Administrative Development: A Journal of HIPA, Shimla. Vol. VII (2)(ii), 2020

CAUSAL FACTORS OF INDIAN TEXTILE AND APPAREL EXPORT SECTOR: AN ECONOMETRIC ANALYSIS APPROACH

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Abstract

Export is a very crucial term for the development of any economy. And various factors affect export or international trade in various terms. This empirical study has focused on to find the casual factors which affect the export for Indian textile and apparel export. Four important variables such as FDI, exchange rate, inflation rate, and interest rate, taken as an independent variable to find out the impact of positive and negative relation with textile and apparel export growth. To find the causal relationships among the variables correlation and least square regression analysis has been used by taking nineteen observations i.e. the year 2000 to 2018. E views 11 have been used to run all the analysis and the outcome shows that all independent variables determine around 84% variation in Indian textile and apparel export with the adjusted R square of 83.96%. The study reveals that among all the variables exchange rate has a positive causal relationship with textile export while the inflation rate is negatively casually correlated and other variables show insignificant probability value at a 5% level of significance.

Keyword*: Textile and Apparel export, inflation rate, interest rate, exchange rate, FDI*

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Introduction

The role of exports in economic growth is among the key topics that have dominated the conversation in foreign development literature. Several economists have concluded that stronger export growth will bring about higher economic growth. As exports are part of GDP through national income identification, the rise of GDP as a consequence of the growth in exports may seem negligible. The Textile &Clothing industry is traditionally important to the Indian economy as it contributes substantially to total exports, manufacturing, and jobs. There is a strong inheritance in the Indian textile industry that is probably exceptional in India's industrial development history. The Indian textile industry formed and developed very early on and its infrastructure was one of the best in manufacturing. Until the colonialism, the manual textile machinery run by India was among the strongest in the world and acted as a blueprint for producing the first text machinery in the newly form Britain and Germany.

It is expected that the textile and clothing industry in India will reach $223 billion in 2018, from $140.4 thousand by 2021. In India, the textile and clothing industry has strengths throughout the value chain of fiber, yarn, and fabric. The range ranges from traditional handicrafts, arts and crafts, wool and silk to the organized textile industry. The company is highly varied. The organized textile industry uses capital-intensive modern technologies to mass manufacture textile products and comprises spinning, weaving, processing, and the production of apparel. In 2018 export of textile and apparel from India was $37.01 billion.

Textile & Apparel Overview

India is the second-largest textile and garment manufacturer in the world after China. India is the third-largest cotton producing country in the world, after China and the United States, and the second-biggest consumer after China. India's textile industry is as vibrant and diverse as the nation itself and blends this enormous variety into a seamless entire country of great

gentleness. It is primarily focused on its wide manufacturing base of a large variety of natural fiber/yarns from cotton, jute, silk, and wool to synthetic /man-made fibers such as polyester, viscose, nylon, and acrylic. Over the last decade, the Indian industry's development rate was considerably higher than in prior decades, primarily because of the government's liberal trade and fiscal plans of the 1990s. Suppliers play a key position in organizing supply networks, typically transnational, within manufacturer-driven value chains. It is characteristic of sectors with concentrated infrastructure and technologies such as vehicles, ships, machines, half-manufacturers, and heavy machinery. Buyer-driven supply chains play a significant role in creating fragmented manufacturing networks in a variety, increasingly growing, of major retailers, selling firms, and brand producers in a variety of export markets. In labor-intensive and consumer goods sectors such as clothes, accessories, toys, crafts, and consumer electronics, this trend of rapid industrialization has been widespread. At the point of development, major producers track value chains powered by the supplier whereas

Marketers and retailers have a key influence on the architecture and distribution processes of buyer-driven value chains. Apparel is an ideal industry for examining the dynamics of buyer-driven value chains. The relative ease of setting up clothing companies, coupled with the prevalence of developed-country protectionism in this sector, has led to an unparalleled diversity of garment exporters in the third world. Apparel is an ideal industry for examining the dynamics of buyer-driven value chains.

