise is part of the efforts to diversify India's garment exports.

Powerlooms have retained the pride of place contributing the most with the Government entertaining hopes of brighter performance. To encourage the growth of the powerloom sector, the government continues to reserve five per cent of the export
quota of fabrics and made ups under bilateral agreements exclusively for powerloom manufacturers. Licensing requirements for setting up powerlooms in the small scale sector had been done away with in 1993.

However, there is a need for reigning in this sector because it has been responsible for sickness in composite and weaving mills resulting in closure of mills both in the public and the private sector. While no official answer is forthcoming, Government officials argue that it would be against the spirit of the times to go ahead with imposing some sort of a tax on powerlooms and use the money to funds rehabilitation and developmental activities in the mills and handloom sectors.

Marketing Constraints for Readymade Garments

Indian garment industry will have to move away from the system of selling what they have and start marketing what is required by importing countries in order to make a significant mark in international trade. The export policies and programmes would now have to be oriented towards developing the capabilities of the Indian garment sector in this direction.

Policy Initiatives

Realising the importance of readymade garments as an exchange earner, the government of India has announced a three-year garment export policy aimed at (i) maximising the utilisation of annual
restraint levels; (ii) achieving higher unit value realisation and consequently increasing foreign exchange earning, and (iii) bringing in orderly development of stability in export trade. This policy, apart from introducing medium term, stability also incorporates a number of innovative features.

The allotment of quota based on past performance will now be on value instead of quantity, thereby assuring allotment of higher quota to exporters with better unit value realisation. Technology upgradation has also been taken care of by increasing quota allocation to manufacturer-exporters but with the stipulation that a unit to qualify for this benefit should have a minimum of 100 machines. In order to diversify exports, the quota allocation for superfast categories under non-quota exporters system has been increased and exports of non-quota items to quota countries will also be taken into account for fixation of quota limits. The schemes of advance licensing and import-export pass book which permit duty free imports of raw materials, particularly fabrics for conversion and re-exports has been introduced by the government to encourage product diversification.

Institutional Support

The institutional support to the garment industry is provided by the Apparels Export Promotion Council (AEPC). Besides administering quota distribution, AEPC is actively engaged in undertaking various promotional measures. The Council organises
participation in important international trade fairs and specialised exhibitions. In addition AEPC has proposals to organise buyer-seller meets and store promotion weeks in various countries. Sponsoring trade delegations to India and setting up of a trade information centre for the benefit of Indian garment exporters are a part of the promotional programme initiated by the AEPC.

One important area of support which did not receive much attention till recent times was the development of skilled man-power-technical and managerial. The gap has somewhat been bridged by the setting up of the National Institute of Fashion Technology (NIFT) as a specialised institute of design, business and technology. The present dearth in the availability of trained fashion designers and merchandising professionals is expected to be eliminated by the NIFT through its intensive training programmes. The Clothing Manufacturers Association of India has also initiated certain training programmes.

The Apparel Export Promotion Council has also a proposal to establish an institute for training and research in apparel manufacturing technology. With the aim of covering all sections of the garment industry, viz., manufacturers, exporters and workers, the proposal envisages to create a base for high technology in the industry.
Taking Cognizance of International Development

Policy initiatives, promotional programmes and support measures have to take cognizance of the international developments in clothing industry. Today world garment industry has become highly specialised. Technological innovations have ushered in a sea-change in apparel industry. Available information indicates that in some of the countries like United States, technological improvements have been brought about in garment manufacture through the introduction of micro-electronic process in pre-assembly and post-assembly operations. This development is reported to have effected saving in terms of labour and time related costs.

Another significant development relates to the reported structural changes being brought about in Italian garment industry. It is understood that the industry in Italy is switching over from the integrated large scale system of production to the decentralised system encouraging the emergence of fabricators linked to large supplying units. The switch over is anticipated to result in cost benefits, thus enabling the Italian garment industry effectively meet the competition from the existing suppliers mainly from the Far East. In view of this, export development by the Indian industry merely on the basis of labour-cost advantages may prove illusory in future.

Apart from structural changes, the pattern of competition is also expected to undergo changes in future. The supermacy
of established suppliers like Hong Kong, Republic of Korea, Taiwan and even India could be severely challenged by the newly emerging suppliers like China, Thailand and some of the Caribbean and Mediterranean countries. As of today, labour costs in countries like Hong Kong and Republic of Korea are going up and there is strong thinking in these countries to shift the emphasis to high technology, knowledge intensive industries due to increasing labour shortages. On the other hand, China is emerging as a strong competitor in the textiles and garments trade not only on the basis of cheap labour but also due to the emphasis on quality control and production efficiency. Another aspect to be taken note of is the emergence of Caribbean region as a site for production, of garments aimed at the United States market.

The export prospects and strengths and weaknesses of the Indian garment industry will have to be viewed against the expected changes in the patterns of international trade in garments brought about by new suppliers and varied trading practices.

**Problems, Prospects and Suggestions**

The present decentralised structure of the garment industry dominated by a large number of small units is in itself its strength and weakness.

The Indian garment industry has a high degree of manoeuvrability. It is in a position to cater to small orders of
various designs, fabrics and colours. The industry has over the years perfected its production and supply system to fit in with the pattern of exports confined to a few product lines and limited target markets. The present pattern of exports does not call for any high degree of skills, technological improvement or marketing management. Due to the same reason, the industry has been able to progress with limited resources of both men and material. The cardinal question is whether the industry can afford to continue in the same way as it is doing now and yet attain the level of export growth it had enjoyed during the last few years. The answer perhaps is 'doubtful.' The industry, if not standing on shifting sands is still not entrenched on solid ground. It has not developed resilience to withstand any major shock in terms of radical changes in the pattern of international trade, competition, cost, etc. The garment industry has so far not felt the need for organising exports in a large range of items suitable for all seasons and segments of the market. This is the principal weakness of the industry. Because of the relatively easy growth enjoyed so far, it has not concentrated on such areas as design and technological development, upgradation of skills, modernisation of the industry, introduction of modern marketing techniques, etc. Only recently, a beginning has been made to organise training programmes to develop similar skills. The result of these efforts are yet to be known. However, it can be stated with certainty that these measures will become effective only with the active co-operation of the industry.
Scope for Export Expansion

Judging from the export trend during the last few years, it appears, that the Indian garment industry can achieve good growth in the coming few years. The industry has crossed the 12,881 crores mark in exports by 1992-93 and is confident of exceeding the target of Rs. 18,500 crores set for the terminal year of the Eighth Plan ending in the short run, such a growth is expected to continued mainly due to a number of fortuitous circumstances.

Firstly, the bilateral arrangements entered into with USA and EEC in 1994 show a distinct improvement in market access as compared to previous agreements, in term of a larger base levels, higher growth rates and better flexibility; secondly, the falling value of Indian rupee against most of the international currencies has also contributed to the apparent export growth in terms of value.

Under the existing bilateral arrangements, the Indian garment sector will achieve alone will not assure a quantum jump in the future exports of the garment industry. It is pertinent to note that India's share in global trade in garments has been hovering around two per cent for number of years. It is obvious that Indian garment industry has not been able to better its share in all these years. At best, it has been able to maintain the same growth as that of the global trade in garments.
It is clear that Indian garment industry cannot afford to live with such illusory growth for long in view of the inherent weaknesses and the fast up-coming competition from China and other neighbouring countries. To counteract the unfavourable effects of the changing conditions, the garment sector has to look beyond the quota markets and the present line of exports. Then only it will be able to maintain and improve the present rate of growth of over 20 per cent during the Eighth Plan period and beyond and also strive for a better share in international trade.

