

# Role of the Cotton Textiles Export Promotion Council (TEXPROCIL) In the Development of Textile Export

<sup>1</sup>Supriya Lamba Sahdev, <sup>2</sup>Surbhi Jain

<sup>1</sup>MCOM, M.A, <sup>2</sup>BBA, MBA

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**Abstract:** India, a country which is known for its textile manufacturing and handlooms, since the early times; and this is revealed by literary and archaeological evidences. India's textiles manufacturing sector is one of the pillar of the national economy. Government of India has taken many steps to create a brand of Indian textile in the global arena. All the exporters are been provided with various different promotion council to promote their items. For each item there is an export council and for textile it is TEXPROCIL (The Cotton Textiles Export Promotion Council). " By not just pulling away the protectionist measures, but also by enhancing business sector access, avoiding policies which distort competition & also to agree on reforms to world trade regulations; with the help of these council there can be boost in trade and also seize the opportunities that it offers for everyone, in the years to come". Undoubtedly the coin has two phases similarly, the councils has some failing points also. The drawbacks of the council have leaded the exports to battle with various problems in promoting their products. The problems are been stated below.

**Keywords:** Export, Handlooms & Manufacturing, Problems, Textile sector, TEXPROCIL.

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## I. INTRODUCTION

The present study is an attempt to analyse the problems faced by members of The Cotton Textiles Export Promotion Council (Texprocil). The study is expected to reveal the deficiencies of the promotion council, and enable to suggest appropriate measures for the problems of the council, and thereby serve the interest of exporters effectively.

For a business to run smoothly there requires more of simplification of the procedures .The export councils are still struggling with the problem of documentation due to which the exports get delayed after which they have to bear huge cost. Still, there are Members striving with the "Ease of Doing Business" & "Simplification of Procedures". Complicating the issue with the exporters who file applications online for 2% additional duty credit scrips under the Market Linked Focus Product Scheme (MLFPS). The council do not provide the export benefits are not provided to the home textiles. The terminal handling charges and the import cargos by the shipping lines is not abolished by the council and the exporters are charged during exports and imports. Being in such developed scenario, planning along with the proper focus for increasing exports are lacking behind. Running on the drawback track, the development in infrastructure is really slow. The textile exporters face delay in exporting the goods to Bangladesh as they have struggle with the issue of parking at Bongaon due to which they have to bear with heavy penalties which raises their cost of items which lead the exporters to incur loss their business.

There are certain standards been setup by the various council for different products but the council is still not being able to set SION (Standard Input output Norms) for new technology of fabrics & garments due to this the quality is not been accepted by customer & the exporters are losing their contracts .If see the biggest market for Indian exporters they are

European union , Australia & Canada on which still certain trade barriers are imposed due to which Indian exporters are not able to get access all the market .

## II. TEXTILE CURRENT SCENARIO

When we flip the coin to the history of the textile sector, there has been a major change since then and now. Globally also there is lot more importance been given to the textile sector. The output that textile & apparel sector provides is the basic requirement for livelihood & the long term growth of the textile sector has always shown the positive increase. In Indian economy, the textile and apparel industry is the major leading segment and also it contributes the maximum in the foreign exchange earnings. Comparing the WTO data-2012, the country India has been ranked on 9<sup>th</sup> slot as the largest exporter in terms of global exports of clothing. The textile and apparel industries of India create employment of 38million people and also this sector accounts 12% share of the total business basket. India's textile industries are enough capable of exports that it does not have to depend on its imports. . This industry contributes of 4 percent of the gross domestic product (GDP), a bit more than 30 percent and 20 percent of industrial output of export earnings.

If we see the Indian textile and garments industries they not only contribute to the growth of the country's economy or GDP but also generate employment, output of the industries and the earnings by the exporters. To be accurate, this can be shown in data wise too, i.e. this sector creates 5% to the \$1.8 trillion to the Indian economy. Reasons why India lack behind from other countries are-

1. Small manufacturers & exporters fail to update their Upcoming Technology due to which they have to bear heavy lab our cost.
2. Quality of raw materials as well as finished goods maintained with standards norms.
3. Amount of investment done by the individual, government policies regarding investment in that particular industry etc.
4. Problems relating to Logistics & operations & various other problems also.

Thus structural changes are requirement of the hour then only India textile industry can contribute more in the GDP & help in decreasing trade deficit by increasing the export of textile. To increase the world shares of textile from India, the government needs to take a stand and help the exporters in competing from the rest of the world.