In the domestic and multinational textile markets, the Indian textile industry has a major presence here. The importance of the Indian economy is shown by the importance of industrial development, work growth, and foreign exchange earnings. The textile industry supports and preserves sustainable growth to boost the standard of life, which is one of the most important necessities for individuals. New initiatives to improve the garment industry, initiatives to encourage international investment, for foreign direct

investment in textiles, garments, and appliances, etc. were also periodically included in the annual plan by the Government of India.

Significance of the textile industry in India

In the Indian economy, textiles & apparel industries play a major role. The Indian textile industry is one of India's biggest and most important In terms of manufacturing, foreign exchange, and employment segments. It accounts for 20% of industrial production, 9% of excise collections, 18% of employment in the industry, almost 20 % of the total export profits of the country, and 4% of GDP. The industry employs almost 35 million people and is the country's second-largest employer. India provides a range of benefits, including a variety of raw materials and employment in the textile industry. It's the world's second-largest cotton player. It has nearly 9 million hectares of cotton and is also the world's third-leading producer of cotton fiber. This is fourth in terms of the production of staple fiber and fourth in the output of polyester yarn. There is a labor-intensive textile sector too, with India getting an edge. The textile sector is also closely linked to the rural economy and the results, in rural and semi-urban rural and craft sectors, of the main fiber crops, and arts such as cotton and linen, silk, handicrafts, and handcraft. One in six households in the country is expected to rely directly or indirectly on this business.

Exchange rate- The Exchange rate is the rate at which one currency buys other currencies. Or we can say that it is the buying intensity of one currency to purchase the other currencies. It is likewise the external value estimation of one currency. The ascent in the exchange rate is called appreciation and the fall is called devaluation. The appreciation of the Exchange rate has a negative effect on the export as it disintegrates the benefit of the exporter. In an economy, a weaker domestic currency accelerating global exports and makes imports more costly. On the other hand, strong domestic currency interferes with imports and hampers their exports. In 2008 the exchange rate was fluctuating dramatically relative to the dollar, impacting India's export efficiency (Mehtha, Deosthali, & Mehtha,

2012). Many researchers have tried to find out the impact of the exchange rate on economic aspects. This is primarily because, in every context, the exchange rate is not only a fairly significant factor that ties domestic and foreign product and acquisition markets, it is also a symbol of a country's exchange power's competition with the rest of the world on the economy. It also acts as an anchor to maintain global economic and financial balances both.

Inflation rate- Domestic inflation rises to lead to higher export products prices and declines in exports as international buyers absorb the lower-priced alternatives produced inside or imported from their region .. This has shown that the high inflation rate and the surplus of natural resources appear to be related with weak exports and sluggish growth from observational projections (Thorvaldor. G, 1997).

Interest rate- Interest rate movements are due to adjustments in foreign exchange supply and demand. Higher rates of interest tend to moderately increase the economy. Higher interest rates raise funding costs, decrease supply revenues, and thereby rising consumer spending growth. Higher interest rates tend to mitigate inflationary pressures and lead to an exchange rate appreciation. Imports and exports are influenced by interest rates largely through their effect on the exchange rate. High inflation typically contributes to higher interest rates.

FDI- In terms of theoretical and methodological factors, Harrison (1996) sees the FDI as boosting exports from home industries via industrial ties or spill-over results, which further fuel domestic firms' demand and contribute to export promotion. It is also assumed that FDI is growing its export-oriented competitiveness that would further boost export efficiency (Jana et al. 2017 and Sahu and Pandey 2019)

The Harding and Javorcik (2011) work also indicate that FDI's informative provide an improved export efficiency opportunity in developed countries. Therefore, there are empirical signs that FDI is linked to exports in various

developed and emerging economies in a bidirectional pattern. Andersen and Hainaut (1998) point to a bilateral causal connection, that is to say, exports stimulate FDI and FDI inflows to encourage exports. This study aims to find out the impact of various factors like interest rate, inflation rate, exchange rate, and Foreign direct investment on textile sector growth from the year 2000 to 2018. For this purpose correlation and regression method are used to find out the impact of the export of textile industries.