**Strategy for Export Expansion**

The Indian garment industry has to go in for product and market diversification. This aspect has been stressed and re-stressed in the past. The fact that the Indian garment industry has been able to keep up the export tempo without giving much consideration to the diversification aspect does not reduce its merit.

The present policy initiatives and programmes aim at better. Utilisation of quota, increasing unit value realisation and improving the exports of the existing range of products. The measures will be helpful in maintaining the growth in exports during the next few years. But after a period, the industry is bound to reach the point of stagnation. Hence, the future growth of the industry is largely dependent on the diversification of products and markets.
Product Diversification

Global apparel trade can be divided into four market segments based on the end-uses. Nearly half of the trade consists of classical garments i.e., men's and women's regular wear. The second group is industrial and institutional garments like civil and military uniforms, workers clothing, hospital linen, etc. The third segment is the sports and leisure wear which includes under garments, knitted garments, fancy sportswear and so on. The last sector is the hi-fashion garments. Though the market for such garments is small, the unit value realisation is the highest. India is only in the leisure wear market that too with limited range of items. Nothing has been done to enter the other market segments.

Indian garment industry in order to minimise the risks inherent in product concentration should try to achieve a wider productive base among leisure wear, sportswear, foundation garments and industrial clothing. Hi-fashion garments can be the ultimate goal.

The policies and programmes should be oriented towards creating the base for the production of a fairly wide range of products. The provision for duty free import of fabrics can be taken advantage of by the industry to procure from abroad a variety of fabrics which are either not available in the country or available at high cost. However, as the product
diversification will be greatly dependent on the extent of market diversification, the industry can achieve within the next few years.

**Market Diversification**

India's exports are primarily directed to quota countries i.e., USA and EEC. Garment industry's dependence on these markets cannot be minimised as they are the world's largest importers of clothing. While achieving fuller quota utilisation in these countries, the emphasis should be more on introducing new products in the markets. Similar attempts should be made in non-quota markets.

The process of developing the markets will have to be taken up in stages. Initially a couple of quota markets and a few non-quota markets could be concentrated upon. A few export units can be identified and entrusted with the responsibility of developing each identified market. It is gratifying to note that Apparel Export Promotion council is adopting similar approach in the case of Australian and Japanese markets.

The identified units should develop an integrated approach. Instead of concentrating on increasing exports of the present range of products, the attempt should be to cater to all segments of the market by supplying garments of all fibres, for all seasons and for various and uses which will ensure a balanced growth in the market. The policy initiatives, incentives and
promotional programmes will have to be directed towards achieving this objective. Export obligation linked duty free imports of machinery can perhaps be thought of for equipping the selected units to take up the manufacture of a large range of items. Facility for duty free import of fabrics is already in existence. Any procedural bottleneck in the implementation of the schemes will have to be eliminated quickly in consultation with the industry to that the schemes prove really effective. In short, consolidated efforts are required to achieve real growth in garment exports during the next decade.

Marketing Constraints for Woollen Knitwear Exports

Notwithstanding the great strides made in exports, the Indian knitwear industry has given little evidence of market diversification and for working out any strategy for promotion of exports to the highly sophisticated and competitive markets such as in West Europe and North America. With the comparative cost advantage provided by cheap labour and availability of unutilised capacity in the industry, it should not be difficult for the Indian knitwear sector to make a dent in these markets. Efforts for diversification can yield rewarding results particularly when countries like South Korea and Taiwan are reported to be on the verge of vacating labour-intensive area including knitwear on account of rising labour costs. The Indian industry is better placed compared to these countries enjoying, as it does, the
benefit of cheap labour and availability of skills. Exports effort of the woollen knitwear industry, however, suffers from numerous problems which include:

i) Non-availability of high quality blended wool from indigenous sources.

ii) Weak financial position of the industry,

iii) Outmoded machinery affecting quality production, efficiency and productivity;

iv) Higher incidence of customs duties on imports of spinning machinery, spare parts, blended wool;

v) Lack of price competitiveness in international information;

vi) Lack of commercial intelligence and market information.

The problem of non-availability of high quality blended wool from domestic sources is being solved through imports from South Korea, Japan and U.K. The long term solution to the problem, however, lies in the setting up of modern spinning mill at Ludhiana for the production of the required quality and quantity for blended wool. This will undoubtedly have some spin-off effects in the form of ancillary industrial units for the manufacture of spare parts and components for repair and maintenance units. In turn, it will provide sizeable scope absorption of huge labour force outside the spinning mill sector.

With a view to giving a boost to production, it is also necessary that the industry be encouraged to go in for an all out
modernisation programme. But mainly due to the exorbitant customs duties applicable unit recently to the import of machinery required by the knitwear industry, the desired change has not taken place. Even now, the 35 per cent concessional customs duty rate for the 36 machines required by the knitwear industry is considered as quite high. Keeping in view the weak financial position of the industry and the compelling need to provide it with modern production facilities, it is necessary that the duty on imported machines is substantially reduced.

Notwithstanding the relatively low labour wages in the country, Indian exporters are finding it difficult to compete in the markets of Western Europe, USA, Canada and Japan, due to severe competition from countries like South Korea and Taiwan. The present rate of cash compensatory support on exports of items including knitwear is considered inadequate to offset the price disadvantage. Trade and industry circles fell that the rates of CCS applicable to woollen exports be given an upward revision to enable the exports to make a determined bid to enter the sophisticated markets.

In addition exports are entitled, in general, to packing credit facilities at concessional rate of interest for 90 days. The general facility, however, does not match with the requirements of the exporters in this sector. The activity in woollen knitwear industry spans for over a period of six months (mid-March to
mid-October), starting from the procurement of wool, dyeing, knitting, finishing, packing and transportation to the post. It is, therefore, important that the duration of packing credit facility is extended to match the requirements of the industry. Such a facility will go a long way to consolidate the financial position of the woollen knitwear exporters.

A competent and comprehensive market information system is considered to be the backbone of an effective export promotion programme of any export sector. This important aspect remains a weak link in the export promotion efforts of the woollen knitwear industry of the country. The wool and woollens Export Promotion Council should, therefore, strengthen its market intelligence service with special emphasis on aspects like size, structure and import trends in overseas markets; extent and magnitude of competition in terms of prices, qualities, delivery schedules and payment terms; changing promotional and publicity measures prevalent in the potential markets; and the aggressive or innovative sales strategies adopted by the competing countries in various world markets.

**Accumulation of export cargo**

Often exporters in India fear of cancellation of orders by foreign buyers owing to accumulation of export cargo at airports
like Bombay and Delhi. Sometimes the value of cargo runs into crores of rupees. The disturbing is that, this is not a new problem. Indeed, it has been a recurring phenomenon during the last three years, with the problem normally cropping up during the last quarter of the financial year, which also happens to be the peak time for shipment of goods. Apart from garments, lack of air cargo space also affects exports of leather goods and other consumer items. The garment sector is, of course, the worst affected, since 75 per cent of its exports are airlifted sufficient number of flights have to be arranged by the air-port authorities.

High quality of cocooned raw silk is need of the hour and a suitable machinery and equipment are needed to add value to the low grades of silk available in the country since it is a pre-requisite for producing international grade yarn and fabric.