**Table-1 TRADE: EXPORT comparison from the year of 2014-2015**

Sl. No.	Commodities	(Values in Rs. crores)		% change
		JULY'14	JULY'15	JULY'15
1.	RMG of all Textiles	8719.46	9845.23	12.91

Source: Government of India - Ministry of Commerce & Industry (DEPARTMENT OF COMMERCE)

If we see the table above then there is a drastic marginal increment in the export of readymade garments by 12.91%. with the change in the central government in India is believing and promoting in Make in India which has promote India manufacturer to produce products in India and exporting it all over the world. Also many big brands are hiring manufacturers from India to produce for them and export for them.

### EXPORT PERFORMANCE IN FISCAL YEAR 2014-2015:-

India has emerged as the 2<sup>nd</sup> largest manufacturer in the textile and clothing industry in the world, preceding China. India has a share of 14% in industrial production and 4% in India's GDP and 13% in export revenues. It employs over 45 million people directly and 60 million people indirectly. Indian textile products are exported to more than a 100 countries all over the world. During the fiscal year 2014-15, the total textile exports stood at \$ 41.67 billion as against \$ 40.85 billion attained in the previous year 2013-14, thereby registering a minimal growth of 2% in terms of Dollar.

In terms of India Rupee, in the fiscal year 2014-15 export reached about Rs. 2,54,886 crores as against Rs. 2,47,741 crores in the previous fiscal year there by recording an increment of 3%.

By the nominal export growth in the fiscal year 2014-15 we can predict high potential of the industry to grow at higher levels. The low rate of growth in fiscal 2014-15 can be attributed to the China factor, deflationary trends in global markets, unequal international setting on account of preferential access given to competing countries and rising cost of inputs and raw materials compounded by severe pressure on prices.

The Economic Survey 2014-15, proves that the contribution of the Textile and Clothing sectors helps in strengthening the manufacturing sector, increasing exports and lessening unemployment.

### **III. BACKGROUND OF THE TEXPROCIL**

After the British Raj, India was sufficient to promote the trade of textile but there were no norms, no standards been fixed due to which the exporters of textile have to suffer huge losses .So, government at that time took a step to promote the export of textile and help the exporters to trade more as foreign trade have direct impact on the economy. It was in the year 1954 a non-profit body dedicated for advancement of countries foreign trade named as The Cotton Textiles Export Promotion Council, popularly known as TEXPROCIL was formed. It has been the international face of cotton textiles encouraging Indian exports around the world since the last 61 years. There are more than 3,000 companies as members from all over India. Its members are entrenched producers and exporters of cotton textile items like Cotton, Yarns, Fabrics and Home Textiles, showcasing an amazing exhibit of items over the quality chain.

The Council connects international buyers with suitable suppliers and encourages connection that empowers them to source their particular needs. It gives data on India's competitive advantage, its export surroundings and overhauled position in the worldwide market place.

Texprocil gives general reports on worldwide demand supply, exchange issues, advancement in technology and the recent improvements in the industry, and additionally existing and developing markets. It additionally embraces regular market survey, arranges for worldwide exchange fairs, holds separately its own Buyer Seller Meets and encourages international trade missions in India and different nations.

With The help of Council an exporters enables better understanding of Indian and foreign trade policies, emerging trade barriers, social and environmental issues, quality management and sustainable business practices.

### **IV. BENEFITS PROVIDED TO ITS MEMBERS**

TEXPROCIL is serving the textile industry since the last 57 years. Every effort is being made by the Council to protect the interest of exporters also helping them to compete successfully in the world markets. The Council renders assistance to its members is as follows:

The Council undertakes various promotional activities such as arranging group participation in international trade fairs & exhibitions in various countries to explore the overseas market. Some of the overseas fair in which council arranges group participation are Heim textile fair, Frankfurt, Germany, Colombiatex , Medellin, Colombia, Tex-world and apparel sourcing show, Paris, France etc.

The council also helps by sponsoring Delegations and Organizing Buyer-Seller Meets to provide opportunities to give them and their products exposure in the overseas markets. The council also organizes various conferences across the globe for making members aware about the trends. Members of the council can avail MDA grant (financial assistance from the Govt. of India through TEXPROCIL (on air travel / stall charges), subject to certain specified terms and conditions as per the MDA guidelines while participating in the Trade Fairs, Exhibitions & Buyer-Seller Meets. Exports incentives/schemes benefits from Government. The council plays a significant role in introducing its members to foreign buyers, products in demand and market in focus.

