

Export Competitiveness of Textile Product Lines of India and China

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Abstract: This study is an analysis of the export competitiveness of textile product lines based on HS 2-digit classification for China and India, the two leading emerging economies of the globe, using the Revealed Comparative Advantage Index (RCA) and the Spearman rank correlation method (SRM) for the time period of 2001 to 2019. The results show that both economies compete well in the world market, however, China is leading in more product lines. In China, among the total 14 product lines of textiles, not a single product line is comparatively disadvantageous in the world market whereas, in India 4 product lines (HS 51, HS 56, HS 59 and HS 60) are comparatively disadvantageous in the world trade market. The degree of competition also revealed that India has a long way to go to push back Chinese influence in the world market.

Key words: Export Competitiveness, Spearman, Textiles, India, China, RCA.

Introduction

Textile sector is very important one in the international trade market for developing economies like India and China and has been kept such economies balanced through foreign exchange earnings. Textile industry has been one of the leading industries in India and is currently contributing around 3 percent towards GDP (FY2020) of the nation and has employed around 45 million people directly and indirectly making it the biggest industrial employer in India. Besides, this sector contributed about 12 percent in FY2020 for export earnings in India. Therefore, growth and competition with rival economies of this sector bears an important vitality on Indian export earnings. In a similar manner, textile sector has been the earliest export sectors of the Chinese economy, currently employing around 7 million people. However, among these 7 million workforces more than 70 percent are technical and skilled (Elloot and Lehnich, 2013) which is an important

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