Promotion of Hi-fashion Products

Silk garments exporters should try to aim at the market for hi-fashion, designer range of products, as the returns are goods in this area. Taking the smallness and exclusive nature of the silk garment industry in India, it would be better if the

* The problem been created mainly by foreign airlines which were not lifting the cargo as their demand for a hike in the IATA rates has not been conceded by the Indian government. Because of the depreciation of the rupee, the airlines had justified their demand for an increase is freight rates. The Commerce Ministry then recommended an increase in the rates so that the export cargo is cleared on a priority basis. (See The Economic Times, March 9, 1990).

exports sought markets for hi-fashion products as the orders here were quite small and exclusive in nature.\(^3\)

India has still not geared itself to meet the demands of a consumer society and the small is beautiful formula still applied in the country. Mass production and economics of scale of bring down unit price were still a long way off. Unit value not a pace with export booms. The improvement in per unit realisation appears to have failed to keep pace with the booming exports of garments during many a time in the past this need to be checked.

**Areas of Research**

In view of the low productivity of cotton, it has become an important area for research for agronomists to evolve high yielding varieties of cotton and other inputs so that productivity per acre could be increased significantly. At the same time, it is highly important, in order of priority, to identify the type of plant and machinery and their parts which need modernisation or complete replacement for improving the quality of finished products as also for the production of new varieties of cloth which is needed in foreign countries. Even for existing type of products which are being exported, super finish is very important. In many cases, for that matter, effective measures for quality control at the level of mills and further inspection are very important for product development research.

\(^3\) Ibid.
Policy Framework and Promotional Measures

The Ministry of Textiles looks after the production and export policies of Government of India. It is primarily assisted by the Office of Textile Commissioner, and various export promotion councils and industry associations like FICCI, Assocham, FIEO, etc. The policy formulations take place after detailed discussions with the trade industry and government and semi-government bodies. Apart from these organisations, there are two main bodies which contribute significantly and implement the domestic policies. These are National Textile Corporation and various State Governments Textile Corporations. In addition, for the purposes of export, there is a textile committee whose main job is to monitor quality control and undertake pre-shipment inspection.

Promotional Measures Offered to Exporters of Textiles*

i) The sophisticated garment manufacturing machines not manufactured indigenously are allowed to be imported on OGL.

ii) For the purpose of removing obsolescence and effecting modernising of textile industry, the government policy of indigenous production of textile machinery has been liberalised and select machines are allowed to be imported with export obligation.

iii) A Textile Modernisation Fund of Rs. 750 crores has been created for facilitation of modernisation of cotton textile industry.

iv) A long term policy for the export of cotton yarn with liberal ceiling is 4 crores kg per year for yarn of counts up to 60s count. There is no restriction on the export of yarn above 60s count.

v) Cotton garments and textiles have been brought under the scheme of contract Registration with a view to providing an element of certainty to exporters in the matter of CCS.

vi) The Fashion Technology Institute in Delhi has been established for education research and training in the areas of fashion designing of garments.

vii) The number of days of pre-shipment credit have been increased from 90 days to 180 days. The rate of interest has also been reduced by 2.5 per cent.

viii) Many items of raw material/fabrics are permitted to be imported under the advance licensing scheme. Duty free REP scheme and Import-Export pass book scheme introduced recently.

ix) Under 100 per cent Export-oriented units and Free Trade Zones schemes, facilities for liberal import of capital goods and raw materials along with many other concessions are given.

x) The government has been giving liberal assistance for sponsoring and funding promotional activities such as market studies, buyer-seller meets, participation in international fairs and exhibitions etc.

New Development

The "New Textile Policy" was announced by Government of India on 6-6-1985 earlier the policy frame work was announced
in March, 1981. The salient features of the 1985 policy are as follows:

1. The industry shall be viewed in terms of the stages of manufacturing process, namely spinning, weaving and processing.

2. The industry shall be provided with fuller flexibility in the use of various fibres.

3. The Industry shall be subject to more pragmatic policies regarding creation or contraction of capacities, by units in order to increase competition and promote healthy growth in the industry.

4. In the spinning sector, all necessary steps will be taken to ensure optimum utilisation of the spinning capacity. The availability of raw materials will be augmented. The infra-structure for the distribution of yarn would be strengthened. Khadi sector will be given encouragement.

5. In the weaving sector, the distinct and unique role of handloom sector will be preserved. The composit mills and the powerlooms have their own respective strength and weaknesses. For the purpose of policy, powerlooms in the organised mill sector and in the unorganised powerloom sector shall, as far as possible be treated at par.

6. In the processing sector, the independent power processors and the processing houses in the mills will be treated at par and each would be allowed to operate on the basis of its competitive strength.
7. Besides, full fibre flexibility as between cotton and man-made, fibres/yarn would be provided to the textile industry. Adequate availability of man-made fibre/yarn at reasonable prices will be maintained. The export window shall be kept open for man-made fibres/yarn.

8. The pre-eminent role of cotton as the main raw material of the textile industry would be maintained. Utilisation of indigenous cotton would be ensured by domestic consumption and exports of cotton yarn and other manufactures.

9. The present imbalance of cotton shall be corrected by a mix of policies aimed at encouraging increased use of long and extra long varieties of cotton on the one hand and higher production on short and medium staple varieties on the other.

10. Capacity expansion will be permitted subject to industrial policy including provisions of MRTP Act and FERA.

**Impact of Multifibre Arrangement**

International trade in textiles and clothing is largely governed by an agreement between developed and developing countries known as Multi Fibre Arrangement. In effect, this agreement provides for protection for textile products in industrial countries against competition of imports from developing ones. MFA I was there from 1974 to 1977 December, MFA II from 1978 to 1982 December and MFA III was in force from 1983 to 1986.
MFA IV was there from 1986 to 89 and MFA V was in force from 1992 January onwards for four year i.e. upto December, 1995.

The Multifibre Arrangement which is an extended version of LTA, can be regarded as a specific safeguard against market disruption. In such cases, it is possible to introduce restrictions for a period not exceeding one year after taking into confidence the exporting countries. Secondly the agreements provides for conclusion of bilateral restraint agreement. During these negotiations, the coverage of fibres has been extended so as to include vegetable fibres like jute, coir, ramie and silken blends.

Within the overall framework of multi-fibre Arrangement-IV, India has concluded bilateral agreements with EEC, USA, Canada Norway, Austria, Finland and Sweden. These agreements are valid for five years beginning from 1992.

One outstanding feature of the MFA negotiations and bilateral agreements has been the access to better market areas as compared to earlier agreements which should help our country to export more textile products in coming years to the quota countries.

In order to monitor the quota distribution, a new long term policy has been evolved with a view to achieve:

(a) Maximum utilisation of the annual restraint levels;

(b) Higher realisation of foreign exchange by increasing unit value realisation; and
(c) Orderly development of export trade.

It may be worthwhile to mention here the highlights of the current MFA. The welcome features of the renewed MFA are no reduction in the existing quantitative levels except in the case of predominant suppliers and growth rates have not been lowered in general. There is quota free exports of handlooms and cottage industries.

India has not been included in the list of dominant suppliers. This list includes Hong Kong, South Korea, Taiwan and Morocco. The MFA provides for imposition of strict restrictions on these countries. This is in India's interest. Moreover, MFA is favourable to those countries which are producing cotton and exporting cotton textiles. Despite the large size of the textile industry and available resources, India's presence in the world market for textiles is hardly two per cent. Even though our performance in the recent past has been impressive some of the Asian competitors have done even better. In fact, the competition is likely to become fiercer in the coming years.