The trend in the current telecommunications sector is so organized and regulated separately for providing current update of the important issues to the members. Council through the proper infrastructure of the telecommunication helps in providing the members a proper update about the overseas markets by conducting market studies & surveys and also keeps circulating about overseas trade enquiries. The council on monthly keeps on updating the members through various mode of communication specially through publishing their monthly magazines' & with the upcoming technology i.e.

facilitating information through their official website. All the members can keep them updated by checking information on the council site.

The council plays an advisory role also in providing them matters related to import export policy and procedures & also it help in representing the matters related to duty drawback to the central government. Council issues certificate of origin for all the countries & items related textile.

The boards also act as a mediator by creating a link between the exporters and the local government, authorities & other public bodies on coming to a common agreement between the two. Texprocil guides the various regulatory bodies on various issues relating to the members and come out with some policies which can be adopted by the exporters.

## V. COMPARISON BETWEEN GLOBAL & DOMESTIC SCENARIO

The global trade of textile and garments amounted to \$781 billion approximately, as per the data of 2013. The data of textile and garments, that is \$781 billion, is the 4.6 percent of the total trade of the all the commodities, which has been estimated approximately \$17 trillion. The comparison of the years, from the year 2008 to the year 2013, the global textile and garment trade increased with the pace of 4 per cent of Compound Annual Growth Rate.

Approximately \$1.15 trillion is estimated by as the current global garment market, which creates about 1.8 per cent GDP of the entire world. The countries like Europe, China, USA and Japan concentrates the global garment market for like 75 per cent, which is a huge capture. As analysed in different countries of the world, per capita spend on garment in various areas shows an eminent difference between numbers in developed economies and the developing economies. India struggles between the major markets, India contributes the lowest per capita spend on garments (\$37) which is a singled numeric, that is just 3 per cent of the highest one as follows Australia (\$1,131).

The countries China, India, Italy, Germany and Turkey are considered as the top exporters in textile and garment exporting. As stated, China being one of the highest exporters, it is also the only largest exporter amounting to 39 per cent share while India is following China far of at the second place with small figure of 5 per cent of share, as per the estimated figures of the survey. US, China, Germany, Japan and United Kingdom are considered as the leading textile and garment importing nations. It has been researched that the country which is the largest importer with the per cent of 17 is USA and this number is of the total global trade.

**Table 1:- Textiles and Clothing in World Merchandise Trade ((Value in Billion USD)**

<b>Category</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
World Merchandise Trade	18344	18784	19310
Growth in World Merchandise Trade	2.20%	2.40%	2.80%
World Textile & Clothing Exports	711	765	797
Growth in World Textiles & Clothing Exports	-2.47%	7.59%	4.24%
% Share of Textile & Clothing in World Merchandise Trade	3.86%	4.07%	4.31%

Source: World Trade Organization:

As we can see in the above table there is increase in trend in textiles and clothing sector of economy. The reason behind such an increment is increase in online websites promoting various exciting offer due to which customer can get easily attracted. From the point of view of business also there is a huge profit in the textile world. Today many big brands are hiring several small manufacturers which help in major growth in this sector. Not only profit but also there is lots of innovation can be done in this sector. Today people are obsessed with fashion trends which can be a reason.

### Global Recession impact on the industry:

The term 'recession' means "The decrease of a nation's Gross Domestic Product (GDP) or say it is a period for decrease in economic activity. "India which is a emerging economy in the globe, & if compared with dollar it stand below. India is a country with very economically diverse pushing up sectors like textiles, agriculture & many more. This situation is due to the instability in the political situation over some years, there was & stills no proper framing of policies & if policies are been framed also then also no proper execution is there for the success of the nation. Due to these prices of the commodity increases which lead to increase in the poverty line. If we see the situation of the economy where prices of the

commodity are increasing & numbers are increasing for the poverty line as people don't have anything to eat, get a shelter get their basic needs these all factor also affect the textile industry also. Production is oversupplied whereas demand is relatively down both in international market & national market. The exporters reported in reduce in demand by the international buyers due to no proper standards & also because of political instability running in the nation. Downward movement of the supply curve leads to cut down the unemployment rate which affects the living standard of peoples.

## VI. INDIA'S POSITION IN GLOBAL TEXTILE AND CLOTHING TRADE

The Table given below shows the top leading suppliers of textile & clothing all over the world who exported goods worth USD 555.80 billion covering for a share of 75.39%.

