



SILK EXPORT GROWTH: TRADERS' PERSPECTIVE AT STATE AND NATIONAL LEVEL (A study of India and Assam)

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1. Introduction

There are number of countries in the world that produces silk but India has the distinction of unique country which produces all four varieties of silk having commercial importance. According to International Association of Silk, over 60 countries produce silk out of which 16 are in Asian region. On an average the region alone contributes 95 percent of total world silk production. In the mulberry the region contributes 90 percent and non mulberry 100 percent. The main players of raw silk of Asia are China, Japan, Republic of Korea, Thailand, Vietnam and India. Brazil is also an important country of raw silk production who occupies third position in world's raw silk production. China alone contributes nearly 79 percent of total raw silk production followed by India's 17.59 percent. Remaining 5 percent of world silk is produced by Brazil, Korea, Thailand, Uzbekistan, Vietnam and other countries in 2012. According to ITC review few aspiring countries such as Bulgaria, Columbia, Israel, Turkey, Uganda, Nigeria, Pakistan, Sri Lanka, Peru, Zambia, Zimbabwe are also increasing silk production in the last few years.

Right from its invention, silk is considered to be a valued and honored gift of nature. In the past it was confined to the formal wear of well-to-do wealthy¹. However the myth that silk is exclusively associated with high class of society and is only affordable to rich started fading in the turn of twentieth century. After the world war, Asian silk producing countries China and

¹ Koshy, T. D. (2011): Silk Production and Export Management, p121



India increased their silk production and became silk supplier to the western world. USA is the largest consumer of silk in the world accounting for 31 percent of global consumption in 2010-11. India is the second largest consumer accounting for 25 percent followed by Europe. In Asia other than China and India countries like Republic of Korea, Hong Kong, Japan are major consumer of world silk production. It is worth to mention that other than textile there are number of uses of silk for non-textile purposes. It is extensively used in making parachutes. Being poor conductor of electricity silk is used as a medium of insulation in some cases. Development of research also made it possible to use silk in cosmetic production. It is used in shampoos, rinses, setting lotions, soaps, lipsticks as silk proteins have excellent properties of elasticity and luster. But except parachute and insulation other uses of silk is nascent. The study focuses only in the textiles uses of silk.

2. Objective and Methodology

The aim of this paper is to identify the problems faced by the silk exporters of India and those of Assam. The findings are based on the field survey conducted in the three silk export regions of India. The chapter is divided into two sections. In Section I, with the help of the Garrett Ranking tool the problems identified have been ranked. Section II gives an analysis of the problems faced by the silk exporters.

2.1 Data Source

For field survey traders, individual exporter and cooperatives who are dealing with silk export business were selected for consideration. Bangaluru, Varanasi and Guwahati (Assam) are the 3(three) export regions selected for the survey². For the exporter list of Bangaluru and Varanasi, Central Silk Board database is used and for Guwahati (Assam), exporters list is collected from Silk Mark Organization of India, Ministry of Textiles, and Government of India.

² As Per Central Silk Board there are seven silk export regions of the country. Guwahati is not silk export region. The Guwahati categorization is done for the purpose of the study. Bangaluru and Varanasi have the highest number of silk exporter in the CSB database.

The numbers of traders sample for each selected region are as follows:

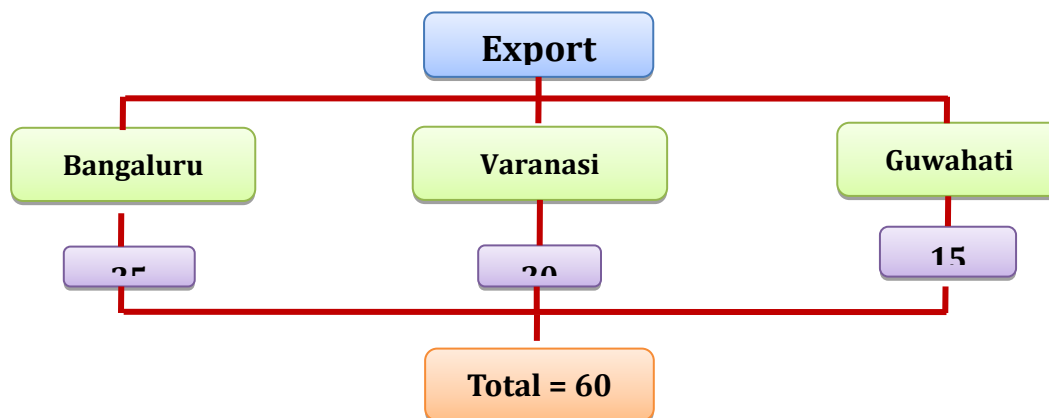
Table 1.3 Sample Data of Export Region

Export Region	Number of Trader
Bangaluru	25
Varanasi	20
Guwahati	15
Total	60

Source: Central Silk Board and Silk Mark Organization of India.