The government has been responsive and sensitive to the needs and aspirations of the industry and has taken a number of initiatives. These are regarding the areas of import-export policy, modernisation, foreign collaboration, joint ventures, quality standards and 100 per cent Export oriented Units (EOUs) etc. The liberalised Exchange Rate Management system (LERMS)
introduced in the Union budget for 1992-93 which has resulted in partial convertibility of the rupee. The partial convertibility of the rupee is more beneficial to the exports than the earlier exim scrip scheme. The benefit is particularly significant for textiles and clothing sector where the import intensity is low.

Following the delicensing procedure in April 1992 all the capital goods required for the textiles and clothing industry can now be imported without any licence. The textiles and clothing sector are now entitled to concessional duty of 25 per cent and 15 per cent respectively with appropriate export obligation under the export promotion capital goods scheme.

**New Look**

Recently a special value based advance licence scheme has been introduced which will enable garment exporters to import fabrics without any difficulty. They will not have to fulfil the quantitative norms now. In order to speed up the process of modernisation of garment industry, Government has decided to increase the permissible level and investment in the garment sector from Rs. 75 lakh to Rs. 3 crores with a corresponding increase in the export obligation from 30 per cent to 50 per cent. Import of second hand machinery required by textile and clothing industry has become easy now. If the second hand machinery to be imported is not more than seven years old and if its residual life
is not less than five years then no licence is required for the import. This will enable easy import of machinery from countries like South Korea. The value limit for duty free import of tags and labels has been increased from Rs. 1000 to Rs. 10,000.

Procedures relating to the transfer of past performance and non quota entitlement in respect of garment exports to quota countries have been simplified considerably. A scheme has been introduced for submitting legal undertaking in lieu of Earnest Money Deposit Bank Guarantee for extension and revalidation of garments. This facility is available to the exporters having annual past performance of not less than 25,000 pieces. After the extension of facilities on a large scale, it is now for the industry to take the full advantage of these measures as well as other existing measures. Given the enterprise and dynamism of textiles industry, it is expected to go in for diversification of markets, enlarging and broadbasing the product range increase in value-realisation market intelligence, quality control, aggressive market and product promotion activities and give a new thrust to the textile exports.

Though India has been a producer of textiles for the last 110 years. Cotton textiles is one of the traditional foreign exchange earners. Slowly but steadily India has been losing her markets to her competitors like Hong Kong, Taiwan & South Korea, comparatively new entrants in the field of textiles.
China, Brazil, South Korea and of late Thailand are posing stiff competition to India textiles. The price difference is reported to be as high as 15 to 20 per cent. There are two main factors responsible for this situation. One is the concentration of our exports in a few markets and secondly the limited range of our exports of readymade garments. Lack of diversification of our products range is mainly attributed to the indigenous non-availability of fabrics and trimmings of acceptable quality. Developed countries have imposed quota restrictions in order to protect indigenous production.

Global recession has taken its toll on our exports, since India exported almost exclusively high fashion garments.

Quality of Indian fabrication is rated bad in overseas markets. This has caused considerable damage to our exports. Further more, India has hardly any designers of international reputation. Because of this, India could not capture a sufficient share of the world market which wants new designs and fashions.

Some more Measures

Garment manufacturers should be allowed to import modern garment machinery free of import duty.

There should be a policy which allows liberal import of fabrics like denims, corduroys, gaberdines and ducks and also
trimming like bronze zip, high fashion button, washing instructions
tickets, and metallic studs etc.

A rigorous checking system within the factory before
the garments are packed should be adopted.

Fashion designers of international repute should be
commissioned to visit India, from time to time.

A good packaging system of international standards is
to be adopted.

Our product range needs through diversification.
Export of uniforms, military software, industrial type clothing,
where there is enormous scope of enhancing business are to be undertaken.

Exports of handloom made-ups are in a good demand
in USA and Canada. Exports of natural silk goods are expected to show an increasing trend, since there is good demand for various items of natural silk, like sarees, scarves and dress material in West Asia, the USA and Germany.

Uninterrupted supply of raw material, at international prices, to weavers should be ensured.

In view of the protectionist policies adopted by the developed world, highly fashionable and quality items are to be developed. Fabric and fashion centres, both at regional and national level, should be set up, which will interpret fashion
trends in the export markets to the local industry and promote the local industry in the export markets.

-- With regard to items like home furnishings - curtain material and floor coverings made of cotton and silk - which are specialised items of aesthetic taste, where price is not the consideration sufficient market promotional measures are to be taken.

-- Indian varieties are limited and many of the designs are ethnic therefore good amount of product adaptation is a necessary prerequisite to promote our exports of handlooms on a large scale.

-- European designers should be commissioned every year for preparation of the following year's range every year.

-- Buyer-seller meets should be arranged at all important centres in our markets on a regular basis.

-- The industry should be encouraged to participate in the specialised fairs like Paritex and Heltextil held at Paris and Frankfurt respectively.

-- Including import of machinery as required for modernisation our textile mills, should be taken to improve production and productivity of cotton fabrics. In the long run increased productivity will help us to offer the goods at international prices.
World demand is increasing for blended fabrics. Special incentives must be provided for manufacture and export of blended textiles. Proposals like allowing replenishment at the rate of 1.25 kg of duty free polyester fibre against every one kg of polyester content in the exported goods need through consideration.

CCS offered on textiles at present are not adequate to offset burden of heavy taxation.

Supply of good quality cotton at international prices is to be ensured.

**Cotton Supply**

With a view to augmenting the raw material supply i.e. of cotton, it is necessary to supply the imported cotton to the exporters at international prices. A suitable scheme for this purpose needs to be evolved.

In order to augment cotton supplies through mixing it with man-made fibres, it is necessary to increase the supply of viscose fibre derived from wood and roests. As the present trend is to stop deforestation, it is not possible to proceed in this direction. But the manufacturers indicate that they consume only about 3 per cent of forest produce which is not responsible for deforestation. Even then, in order to augment supplies, fresh afforestation programmes specially with this in view may be undertaken and if possible reserved for this industry.
Yarn Export

During VIII plan, it has been envisaged that exports of yarn will amount to about 4 per cent. This is very small as compared to exports to yarn by Pakistan (33%), Korea and Turkey (25 per cent, and Brazil (16 per cent), the industry is rightly pleading that exports of yarn may be encouraged further.

Dyeing Technology

In order to improve dyeing techniques, a couple of top dyeing specialists may be invited to India to show Indians the technology of superior dyeing of fabrics.

Market Survey

A close look at international trade indicates that lion's share in the export trade is cornered by a few countries like Korea, Hong Kong, China and Taiwan in Far East and Italy in the European markets. In order to increase competitiveness of Indian textile products, it is rather necessary and long overdue to undertake a comprehensive survey of major supplier countries.

Deemed Exports

There is also need of effectively treating the fabrics supplied to garment exporters as deemed exports with the facility of duty free import of polyester staple fibre and other necessary inputs.
Combating Sickness in Textiles

The spectre of sickness is haunting the textile industry; the cancer seems to have set into the composite mills sector with already many casualties and the galloping final stage of it torturing many mill. The crucial questions are whether the causes are known, if so, how about the remedies and if the remedies are available, how effective is the implementation. The answer could be in two parts; view the industry as a whole and also consider the woes of individual mill as units, viz. macroeconomic and microeconomic analysis.