Literature review

Jana SS, Sahu TN, Pandey KD (2019), in this study titled recognizes that the classification of FDI inflows is the tenuous conclusion of previous research in an aggregate way rather than a sector-specific methodology and related to economic development. Reached on this impetus, this analysis uses a time-scale model of the parameter with vector autoregressive parameters to investigate the impact that sector-specific FDI inflows may have on the development of individual sectors in a developing economy like India. The research utilizes many econometric-test methods to obtain reliable outcomes such as Johansen's co-integration method, the vector error correction model, and the Granger causal method. The analysis reveals that the FDI within is not responsible for the growth in farm production. However, reverse causality is shown by the fact that farm production draws more FDIs to the industry. This also records important facts of the automotive sector where FDI inflow has been found to have a significant effect on its production over many years. With respect to the service sector, the study confirms both short- and long-term two - way causality between FDI and development. Based on the findings, the report recommends that economic policies energize India’s key sector to draw further FDI and capture it and ensure sustained economic development. In comparison, agricultural-led policy on economic growth could be more vulnerable than service that is highly susceptible to external shocks.

Harding T, Javorcik BS (2011), in this research researcher provides signs that foreign direct investment offers opportunities to improve export

efficiency in developing countries. Their research includes export unit prices SITC four-digit amount to investment promotion sector details as a target for FDI appeal Organization The result is used between 1984 and 2000, 105 countries. The results are aligned with FDI's beneficial impact on unit export prices in developing countries. Evidence is undefined for high-income economies. No sign is given that FDI enhances the correlation between export development in developing and developed market economies.

Andersen, P. S., & Hainaut, P. (1998), in his article find proof about the exact connection between FDI outflows and employment in the host country. The observational proof is focused primarily on approximate FDI flows and specific market components but is extracted from time-series research for each nation as well as panel regression. In summary, we see only insufficient confirmation of job reductions in the countries of origin of FDI outflows. Although domestic investment diminishes as a result of FDI outflows, emerging market economies have a small, if growing, share of world outflows. High labor costs often tend to promote outflows and currency fluctuations may intensify these impacts. However, pre-existing business patterns, investment in IT, and cross-border mergers and acquisitions are the major determinants of FDI flows. In addition, it is evident that FDI outflows supplement exports rather than replacing them by developing manufacturing and distribution networks and support to preserve and not eliminate employment in the source countries.

Gururaj, B., Satishkumar, M., & Kumar, M. K. A. (2016), Exports are the country's guiding force of economic development to implement innovative technology and boost demand. However, the industry's success relies on both domestic and foreign influences. Hence the overall export output of India is dependent on both domestic and foreign economic policies. In this context, this study has been conducted to identify factors influencing India's export output. The findings of the report are inflation rate, Real Exchange Rate (REER), and FDI, which were linked to the export value in a negative way.

Jana, S. S., Sahu, T. N., & Pandey, K. D. (2020), The study attempts to analyze how FDI is important to foreign trade development in India under the vector autoregression model. The co-integration check by Johansen shows an important and successful long-term co-movement between FDI and India's foreign trade. The model for vector correction implies that the causality from international exchange to FDI is long-lasting. The study shows that FDI contributes significantly to supporting the Indian economy's exports in the short term while exports have an important role to add to the short-term and long-term promotion of the internal flow of FDI.

G.Jayachandran. (2013), This paper empirically explores the effect on actual exports in India from 1970 to 2011 of exchange-rate fluctuations. - The findings of the study indicate that real exports and imports are cointegrated with exchange-rate fluctuations and current exchange levels. The findings suggest a significant negative effect of the exchange rate on imports and exports. the research indicates that GDP has a strong and important influence on India 's real long-term exports, but the short-term impacts are marginal.

Jameel, K., Akhtar, M. N., Azeem, K., & Hassan, S. S. ul. (2014), The main purpose of this article is to examine the empirical relationship between interest rates, inflation, textile sector debt, electricity, and textile sector development crises and prices of yarn in Pakistan for the duration from 2001 to 2011. The dependent variable is the textile sector growth Independent variables are the levels of interest, inflation, energy crisis, cotton yarn prices, and textile loan payments. Secondary sources have been composed of the results. This analysis reflects negative associations with the development of the textile industry of inflation, competition, the energy crisis, and yarn costs. The high production cost resulting from inflation from the electricity crisis, high-interest rates, was the primary cause of negative textile development.

