

A STUDY ON THE GOVERNMENT ROLE IN PROMOTION OF APPAREL EXPORTS FROM INDIA

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ABSTRACT

Indian Textile Industry has omnipresence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial output, employment generation and the export earnings of the country. It contributes about 14% to the industrial production, 4% to the GDP and 11% to the country's export earnings. The textile sector is the second largest provider of employment after agriculture. Thus it becomes an integral part of Indian policy making for not just the economic development but also for the social development. The Ministry of Textiles is responsible for policy formulation, planning, development export promotion and trade regulation in respect of the textile sector. Exports from Tiruppur, which provides employment to over six lakh people has crossed the ₹.12,000 crore mark last year in exports and another ₹ 100 billion in Indian domestic market and making the city a ₹ 220 billion market. This paper presents the role of Government in promotion of apparel exports from Tiruppur.

Keywords: Apparel exports, Gross Domestic Product (GDP), Role of Government

INTRODUCTION

In the liberalized post-quota period, India has emerged as a major sourcing destination for new buyers. As a measure of growing interest in the Indian textile and clothing sector a number of buyers opened their sourcing/ liaison office in India. These include Marks and Spencer, Haggar Clothing, Kellwood, Little Label, Boules Trading Company, Castle, Alster International, Quest Apparel Inc., etc. Commercially the buoyant retailers across the world are looking for options of increasing their sourcing from the Indian markets. Indian manufacturers are also pro-actively working towards enhancing their capacities to fulfil this increased demand.

The National Textile Policy, 2000 inter alia, stipulates that the Endeavour will be to achieve the target of textile and apparel exports from the present level of US \$ 11 billion to US \$ 50 billion by 2010 of which the share of garments will be US \$ 25 billion.

India's position in the World Textile Economy:

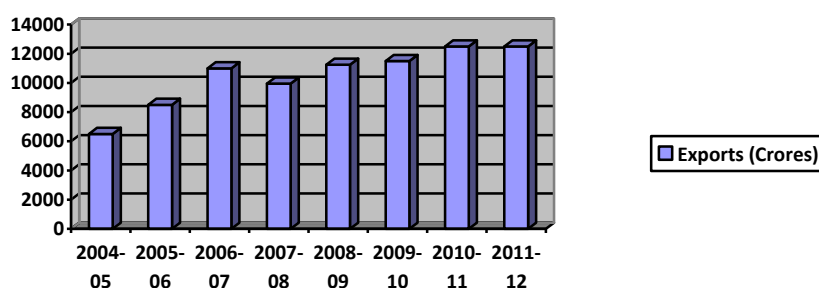
- Second largest producer of raw cotton
- Second largest producer of cotton yarn.
- Second largest producer of cellulosic fibre / yarn
- Second largest producer of silk.
- Fourth largest producer of synthetic fibre / yarn.
- Largest producer of jute.

Tirupur

Tirupur is the "knitwear capital" of India. It is a Textile city in the Indian state of Tamil Nadu, 47 km from Coimbatore located on the banks of Noyyal River. It is also called Dollar city. It is the administrative headquarters of the Tiruppur district. Tirupur is well-connected by road and rail. Coimbatore International Airport is the nearest domestic and international airport to the city. The population in the Tiruppur urban agglomeration according to 2011 census is 962,982, 5th largest urban agglomeration in Tamil Nadu. Tirupur is the 7th largest city in Tamil Nadu in terms of population.

Tirupur's position in Exports:

About 45% of India's garment exports are in the form of knitwear, and here the Tamil Nadu centre of Tirupur plays a pivotal role, generating as much as 90% of knitted 4 garment exports – in other words, about 4% of India's total export trade. Known as 'T-Shirt City', the development of Tirupur is thus critical for the country's commercial prospects and progress towards sustainable development. The nearby areas of Tirupur like Somanur, Avinashi, Palladam and Koduvai are also actively involved in Textile industry. The first three places have lot of power-looms and Koduvai focuses on handloom. The following Chart shows the year-wise export data from Tirupur.