Industry in general Macro

While some textile organisations prospered, expanding and became the leading industrial organisation in India, where in the same environment others became anaemic and ailing. Analysis of reasons or case studies could lead us nearer to the truth sought after. For example in synthetic, R.I.L. prospered, expanded and later diversified by backward integration; in cotton, Century Mills prospered, expanded and later diversified by backward integration; in cotton, Century Mills prospered, diversified into rayan, nylon, chemical, cement shipping, etc., and both continue to grow at an unprecedented rate and their textile divisions became one of their divisions continuing it contribution unabated. It is well known that the success of RIL lay in the strong and realistic marketing strategy whereas a large part of the production was managed in
the powerloom sector with close control over the quality. Century's success too lay in its unique marketing strategy with emphasis on all-cotton fabrics of higher values with significant exports. Examples galore can be cited; Arvind Mills, Bombay Dyeing, Mafatlal's Fine and Standard to mention a few among the so called composite cotton mills. Among the so called art silk mills, Orkay, Garden/vareli, Blue Blends and so on can be cited. As far as spinning mills go, Madura, Vardhaman Mahavir, Gokak, Soundar Raj Loyal Textiles and numerous other come to the mind.

Strategies in 1950s and 1960s laid emphasis on production and modernisation of plant and machinery and rightly so, because during the World War II and some time thereafter there was neither renovation nor modernisation, and those who grasped this and modernized in the 50s, 60s and early 70s did fairly well. By modernisation, conventional textile management tends to think of new plant and equipment without any thought, or rather less thought of introducing modern management. Simply investing money in new technology or systems guarantees nothing; what matters is how their introduction is managed as well as the extent to which they support and reinforced continual improvement throughout a mill. In 70s, demand and supply were balanced, and successful companies adopted strategies of marketing and modernisation of plant and the conventional 'ones went on selling (see Table 5.9). With the advent of the present decade, supply exceeds demand and market environment was that of buyers' and segmented, and successful companies quickly adopted the strategic target marketing
while the conventional ones were partly selling and partly marketing. The exports know that this trend will accentuate in the 1990s where the supply of conventional products will far exceed demand for conventional products and market environment will be buyer's with highly segmented marketing and the successful companies would have done their homework in 1980s, with strategic planning for 1990s and beyond. In 2001, we may expect the government opening up our gates to foreign imports and only strategic planning in 1980s and 1990s can prepare the industry to face this likely challenge and prosper.

The textile market has become a global market and trade flows have charged rapidly with a massive shift of the sources of textile supply away from the centres of demand. Market demand continued to grow against a faster growth of supply and good design became more important leading to diversionalisation of the companies. New products like denim, cord, leisure wear came in and marketing skills became more important which demanded better qualified executive. Indian textile industry has to be prepared to face external factors like globalization of world trade, shift in trade flows, new technologies like OE spinning, shuttleless looms, and these requiring active exchange, monetary, industrial regulations, political trends for investment opportunities.

**Technology Available : Domestic and Foreign**

The above relates to external environment whereas the individual mill company needs considerable data on the internal
environment including financial state, morals of staff and workers, capacity utilisation, total productivity, technology, marketing capabilities and so forth. It should be understood that whether it is information on external environment or internal, mere record of the past will not be adequate for the purpose of policy formulation and planning. These data have to be used to predict the future behaviour of the relevant factor because essential policy-making and planning are concerned with the future consequences of present decisions. These predictions can be done by the simple extrapolation without worrying about the casual factor or with the help of the analysis of casual relationship. Application of Data Base Management System also become necessary.

Strategic planning will have to be followed up by tactical planning. Objectives of the strategic planners are received by the next hierarchy of management who make tactical decisions and begin to assemble the resources required and decide about the allocations of resources and decide priorities among the competing needs. It includes cash flow, productive capacity, sales performance, inventory requirements, manpower resources and status of projects.

Operational planning follows tactical planning and decides directly about concrete activity. It includes cash flow, productive capacity, sales performance, inventory requirements, manpower resources and status of projects. It includes current accounts receivable and payable in case of accountant, scheduling of current
production and packing in case of production and planning manager, current sales efforts in case of marketing manager are examples.

Strategic planning for textiles industry would consider external factors such as slow growth in demand for conventional fabrics and buyers market, changing consumer preferences and developing market segmentation which require high speed automatic capital intensive technology, active selling, good designs, hi-tech machinery, restructuring divisionalisation of companies, increasing capital intensiveness, higher marketing skills, and more trained personnel.

Basic or conventional products yield low margins or often losses, attracting tough competition whereas speciality products have better potential. For example, Hong Kong's textile industry was the first to recognize and become the major exporter of garments with merchandise that ranks amongst the highest for design, quality and service. Delivery time and service are becoming increasingly critical and are dependent on the standard of logistics management a company can achieve. Training of personnel at all levels is equally critical with new skills required for the sophisticated modern high speed equipment. In the late 1980s, the industry is feeling the pressure to optimise their product range and an upgrading of their product mix. Technical or industrial textiles is becoming an important market segment.
Government policies: Five Year Plans, textile policy, fiscal foreign focused marketing, interdependency with accounts, high personnel skills, quality, service and logistics. Change in retailing concepts with retailers to satisfy their customers new life styles and shopping preferences, but especially to create specific niche opportunities in markets that had been stable in overall volume terms. This new dynamism in the markets coupled with increasing segmentation of the markets has a momentum that will continue to grow during the 1990s. The demand on all segments of textile industry on the supply side—whether spinning mills, composite mills, powerloom factories, processing houses, and garment markets—will be to target their business strategies towards fulfilling these precise market opportunities. The strategic target marketing concept will apply equally to the apparel, household textile and industrial textile markets.

Commiting to the 1990s and beyond, the reasons to believe that we will see:

-- higher machine integration, i.e. fewer process stages.

-- Improved process control, performance optimization and automation.

-- Increasing use of sophisticated material handling systems will reduce machine set-up times.
Government policies; Five Year Plans, textile policy, fiscal foreign focused marketing, interdependency with accounts, high personnel skills, quality, service and logistics. Change in retailing concepts with retailers to satisfy their customers new life styles and shopping preferences, but especially to create specific niche opportunities in markets that had been stable in overall volume terms. This new dynamism in the markets coupled with increasing segmentation of the markets has a momentum that will continue to grow during the 1990s. The demand on all segments of textile industry on the supply side—whether spinning mills, composite mills, powerloom factories, processing houses, and garment markets—will be to target their business strategies towards fulfilling these precise market opportunities. The strategic target marketing concept will apply equally to the apparel, household textile and industrial textile markets.

Commiting to the 1990s and beyond, the reasons to believe that we will see:

-- higher machine integration, i.e. fewer process stages.

-- Improved process control, performance optimization and automation.

-- Increasing use of sophisticated material handling systems will reduce machine set-up times.
identifying the specific sub-segment of this fashion-sensitive sector.

Already, the readymade garment industry is more demanding, become more selective in their choice of suppliers, on lookout for greater design input with small volume order created for each garment manufacturer showing a flexibility of their production programmes.

Mills producing quality textiles around the world will be competing for a share of the global market with highly-boned business strategies. Demands for short runs, more styles and higher quality require better information, improved planning systems and more sophisticated inventory control and customer service systems.