Flow Chart 1.2: Sampling Design

Primary Data Sample for Export Region:



2.2 Research Questions

The study attempts to answer the following research questions

- i. Why are the weavers and entrepreneurs not interested in taking part in international trade?
- ii. How is the obstacle to silk export in Assam different from rest of the country?

3. Ranking of Problems

Garrett ranking tool is used to rank the problems often faced by the silk exporters of our country. In the survey, questions meant for traders and exporters are prepared on the basis of pilot survey and problems they are facing are categorized into nine heads. Nine problems with nine rankings were offered to them. Later on these ranking are integrated to get the final result. However to give special focus on Assam’s exporters, special emphasis is given to the ranking of state’s exporters problems in the analysis. Ranking of problems is summarized in Table 1.

Table 1: Ranking of Problems Faced by Silk Exporters

Integrated Export Market (Problem Rank)	Problems	Assam Export Market (Problem Rank))
II	Export Certification	VII
IV	Export Taxes	VIII
VI	Lack of Professionalism	IV
VII	Logistic Problem	III
VIII	Law And Order situation	I
V	Managerial Problem	V
III	Non Trade Barrier	IX
IX	Promotion of Brand	II
I	Technology Gap	VI

Source: Field Survey and Garrett Ranking Tabulation



The table above reveals that all the directly related export issues namely Export Certification, Non-trade Barrier and Export Tax are ranked by the integrated export market as the II, III, and IV highest rank problems. In Assam these are ranked VII, IX and VIII respectively. This establishes the fact that Assam is still way back in export due to which directly related export issues are not ranked as major issues. In Assam the II, III, and IV highest rank problems are Promotion of Brand, Logistic Problem and Lack of Professionalism, which in the Integrated Export Market are ranked IX, VII and VI respectively. The issue which is ranked same in both the markets is Managerial Problem. Law and Order situation which is number one problem in Assam is ranked at the VIII position in the Integrated Market. Technology gap is the highest ranked problem in the integrated market. Technological intervention in the silk textile sector can boost production, reduce cost that would make the segment more competitive in the international arena.

4. Analysis of the Problems

The main problems faced by the silk exporters of Bengaluru, Varanasi and Guwahati (Assam) are discussed below.

4.1. Technology Gap

The technology gap is identified as the topmost problem in the Integrated Export Market. Silk sector of our country is dominated by handloom industry. Handloom sector is characterized by primitive mode of production. The sector still relies on hand shuttle and all other works are done manually. In this labor intensive industry, the cost of production is very high and at the same time amount of woven fabric is comparatively less. This market requires high fashion technology as well as rapid changes of designs, colors, packaging, etc. In Sualkuchi, it is seen that though Sualkuchi has a world class institution of textile technology i.e. SIFT, but the local entrepreneurs and weavers are not taking full benefit out of the institution. Technology gap is ranked VI in Assam.



4.2 *Managerial problem*

Export management refers managing export marketing activity efficiently, smoothly and in an orderly manner. It demands planning, organizing, coordinating and controlling export effort to achieve desired objectives in international operations.³ Bangladesh, the major garment exporter to European Countries hires trained personnel from other nations to manage their export professionally. In India there are some agencies who are offering third party help in management of exports. Silk exporters are hardly seen getting any managerial help from such agencies. In Assam *Fabric Plus*⁴ has hired young talent to manage their multinational operations in a strategic way, other exporting unit seems unaware about the matter. In India, it is seen that the exporter at the same time, himself takes the responsibilities of designing, trading, and exporting the product. Lack of division of labor has created a hurdle in the expansion of the silk export market. Managerial problem is of equal strength in both the markets.