Source: Vital Statistics of Tirupur

Promotional role of Government in apparel exports in Tirupur:

1. Infrastructure: Knitwear Capital city "Tirupur" is well connected by air, road and railway and has very good hotel accommodation facilities with reasonable charges. As it is

one of the important export centres in Southern India, regular exhibitions, conventions and conferences are taking place in the city. Coimbatore International Airport is the nearest domestic and international airport to the city.

In order to ensure efficient handling of cargo movement from Tirupur to gateway ports, TEA jointly with TEA / LEMUR established a container freight station in Tirupur. This container Terminal TEA-LEMUR originally named as Container Terminals (P) Ltd.(TLCTPL) has been functioning since August 1995 and is now operating in the changed name of CONTAINER CORPORATION.

Almost all the top performing public sector banks and multinational banks like Royal Scottish Bank, are having branches in Tirupur. Moreover, developmental financial institutions like SIDBI also operate from this town to facilitate industrial activities.

Regarding textiles and clothing the 11th Five Year Plan documents mention a target to reach a potential market size of US\$115 Billion:

- Domestic market to reach US\$ 60 Billion.
- Exports to increase to US\$ 55 Billion
- This would create 17.37 million job opportunities, 12 million direct jobs in textiles industry, and 5.35 million jobs in allied sectors.

2. Skill Development: National Institute of Fashion Technology (NIFT) has established its center to provide training in the area of fashion, design skills etc. Various Skill Development programmes are being organised in Tirupur in co-operation with institutes such as IITT, ATDC,etc.

The Integrated Skill Development Scheme for the Textile & Apparel Sector, Ministry of Textiles, GOI aims to provide necessary skills to 26.75 lakhs persons in the next 5 years (2010-11 to 2014-15) of the XI & XII Five Year period for employment in the Textile Sector. The training would be in Textile, Apparel, Handloom, Handicrafts, Jute, and Sericulture & Technical Sector.

3. Technology Upgradation: Considering the felt need to upgrade technology in different segments of the textile industry, Government of India has launched a Technology Upgradation Fund Scheme (TUFS) for Textile and Jute Industries, w.e f. 1.4.1999. for a period of 5 years, i.e. , up to 31st March 2004 . The period of implementation of TUFS has been extended upto end of the 10th Five Year Plan i.e. 31.03.2007. The main feature of the scheme is that it provides reimbursement of 5% point on the interest charged by the lending agency on a project of technology upgradation in conformity with this scheme.

Gujarat, Tamilnadu, Punjab, Maharashtra and Rajasthan are the major states having availed of assistance under TUFS in terms of amount sanctioned and disbursed. The details from 01.4.1999 to 28.6.2010 are as under:

With effect from 28.4.2011, Restructured TUFS has been approved with the enhanced 11th Plan allocation under TUFS from Rs. 8000 crore to Rs. 15404 crore. The Restructured TUFS ensure focus of interventions on hitherto slow growing sectors like weaving, encouragement to forward integration and tighter administrative controls and monitoring of the scheme. This

subsidy is expected to leverage sectoral investment shares of 26% for spinning, 13% for weaving, 21% for processing, 8% for garmenting and 32% for others (including composite projects, technical textiles, silk, jute etc). The Restructured TUFs is expected to trigger additional investments of over Rs. 46,900 crore during the balance period of the 11th Five Year Plan.

4. Market Exploration and International Fairs: Government is propagating brand “India” through International fairs and Fashion Shows. These are organised by AEPC (Apparel Export Promotion Council). AEPC, registered under section 25 of the Companies' Act 1956, works closely with Government of India on policy issues in Apparel sector. The Council provides specialized services and global business opportunities for industry headquartered at Apparel House, Gurgaon.