Home furnishing is another major customer for textiles. These include fabrics sold to home furnishing producers for conversion into consumer products such as furniture, bed and bath fashions. International trade in these is not as large as in apparel. In exports, while there is trend toward internationally accepted apparel fashion, home furnishing is gradually becoming more internationally styled and while bed fashions still have geographically differences in sizes and styling, these are likely to become more similar over time.
Industrial segment is a major user of products of textile mills and they are many diverse fragmented and complex. The markets range, from those for low cost fabrics to those for highly sophisticated specification fabrics made from hi-tech fibres.

New uses for technical fabric such as laminates for computers, geotextiles and composite materials offers opportunities in his quality, specification industrial fabrics. In fact, traditional industrial fabrics are fast being replaced by other products and new markets for these are coming up. Here, there are six groups:

i) Textiles in vehicles - from bicycles to space shuttles;

ii) Geotextiles - textiles for land and marine construction, farming and forestry, agriculture and mining and for road, tunnel and railway tracks construction;

iii) Industrial textiles - textiles for use throughout the industrial sector; in mechanical engineering, electrical engineering, electronics and the chemical industry;

iv) Construction - textiles for building above and below ground, for plant construction and bridge building;

v) Safety textiles - textiles for protection, safety and preserving lives and properties.

Examples of applications of the above 6 groups abound and a few are mentioned.
In vehicles textiles, one can think of textile-reinforced moulded and structured articles, textiles-reinforced containers, materials for aerospace, materials for rail-borne vehicles and automotive applications, marine applications, ceiling and wall coverings, hood fabrics, drive belts, filters, insulation, tyre cord, canvas, silkcloth, ropes, cordage, netting, flexible containers protective covering for aircraft, floating vessels, cars and agricultural machines.

Geotextiles would include reinforcing fibres for plastics, rex-sheeting for plastics reinforcement, textile-reinforced plastic parts, pipes and containers, sacks, netting, tarpaulins, textiles for subsoll stabilisation, earthworks, roadmaking, for river and water bank protection, underwater structures, membrane materials for hydraulic engineering, soil membranes for anti-pollution purposes, waste disposal containers, sun shading materials textile irrigation, drainage and erosion protection, and gardening fabrics.

Industrial textiles encompasses a vast area including textile composites, textile reinforced structural parts, moulded articles, containers, pipes antistatic textiles, textile-reinforced light weight building materials, surface finished products, fastening systems, drive belts, lifting and transport materials, hoses, filters, smallwear and belting, backing materials for coatings, laminated films and rubbershining, packaging textiles, flexible containers and protective hoods and pneumatic products for
painters, for seals, insulation, heat and cold protection textiles, laundry textiles, textile armour, ropes, cordage and netting.

Construction textiles has not entered India in a significant way. However, for the very reason it offers greater opportunities in production like reinforcement fibres for concrete and plastics, textile sheet products for reinforcement purposes, textile-reinforced structural parts, pipes, containers and moulded articles, textile reinforced lightweight building materials, shuttering materials, textiles for subsoil stabilisation and drainage systems, faced backing systems, roof sheeting tent fabrics, membranes for light weight area structures, pneumatic structures, temporary buildings textiles acoustic protection screens, sun blind textiles, and for interior decoration of buildings.

Medical textiles is also a new entrant in Indian market and includes bandaging materials, products for surgery, textile-reinforced prostheses, operating sheets, hospital bedding and sheets, medical cushions, doctors and nurses clothing, rescue service equipment and medical equipment.

Another new area not yet touched by our textile industry is safety textiles which may include breathable waterproof finished, protective work clothing. Weather and winter clothing especially for defence personnel, heat protection clothing, chemical protection equipment, equipment for rescue - services, for protection of possessions, textile packaging, protective covering systems and acoustic protection systems both indoor and outdoor applications.
In all these 6 areas of technical textile products, great scope exists for exports to both quota and non-quota countries, and market survey is necessary to suit individual mills capabilities.

The modernisation and renovation on a long-term basis has to be based on the marketing strategies formulated under strategic planning in 1980s and 1990s. The strategies of success depend upon the strategic planning done by the individual mill and getting the same approved in principle by the bankers and the financial institution as keeping them in full confidence is essential to survival and prosperity, and they may have constructive suggestions for upgrading the strategy. As for utilisation, productivity in a larger sense including man and machine productivity, soft and hard wastes, seconds or value loss, and energy savings, healthy industrial relations and good liaison with Government Departments, no need here to mention their importance as adequate information exists and readily available to the mills.

Conclusion

It is evident from the foregone analysis that the textile exports from India have made steady progress during the last few decades. Indian textile exports can achieve good growth in the coming few years. A concerted effort is needed on the part of government, traders / exporters to facilitate improve quality and designs of our textile exports. This is necessary keeping in view the latest developments in the international market.
TABLE - 5.1
EXPORTS OF TEXTILES
(Rs. in Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value of textile exports</th>
<th>Total Exports</th>
<th>% Share in Total exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982-83</td>
<td>443.62</td>
<td>8803</td>
<td>5.04</td>
</tr>
<tr>
<td>1983-84</td>
<td>444.75</td>
<td>9771</td>
<td>4.55</td>
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<td>1984-85</td>
<td>638.45</td>
<td>11744</td>
<td>5.43</td>
</tr>
<tr>
<td>1985-86</td>
<td>630.92</td>
<td>10895</td>
<td>5.79</td>
</tr>
<tr>
<td>1986-87</td>
<td>726.22</td>
<td>12452</td>
<td>5.83</td>
</tr>
<tr>
<td>1987-88</td>
<td>1273.41</td>
<td>15674</td>
<td>8.12</td>
</tr>
<tr>
<td>1988-89</td>
<td>3983.33</td>
<td>20232</td>
<td>19.68</td>
</tr>
<tr>
<td>1989-90</td>
<td>5825.24</td>
<td>27681</td>
<td>21.04</td>
</tr>
<tr>
<td>1990-91</td>
<td>7121.31</td>
<td>32527</td>
<td>21.89</td>
</tr>
<tr>
<td>1991-92</td>
<td>10332.82</td>
<td>44042</td>
<td>23.46</td>
</tr>
<tr>
<td>1992-93</td>
<td>12881.76</td>
<td>53688</td>
<td>24.00</td>
</tr>
</tbody>
</table>

Source: Compiled from various issues of Textile Promotion Council and Economic Survey.
### TABLE - 5.2

**INDIA'S EXPORTS OF WOOLLEN KNITWEAR**

(Value : Rs. Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Exports as percentage of production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>612.2</td>
<td>43.7</td>
</tr>
<tr>
<td>1981-82</td>
<td>795.6</td>
<td>48.2</td>
</tr>
<tr>
<td>1982-83</td>
<td>775.4</td>
<td>38.8</td>
</tr>
<tr>
<td>1983-84</td>
<td>503.8</td>
<td>28.6</td>
</tr>
<tr>
<td>1984-85</td>
<td>678.0</td>
<td>30.8</td>
</tr>
<tr>
<td>1985-86</td>
<td>837.8</td>
<td>33.5</td>
</tr>
<tr>
<td>1986-87</td>
<td>820.0</td>
<td>27.3</td>
</tr>
<tr>
<td>1987-88</td>
<td>900.0</td>
<td>24.0</td>
</tr>
<tr>
<td>1989-90</td>
<td>228.0</td>
<td>18.0</td>
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<tr>
<td>1989-90</td>
<td>280.4</td>
<td>22.8</td>
</tr>
<tr>
<td>1990-91</td>
<td>212.4</td>
<td>21.3</td>
</tr>
<tr>
<td>1991-92</td>
<td>745.5</td>
<td>24.8</td>
</tr>
<tr>
<td>1992-93</td>
<td>113.6</td>
<td>39.6</td>
</tr>
<tr>
<td>1993-94</td>
<td>790.0</td>
<td>40.9</td>
</tr>
</tbody>
</table>