P L, Beena. (2011), This paper analyzes the exchange rates' position in the determination of the industry's export behavior. The analysis showed that

the exchange rate increases are in opposite relation to exports. The devaluation of Indian rupee does not, tend to raise T&C exports. The findings demonstrate further that the market aspect plays a significant role to assess development in exports. The study argues that interfering with exchange rates may by itself not be the best way to encourage export and that government de-evaluation of exchange rates should not be given much importance as a strategy to promote competition in exports

Mckenzie, M.D.. (1998), The effect of exchange rate fluctuations on trade movements in Australia is discussed in this article. The ARCH models produce an exchange rate variance calculation which is subsequently checked in Australian import and export models. The findings of this paper indicate that, while it is still difficult to determine firmly the essence of the partnership, the effect of exchange rate fluctuations varies between traded good sectors

Veeramani, C. (2008), This article discusses the connection from 1960-2007 between the actual exchange rate and exports. It shows that the strengthening of the REER contributes to a decrease in the dollar value of India 's export of merchandise using data from the World Trade Organization and Reserve Bank of India. It also offers medium-term predictions for the development of products exports

Kishore KG (2012), This research utilizes the latest and stronger methodology for the assessment of Grange causality by the three-time series, Toda-YAMAMOT-Dolado-Lutkephol Augmented VAR(p). This methodology demonstrates that, in the wide range of conditions, cointegration connections between time series have been obtained, more stable, and asymptotically consistent outcomes. This research also reflects on the post-liberalization phase and demonstrates distinctly that the post-liberalization context is substantially different from the GDP-export-FDI link pre-liberalization period. Export-led and FDI Development have good support for development theories in post-liberalization alone.

Dhiman, R., Kumar, V., & Rana, S. (2020), The research titled "Why export competitiveness differs within the Indian textile industry? Determinants and empirical evidence" aims to investigate the Export Competitiveness from 1991-1992 to 2018-2019 for various classes of Indian textile industries, namely "textiles" and "textile products." There's no doubt that the market reforms in India have removed trade barriers, but that will in no way ensure the growth of the export shares. Results indicate that for two categories, the "textiles" and "textile goods," the chosen determinants have separate relationships with Export Competitiveness. The outcomes of the Granger causality test indicate that unidirectional causal relationship from Exchange Rate to Export Competitiveness is true in both cases groups. This indicates that for both classes, the Exchange Rate has an influence on Export Competitiveness. In the long term, the chosen statistics are also co-integrated

Yoga, Anung. (2017), The purpose of this study is to quantify those impacts on the Indonesian foreign manufacturing industry between 2007 and 2014. With its demand stability and its business danger instability, the exchange rate system is known as having impacts on foreign trade. The inference is that the manufacturing industry is very susceptible to the shock related to exchange-rate shifts when importing raw and secondary materials. While owing to the lack of productivity, exports from the manufacturing sector cannot reap the benefits of the exchange-rate decline.

Sun, S., & Anwar, S. (2017), in this paper adds to the discussion on the relationship between FDI on host economies, indigenous businesses. We first show that FDI has an effect on indigenous firms' revenues on both national and export markets, using a theoretical model of the Melitz type that implies the complexity of firms. The direct impact is good, while the indirect influence is negative in case of successful FDI-related efficiency spillovers. Since the overall impact cannot be clearly determined, in stage two, we examine this problem further by using data from the textile industry in China from the firm level during the 2005-2007 eras. We found that FDI

is reducing (increasing) earnings in China's textile industry of domestic (export) indigenous firms.

Havrila, I., & Gunawardana, P. (2006), through this article researcher analyzes the supply of textile products for export to Australia. The long-term relative price elasticity reveals that a 1 % rise in the relative export price would raise textile supply sales by 1.83%. The projected long term elastics of production potential suggest that the textile exports supplied tend to be decreased by 3.15% by a one-percent rise in production efficiency. The predicted long-term elasticity of the effective assistance rate suggests a 1% decrease in the effective assistance rate and would raise textile exports supplied by 1.54%.

Gupta, B., & Ray, A. S. (1991), in this researcher offers an analytical overview of India's exports of manufactured products to the U.S.A. this report provides a two-fold objective of (a) defining SITC 3-digit disaggregation which may involve possible exports from India to the USA and (b) economically predicting the role of real exchange rates in the exploitation of India's export capacity in such markets. We consider both basic industries that are labor-intensive (conventional and non-conventional), as well as technically advanced goods in the list of possible exports. The actual exchange rate of India continues to be a good predictor of market share for most items from both categories.