**Table: 3 Major Exporters of Textile & Clothing**

Country	Value in Billion USD			% share	% change
	2012	2013	2014	2014	2014/2013
World	711.39	764.80	797.19	100.00	4.24
China	246.13	274.06	287.67	36.09	4.97
India	32.89	36.70	38.66	4.85	5.36
Italy	33.96	35.65	36.98	4.64	3.73
Germany	32.46	33.45	35.27	4.42	5.44
Bangladesh	24.03	27.82	30.00	3.76	7.85
Turkey	25.51	27.76	29.37	3.68	5.80
Hong Kong	31.95	31.61	29.21	3.66	-7.58
USA	26.56	26.76	26.13	3.28	-2.38
Vietnam	18.82	22.35	25.84	3.24	15.59
Netherlands	13.80	15.10	16.67	2.09	10.36
EU(28)	117.24	121.83	132.10	15.93	8.42

Source: - Global Trade Information Services

Above table shows the comparison of export in the sector of textiles and clothing industries between the countries all over the world. From the top we can see china is leading above all the countries with a great marginal increment of 4.97% followed by India whose exports are 1/7 of china's Export and still ranking 2<sup>nd</sup> in the race. There is a great marginal increase in Bangladesh export by 7.85%, followed by Vietnam with 15.59%. Some countries like Hong Kong and USA exports have been fallen by 7.58% and 2.38% respectively.

## VII. RECOMMENDATIONS

Coming down to the recommendations part, India is an emerging economy which can take certain benefits from the resources they own. And also with co-ordination & co-operations of various other parties like government which play major role in developing the country, various banks & financial institutions by funding them, many promotion council can work together and guide the exporters' with their drawbacks & boost them to work according to standards norms. There are certain recommendations for the textile industry –

- There should be Zero taxation on all import of machinery used for production textile goods which is currently 7.5% it includes Landing charges, Countervailing duty, Education & Higher Education CESS, etc. & also there should be reduction of tariff.
- If we talk about the infrastructure then the government authorities needs to take lot of efforts in building world class infrastructure in terms of port & inland transportation, power & communication sector within the nation. Due to lack in infrastructure China which is an export oriented country which takes the benefit of enjoying approx. 37% advantage overall from India in shipping garments due to delays & inefficiencies at the Indian ports.
- For adding on the higher value to decrease the trade deficit government should take steps to create a geographical location where all the manufactures related in the production of textile should be clubbed together so, that there is also a

reduction in cost as cost related to the transportation of raw materials will be reduced leading to more chances of profit. It should cover all the activities from the very beginning i.e. Raw material, spinning of the yarn, weaving, processing & also with the testing labs & many more.

- If we look at the government policies in respect to this particular sector then there are restrictions which affect the growth of textile sector. Only the small scale manufactures are been reserved for this entire industry no big manufacturing unit are been permitted to operate in this industry thus this reservation leads to no expansion of the technology as lack of. This factor pushes back the industry for attaining its position in the market. Therefore big manufacturing units should also be given rights to run textile manufacturing house.
- For completion of the whole transitions there requires lot many permission from various bodies from the nations i.e. origin country to destination country and if we see the condition in India then all the procedures are unmanageable which take a lot of time. For instance getting duty free advance license for export production it takes about 5 months if we see for an average of 35 exporters then it is approx. 7 months in getting the same. Therefore more manageable policies should be framed by the government bodies which incur less time and save more of cost.

Indian as emerging markets have great potential in the textile sectors but due to certain problems the sector is not able develops. Above given recommendations will help to provide certain kind of help to the sector & also as the current government is focusing more on the campaign launched by them “Make in India” which will boost up the manufacturing sector which include the textile sector as well.

## VIII. CONCLUSION

India where Textile is a major contributor in the growth of GDP but due to certain drawbacks the sector is on the fall .To promote the textile sector the Government of India has taken various steps one of which include Setting up of different textile promotion council , in which one is TEXPROCIL. For the improvements of the textile sector the Indian government can charge zero taxation and even reduce the tariffs on the import of any kind of machinery which will prove to be beneficial for the Indian textile sector. The government should help the manufacturers in setting up their production unit in such a location where there is easy availability of the resources so that the transportation cost can be decreased and hence the profit can be increased. The procedures involved in the entire process need a lot of permission from various authorities like for example the country of origin or the final destination, a lot of time is wasted in taking such permissions so the government should frame such policies which help in time and cost saving.

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