*Source: DGCI & S, Calcutta.*
### TABLE - 5.3

**INDIA'S EXPORTS OF READYMADE GARMENTS**

*(Qty: Million Pcs)  
(Val: Rs. Million)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>61.9</td>
<td>1230</td>
</tr>
<tr>
<td>1976</td>
<td>123.1</td>
<td>2449</td>
</tr>
<tr>
<td>1985</td>
<td>255.9</td>
<td>10677</td>
</tr>
<tr>
<td>1986</td>
<td>300.8</td>
<td>13231</td>
</tr>
<tr>
<td>1987</td>
<td>370.1</td>
<td>18574</td>
</tr>
</tbody>
</table>

*Source: Cotton Textiles Export Promotion Council Reports, 1975 & 1976  
Apparel Export Promotion Council Reports, 1985-87.*
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q:</td>
<td>70.1</td>
<td>78.5</td>
<td>74.0</td>
<td>83.8</td>
<td>102.0</td>
</tr>
<tr>
<td>V:</td>
<td>2258.9</td>
<td>2914.6</td>
<td>3464.1</td>
<td>4493.8</td>
<td>6048.4</td>
</tr>
<tr>
<td><strong>EEC</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q:</td>
<td>48.1</td>
<td>80.0</td>
<td>97.4</td>
<td>133.5</td>
<td>175.4</td>
</tr>
<tr>
<td>V:</td>
<td>2167.0</td>
<td>2809.4</td>
<td>3425.7</td>
<td>5032.6</td>
<td>8120.9</td>
</tr>
<tr>
<td><strong>Other Quota Countries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q:</td>
<td>11.9</td>
<td>17.6</td>
<td>21.5</td>
<td>18.8</td>
<td>22.3</td>
</tr>
<tr>
<td>V:</td>
<td>430.2</td>
<td>677.3</td>
<td>921.7</td>
<td>914.5</td>
<td>116.3</td>
</tr>
<tr>
<td><strong>Total Quota Countries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q:</td>
<td>145.1</td>
<td>176.1</td>
<td>192.9</td>
<td>236.1</td>
<td>299.7</td>
</tr>
<tr>
<td>V:</td>
<td>4856.1</td>
<td>6401.3</td>
<td>7611.5</td>
<td>10350.9</td>
<td>15285.6</td>
</tr>
<tr>
<td><strong>% Share of Quota countries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q:</td>
<td>75.0</td>
<td>76.4</td>
<td>75.4</td>
<td>78.5</td>
<td>81.0</td>
</tr>
<tr>
<td>V:</td>
<td>79.9</td>
<td>75.3</td>
<td>73.2</td>
<td>78.2</td>
<td>82.3</td>
</tr>
<tr>
<td><strong>Non-Quota</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q:</td>
<td>48.4</td>
<td>54.4</td>
<td>63.0</td>
<td>64.7</td>
<td>70.4</td>
</tr>
<tr>
<td>V:</td>
<td>1545.2</td>
<td>2099.7</td>
<td>2865.0</td>
<td>2880.3</td>
<td>3288.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q:</td>
<td>193.5</td>
<td>230.5</td>
<td>255.9</td>
<td>300.8</td>
<td>370.1</td>
</tr>
<tr>
<td>V:</td>
<td>6401.3</td>
<td>8501.0</td>
<td>10676.5</td>
<td>13231.2</td>
<td>71210.0</td>
</tr>
</tbody>
</table>

Source: Apparel Export Promotion Council.
TOTAL - 5.5

CATEGORYWISE EXPORTS OF READYMADE GARMENTS FROM INDIA
(Value: Rs. Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sensitive/Restricted (Value)</th>
<th>Non-Restricted (Value)</th>
<th>Outside Bilateral Agreements (Value)</th>
<th>Total (Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>393.95 (61.54)</td>
<td>80.07 (12.51)</td>
<td>166.11 (25.95)</td>
<td>640.13 (100.0)</td>
</tr>
<tr>
<td>1984</td>
<td>467.14 (54.95)</td>
<td>145.34 (17.10)</td>
<td>237.62 (25.95)</td>
<td>850.10 (100.0)</td>
</tr>
<tr>
<td>1985</td>
<td>597.98 (56.00)</td>
<td>137.46 (12.88)</td>
<td>332.21 (32.12)</td>
<td>10,676.50 (100.0)</td>
</tr>
<tr>
<td>1986</td>
<td>784.02 (59.26)</td>
<td>218.86 (16.54)</td>
<td>320.24 (24.20)</td>
<td>1,323.12 (100.0)</td>
</tr>
<tr>
<td>1987</td>
<td>1,103.86 (59.43)</td>
<td>391.63 (21.08)</td>
<td>361.94 (19.49)</td>
<td>1,857.43 (100.0)</td>
</tr>
<tr>
<td>1988</td>
<td>1,284.31 (61.23)</td>
<td>387.20 (18.46)</td>
<td>426.02 (21.31)</td>
<td>2,097.53 (100.0)</td>
</tr>
<tr>
<td>1989</td>
<td>1,892.25 (58.69)</td>
<td>686.74 (21.30)</td>
<td>645.16 (18.21)</td>
<td>3,224.15 (100.0)</td>
</tr>
<tr>
<td>1990</td>
<td>2,401.65 (59.86)</td>
<td>807.23 (20.12)</td>
<td>803.23 (20.02)</td>
<td>4,012.11 (100.0)</td>
</tr>
<tr>
<td>1991</td>
<td>3,125.52 (57.65)</td>
<td>1,199.78 (22.13)</td>
<td>1,096.25 (20.02)</td>
<td>5,421.55 (100.0)</td>
</tr>
<tr>
<td>1992</td>
<td>4,520.90 (65.23)</td>
<td>1,341.80 (19.36)</td>
<td>1,068.00 (15.41)</td>
<td>6,930.70 (100.0)</td>
</tr>
</tbody>
</table>