Research Objective

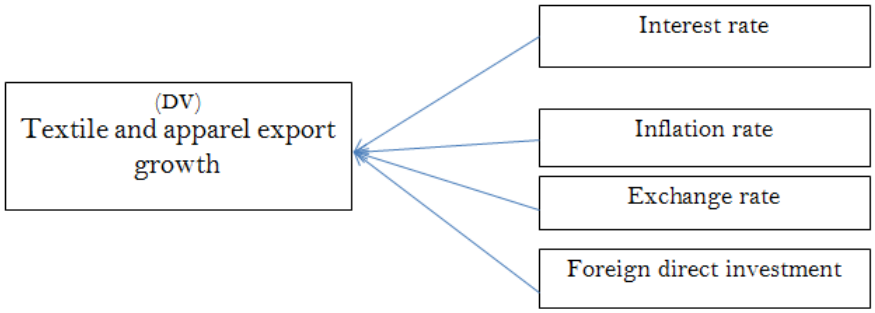
This paper aimed to find out the causal relationship between textile sector growth and various indicators like interest rate, inflation rate, exchange rate, FDI.

- To examine empirically the connection between interest rates, inflation rate, loans paid to the textile industry, foreign direct investment and growth in textiles in India

Research Methodology

This study is primarily based on the secondary data provided by the Indian government and international database providers. The data for the analysis has been collected for a period of nineteen years i.e. from 2000 to 2018. For this correlation and least square regression analysis has been done to state the relationship with all Independent and dependent variables. Export of textile and apparel is termed as the dependent variable and interest rate, inflation rate interest rate, FDI is treated as an independent variable. The analysis has been performed on the E-views 11 software.

Model building



Regression model

For this study, the linear multiple regression models are as follows:

TSG = f (INT, INF, EXC, FDI)

Economic Model:

$TSG = \beta 0 + \beta 1\ INT + \beta 2\ INF + \beta 3\ EXC + \beta 4\ FDI$

TSG = Textile sector growth, INT = interest rate, INF = Inflation, EXC =exchange rate, FDI = foreign direct investment.

Research Hypothesis

H1: There is an inverse relationship between the interest rate and textile sector growth in India.

H2: There is an inverse relationship between inflation rate and textile sector growth in India.

H3: There is a positive relationship between the exchange rate and textile sector growth in India.

H4: There is a positive relationship between foreign direct investment (FDI) and textile sector growth in India.

Figure: Interest rate, Inflation rate, Exchange rate, FDI, and Textile& Apparel export from 2000 to 2018.