Apart from traditional markets of European Union nations, USA and West Asia, Government is exploring various new destinations such as Latin America, South East Asia etc. In order to promote exports and help the buyers in selecting their requirements of the Knitwear and suppliers, TEA (Tirupur Exporters Association) is holding, jointly with AEPC, a knitwear Fair since 1995. So far 23 fairs have been held. TEA & AEPC have jointly promoted a society –INDIA KNIT FAIR ASSOCIATION- to create permanent trade fair facilities in Tirupur. This society mobilized financial support from leading exporters all over the country and constructed a beautiful trade fair Complex in Tirupur with all facilities.

5. Apparel Park: In 2002 the Ministry of Textiles, Government of India gave its approval for the creation of a world class Apparel Park to boost the exports of apparel. TEA seized the opportunity and envisaged a big project for the establishment of a unique Apparel Park. The result of which is Netaji Apparel Park. The Apparel Park has the design of production facilities as in the European Union countries, USA with the basic objective of creating a world class knitwear manufacturing facility. The work was completed in January 2005 and inaugurated by Shri. P.Chidambaram, Hon'ble Finance Minister, Government of India. The park also has a the Captive Power Plant.

The Park has 53 companies manufacturing knitwear for exports. Each unit will be a model to answer the requirements of international standards in all aspects. In addition to investment of ₹ 92 crores on infrastructure and factory buildings about ₹ 300 crores is being invested on machinery. The NAP presently provides employment to 15,000 people and generates export revenue of Rs. 1,500 crore from the apparels produced in it.

6. Sustainable Development: The need for Common Effluent Plant has been done away with due to the absence of wet processing like dyeing, printing which are not done here. Rain water harvesting along with suitable arrangements for sewerage treatment has been provided for. The green belt will be developed which will have more than 2500 avenue trees lawns and flowering bushes and plants.

Typical characteristics of wastewater from bleaching and dyeing units
in Tirupur

Parameters	Bleaching	Dyeing	Composite
PH	10	9.5	8.8
Biological Oxygen Demand (mg/L)	300	380	330
Chemical Oxygen Demand (mg/L)	650	700	660
Total Suspended Solids (mg/L)	300	350	300
TDS (mg/L)	6560	9000- 10000	8620
Colour	Whitish	Intense Colour	Intense Colour

Tamil Nadu Government had issued an order to allot Rs 127.40 crore to 15 common effluent treatment plants, located at Tirupur. The money will be utilised to adopt zero discharge. Extensive use of firewood in the garment cluster of Tirupur without any planned afforestation programmes in place has been causing concern to environmentalists. The firewood is primarily used for steaming, washing, compacting and printing processes in the sector. Serious alternatives are being analysed to reduce the usage of firewood.

7. Dollar Fluctuations: Tirupur is also known as “Dollar City”, due to its export and FOREX earnings. The Dollar fluctuations are really a great concern for Tirupur. The monetary policy coupled with inflation management can really do wonders for the Dollar City. Better the Dollar priced the more profits are reaped by the exporters, but now due to various local problems such as lack of power and higher fuel prices, the city is crumbling.

8. Uninterrupted Power Supply: The total power requirement of Coimbatore circle (Coimbatore, Tirupur and the Nilgiris) is 1500 to 1700 Mega Watts. There is a shortfall of 300 to 400 MW in the circle. This shortfall will be augmented by the additional supply from three power generating units that will be installed at the grids in Mettur, North Madras and Neyveli apart from the expected supply from Kudankulam plant.

Various Solar parks are also being established in the State as a result of the Tamil Nadu Solar Policy, 2012, generating 3000MW in next 3 years. Some solar parks are coming at Ramanathapuram, Tiruvallur and other southern districts. Textile manufacturers here by and large are expressing relief over the adjudication of Tamil Nadu Electricity Regulatory Commission in the matter of restriction and control of power supply to High Tension (HT) and Low Tension (LT) consumers and surcharge imposed by Tamil Nadu Electricity Board (TNEB) recently.

9. Water Availability: Tirupur is in a dry, water-scarce region, and the rapid expansion of the textile industry has taken place in an unplanned manner, with no associated development of supporting infrastructure or institutional capacity. As a result, the growth has led to the depletion of groundwater reserves and a serious deterioration in environmental quality of both surface and ground water.