4.3 *Export certification*

To get access to overseas market, various documents are needed by the exporters. Apart from having exporter's certificate, there are a number of documents an exporter has to procure to materialize a foreign order. Commercial invoice, Shipping bill, Pre-shipment inspection certificate, Tariff value proof, Insurance cover note, Shipper's declaration form are some of the relevant documents needed for shipment of export orders. Though there are a number of agencies available in the field to help the exporters in fulfilling the formalities, yet common traders are unwilling to venture into foreign market. A visit to the Varanasi silk market in the year 2013, we have seen various agencies helping local exporters in collecting their certificates. In fact some of the exporters have employed these agencies on permanent basis understanding the potential of the silk export market. In Guwahati region, we have not come across a single silk exporter who has employed such agencies. But in some cases of exports other than silk, we see agencies helping the exporters.

³ T. D. Koshy in his book *Silk Production and Export Management* has mentioned about procedure of silk export in world market.



4.4. *Logistic problem*

Logistic problems refer to problems, generally, associated with the flow of exportable products from the origin of production to the point of destination. It involves lots of other issues such as material handling, transportation, warehousing, etc. At present, the term includes market research, quality control, and guidelines compliancy too. In the post-liberalization period, due to the expansion of foreign business, many export consortiums like the Tea Board, Rubber Board have done sensitization program among the export stakeholders to minimize the logistic problems. Assam, being geographically isolated from the rest of India transportation to the port is a major task. Materialization of order on time is uncertain. As such the problem is ranked VII in the Integrated Export Market but it forms a major problem in Assam (III).

4.5. *Lack of professionalism*

Professionalism is a major ingredient of success of any entrepreneurial activity. In sericulture, lots of stakeholders are involved right from the seed grower, rearers, reelers, and spinners up to yarn level then weavers, designers, tailors up to the garment level. Various people are involved in every stage of value addition. An exporter, just, materializes the order for the clients of foreign market. So for realization of foreign demand in time and as specified, professionalism in every stage of production is, highly required. Quality and standard of items is an integral part to sustain in the international market. Unfortunately in the survey, most of the traders of these surveyed regions have a common concern - lack of professionalism among the different sections of value addition. In Assam, the situation is graver than the other two surveyed region.



4.6. *Promotion of brand*

In the international market, brand values count a lot more than anything else. Unlike Assam tea or Darjeeling tea, the Indian silk has less brand value in comparison to that of China or Italy. Except traditional market of Indian settlement in Asian and Africa, rest of the world is yet to give attention to Indian silk brand. So to capture up-scale market, Indian silk brand has to be popularized with the help of Government patronage. The case is applicable for Assam silk, too. Eri and muga does not contain any chemicals which need to be publicized outside the state.

4.7 *Export taxes*

Specific enquiry has been made regarding effect of tariff on the silk trade. In the pilot survey conducted on December, 2011, in the Bengaluru silk market, traders are very skeptic about the tariff rate they are supposed to pay for exporting items. But in reality, we have found that though the tariff is not much high, but added to the tariff is the fees they have to pay to export consultants in getting export documents done, which the exporters take as export tax.

4.8 *Law and Order situation*

To get export linkage, promotion of the product base is imperative in the silk market as most of the items are meant for the upper class of the society. At the time of International Trade Fair, exporters, delegations of foreign participants often visit different areas of that place to become acquainted with the product base. If we get them to travel to Assam such opportunities could bring lots of order in future. Unfortunately, law and order situation is an impending concern for the exporters of the region. However, the exporters of the other two areas are not concerned much about this fact.

4.9. *Non-trade barriers*

In the literature of trade analysis, trade barrier acts as regulating means to control invasion of foreign products into domestic market. It protects domestic producers from stiff



competition. On the other hand, non-trade barriers are those barriers which are not directly related to trade but, somehow, indirectly affect the trade pattern. In our analysis, non-trade barriers such as lack of capital, non-availability of Government help, lack of skilled labor, high price of raw materials are termed as non-trade barriers. These types of problems are also instrumental in determining export business.

5. Conclusion

Above analysis has shown the real problems faced by exporters of Assam. It has been noticed that though at all India level the main problem faced by exporter is technology gap, at Assam the same is law and order situation. It is to be noted that for steady supply of exportable production calm socio-economic situation is very much essential which Assam lacks since many decades. At national level the second and third problem faced by exporter is export certification and non trade barrier. Surprisingly the Assam exporter have put them in last two place i.e 8th and 9th place of Garrett Ranking table. It signifies that silk exporter of Assam are lagging behind in terms of export knowledge also to conquer the foreign market.

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