Note: Figures in brackets indicates to Percentage share.
### TABLE - 5.6

**EXPORTS OF COTTON TEXTILES (EXCLUDING CLOTHING)**

(Value Rs. Crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Mill-made cotton cloth</th>
<th>Cotton yarn</th>
<th>Cotton made-ups</th>
<th>Power loom cloth</th>
<th>Made-ups power-loom</th>
<th>Handloom cloth</th>
<th>Handloom made-ups</th>
<th>Total Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982-83</td>
<td>151.63 (34.18)</td>
<td>29.25 (6.60)</td>
<td>83.09 (18.73)</td>
<td>23.60 (5.32)</td>
<td>25.66 (6.00)</td>
<td>63.76 (14.87)</td>
<td>65.63 (10.80)</td>
<td>443.62</td>
</tr>
<tr>
<td>1983-84</td>
<td>190.53 (42.84)</td>
<td>23.50 (5.38)</td>
<td>50.44 (11.34)</td>
<td>33.39 (7.50)</td>
<td>21.00 (4.72)</td>
<td>61.43 (13.82)</td>
<td>64.43 (14.50)</td>
<td>444.75</td>
</tr>
<tr>
<td>1984-85</td>
<td>283.96 (44.47)</td>
<td>36.42 (5.72)</td>
<td>68.24 (10.68)</td>
<td>58.20 (9.11)</td>
<td>23.37 (3.66)</td>
<td>101.75 (15.93)</td>
<td>66.61 (10.43)</td>
<td>638.45</td>
</tr>
<tr>
<td>1985-86</td>
<td>268.24 (42.53)</td>
<td>45.94 (7.28)</td>
<td>64.21 (10.17)</td>
<td>64.25 (10.18)</td>
<td>26.95 (4.27)</td>
<td>87.97 (13.94)</td>
<td>73.36 (11.63)</td>
<td>630.92</td>
</tr>
<tr>
<td>1986-87</td>
<td>279.53 (38.50)</td>
<td>101.34 (13.95)</td>
<td>51.69 (7.10)</td>
<td>96.61 (3.33)</td>
<td>31.19 (4.30)</td>
<td>83.51 (11.50)</td>
<td>82.15 (11.31)</td>
<td>726.22</td>
</tr>
<tr>
<td>1987-88</td>
<td>369.40 (29.00)</td>
<td>343.06 (26.94)</td>
<td>73.22 (5.75)</td>
<td>194.39 (15.26)</td>
<td>55.53 (4.36)</td>
<td>100.63 (7.90)</td>
<td>137.18 (14.8)</td>
<td>1,273.41</td>
</tr>
</tbody>
</table>

Note: Figures in brackets indicate percentage to totals.

Source: ICMF and Texprocil.
### TABLE - 5.7
**COMPOSITION OF TEXTILE EXPORTS**
(Rs. Crores)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Readymade Garments</td>
<td>2099.11</td>
<td>3224.15</td>
<td>4012.11</td>
<td>5421.55</td>
<td>6930.70</td>
</tr>
<tr>
<td></td>
<td>(52.2)</td>
<td>(54.9)</td>
<td>(56.3)</td>
<td>(52.5)</td>
<td>(53.8)</td>
</tr>
<tr>
<td>Cotton Yarn Fabrics</td>
<td>1113.30</td>
<td>1479.55</td>
<td>2099.83</td>
<td>3204.15</td>
<td>3911.28</td>
</tr>
<tr>
<td>Made-Ups etc.</td>
<td>(28.2)</td>
<td>(25.2)</td>
<td>(29.5)</td>
<td>(31.0)</td>
<td>(30.30)</td>
</tr>
<tr>
<td>Natural Silk Textiles</td>
<td>185.17</td>
<td>204.85</td>
<td>235.05</td>
<td>350.03</td>
<td>401.40</td>
</tr>
<tr>
<td></td>
<td>(4.6)</td>
<td>(3.5)</td>
<td>(3.3)</td>
<td>(3.4)</td>
<td>(3.10)</td>
</tr>
<tr>
<td>Man-made textiles</td>
<td>165.23</td>
<td>309.73</td>
<td>406.69</td>
<td>822.07</td>
<td>1079.18</td>
</tr>
<tr>
<td>made-ups etc.</td>
<td>(4.6)</td>
<td>(6.2)</td>
<td>(5.7)</td>
<td>(7.9)</td>
<td>(6.4)</td>
</tr>
<tr>
<td>Wool and Wollen mfrs</td>
<td>20.17</td>
<td>28.04</td>
<td>21.24</td>
<td>74.05</td>
<td>113.63</td>
</tr>
<tr>
<td></td>
<td>(0.50)</td>
<td>(0.48)</td>
<td>(0.30)</td>
<td>(0.70)</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Coir and coir mfrs</td>
<td>31.63</td>
<td>41.47</td>
<td>48.02</td>
<td>70.21</td>
<td>90.49</td>
</tr>
<tr>
<td></td>
<td>(0.78)</td>
<td>(0.50)</td>
<td>(0.67)</td>
<td>(0.61)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Jute Mfrs</td>
<td>235.29</td>
<td>297.53</td>
<td>298.37</td>
<td>390.76</td>
<td>355.07</td>
</tr>
<tr>
<td></td>
<td>(5.8)</td>
<td>(5.07)</td>
<td>(4.1)</td>
<td>(3.8)</td>
<td>(2.8)</td>
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</tbody>
</table>

------------------------------------------
Sub total                 4014.96  5866.71  7121.31  10332.82  12881.75
------------------------------------------
Grand Total               20231.50  27681.47  32553.34  44041.81  53688.26

Source: Apparel Export Promotion Council Reports, 1992-93.
### TABLE - 5.8
WORLD IMPORTS OF CLOTHING

(US $ million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mens Outerwear not knit</td>
<td>7,560</td>
<td>7,601</td>
<td>6,934</td>
<td>7,741</td>
<td>7,864</td>
<td>13,767</td>
</tr>
<tr>
<td>Women's outerwear not knit</td>
<td>9,902</td>
<td>10,244</td>
<td>10,628</td>
<td>12,152</td>
<td>13,034</td>
<td>20,161</td>
</tr>
<tr>
<td>Undergarments not knit</td>
<td>2,610</td>
<td>2,689</td>
<td>2,560</td>
<td>3,059</td>
<td>3,486</td>
<td>7,069</td>
</tr>
<tr>
<td>Outerwear knit</td>
<td>8,099</td>
<td>7,719</td>
<td>8,100</td>
<td>9,661</td>
<td>10,550</td>
<td>16,498</td>
</tr>
<tr>
<td>Undergarments knitted</td>
<td>4,655</td>
<td>4,725</td>
<td>5,060</td>
<td>5,532</td>
<td>5,335</td>
<td>9,012</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>38,826</td>
<td>32,978</td>
<td>33,282</td>
<td>38,145</td>
<td>40,269</td>
<td>66,507</td>
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</table>

### TABLE 5.9
COMBATING SICKNESS IN TEXTILES

<table>
<thead>
<tr>
<th>Decade</th>
<th>Market Balance</th>
<th>Market Environment</th>
<th>Strategy Adopted</th>
<th>Strategies of Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950s</td>
<td>Demand b 7 supply</td>
<td>Sellers'</td>
<td>Production</td>
<td>Modernisation</td>
</tr>
<tr>
<td>1970s</td>
<td>Demand b 7 Supply</td>
<td>Sellers'</td>
<td>Production and Selling</td>
<td>Modernisation</td>
</tr>
<tr>
<td>1970s</td>
<td>Demand b 7 Supply</td>
<td>Balanced</td>
<td>Selling</td>
<td>Marketing and Modernisation</td>
</tr>
<tr>
<td>1980s</td>
<td>Supply b 7 Demand</td>
<td>1. Buyers'</td>
<td>Selling/</td>
<td>Strategic</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Segmented</td>
<td>Marketing</td>
<td>Target</td>
</tr>
<tr>
<td>1990s</td>
<td>Supply b 7 Demand</td>
<td>1. Buyers'</td>
<td>?</td>
<td>Strategic</td>
</tr>
<tr>
<td>2000</td>
<td>Supply b 7 Demand</td>
<td>1. Buyers'</td>
<td>?</td>
<td>Strategic</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Competition from Imports</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>