A detailed Resource Flow Analysis was carried by the Faculty of Environmental Studies, University of Madras, for the town. Only when the figures were aggregated did the industrialists realize that they were collectively spending over US\$ 7 million annually on buying water and in addition, the annual maintenance cost of the effluent treatment plant

would be an enormous burden. The aggregate figures immediately showed that water could be recycled profitably. On the basis of the study, a private entrepreneur developed a water recycling system, which could be installed in each dyeing unit. The system used the waste heat from the boilers already working in the dyeing units for the recycling process. This is a relatively low cost system, which is gaining popularity in the town.

Rationale behind Export Promotion

The capability of Indian MSME products to compete in international markets is reflected in its share of about 34% in national exports. In case of items like readymade garments, leather goods, processed foods, engineering items, the performance has been commendable both in terms of value and their share within the MSME sector while in some cases like sports goods they account for 100% share to the total exports of the sector. In view of this, export promotion from the small scale sector has been accorded high priority in India's export promotion strategy which includes simplification of procedures, incentives for higher production of exports, preferential treatments to MSMEs in the market development fund, simplification of duty drawback rules, etc. Products of MSME exporters are displayed in international exhibitions free of cost under SIDO Umbrella abroad.

International Exposure to MSME Products

With a view to rendering assistance to Micro & Small Manufacturing Enterprises in the field of exploring market potential, export promotion, participation in international trade fair exhibition, the following schemes are being implemented:-

Export Promotion Programmes / Measures

Marketing Assistance and Export Promotion Scheme

- (A) Plan Scheme 'Training and Manpower Development' consists of the following Components :-
- Participation in the International Exhibitions/ Fairs.
 - Training Programmes on Packaging for Exports
 - Marketing Development Assistance Scheme for MSME exporters (MSME-MDA)
 - National Award for Quality Products.
- (B) Export Promotion from the small-scale sector has been accorded a high priority in the India's export promotion strategy. Apart from the number of incentives and facilities to small-scale exporters, the following plan schemes are in operation for achieving growth in exports.
- (I) Participation in the International Exhibitions/ Fairs
- (II) Training Programmes on Packaging for Exports
- (III) Market Development Assistance Scheme for MSME exporters (MSME-MDA)
- (IV) National Award for Quality Products
- The objectives of the scheme are as follows :-
- To encourage small scale industries to produce quality products conforming to national and international standards.

- To propagate a culture of quality consciousness amongst a vast section of Small Scale manufacturing units.
- To instill a sense of confidence of small industry products in the minds of the domestic consumers and to enhance the image of Indian products in export market.
- These awards are given on the basis of recommendation by the State/ UT Level Selection Committee and the final selection by the National level Selection Committee for every calendar year.

CONCLUSION

The projections for the textiles industry for the 11th Five Year Plan (2007-12), inter alia, envisages India securing a 7% share in the global textiles trade by 2012. The expected growth rate of the Textile Industry for 12th Five Year Plan is to achieve Annual Average Growth rate of 11.55% in volume terms in cloth production and 15% in value of exports. Additional Employment (Direct & Indirect) to the tune of 15.81 million is expected to be generated by the Textile Sector by 2016-17. To achieve the envisaged target the various bottlenecks has be removed. The Government has to reach the grassroots level to deal with the problems, as Tirupur is still socially and technologically not well equipped to deal with various new aspects such as Climate Change, global warming, Child Labour and environmental friendly development. Now-a-days the above mentioned jargons are causing various bottlenecks in Exports as the developed countries are more cautious in enforcing rules to curb those jargons.

Government has to initiate more programmes to educate the various exporters and exporting houses to deal with the contemporary challenges and compete with the rising dragon China to establish itself as a “Brand” in the Apparels. Thus Tirupur has both opportunities and challenges to establish its own identity in the International market, the Government has to just facilitate and provide the conducive environment to reach it.

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