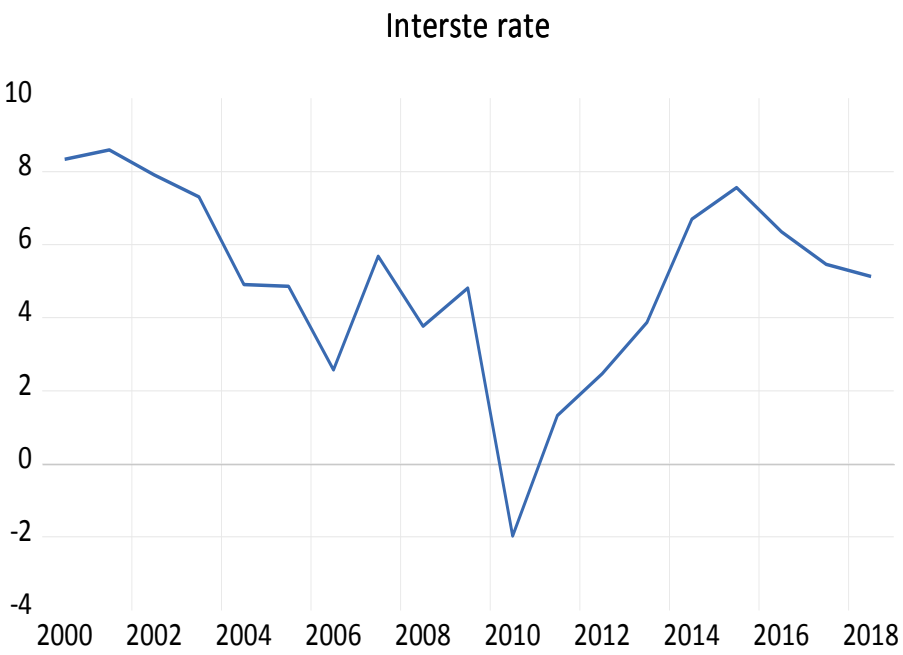
Year	Interest rate (%)	Inflation rate (%)	Exchange rate	FDI in Textile and clothing(U.S. million)	India T & A export (U.S. million)
2000	8.34	4.01	44.94	2.06	11147.26
2001	8.59	3.78	47.19	5.28	10602.32
2002	7.91	4.30	48.61	54.18	11361.71
2003	7.31	3.81	46.58	9.34	12497.23
2004	4.91	3.77	45.32	43.04	14154.43
2005	4.86	4.25	44.10	94.33	17034.13
2006	2.57	5.80	45.31	126.90	19102.40
2007	5.68	6.37	41.35	185.40	20969.20
2008	3.77	8.35	43.51	157.52	22697.19
2009	4.81	10.88	48.41	150.27	21912.92
2010	-1.98	11.99	45.73	129.65	27127.76
2011	1.32	8.86	46.67	164.19	33374.09
2012	2.47	9.31	53.44	103.89	32682.93
2013	3.87	10.91	58.60	198.86	40192.75
2014	6.70	6.35	61.03	197.42	38597.57

2015	7.56	5.87	64.15	230.13	37161.68
2016	6.35	4.94	67.20	618.95	35429.03
2017	5.46	2.49	65.12	454.45	37220.76
2018	5.13	4.86	68.39	166.45	37010.90

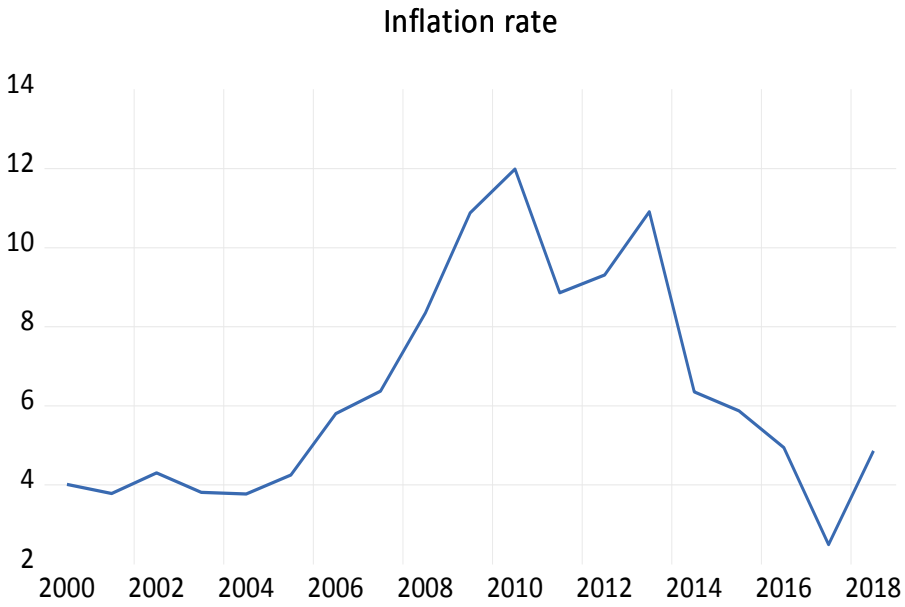
Source: International Monetary Fund, International Financial Statistics and data files, World Development Indicators, Ministry of Textile

The above table represents the data of all independent and dependent variables for the period of 2000 to 2018. India's Textile and Apparel Export is the dependent variable which has a fluctuating trend over the year. FDI in textiles has shown an increasing trend over the year. From 2.06 $ million (2000) to it has increased to 166.45 $ million in 2018. The exchange rate also shows the increasing value of the Indian currency. The inflation rate has always fluctuating value and shows the highest in 2010 with a value of 11.99%.

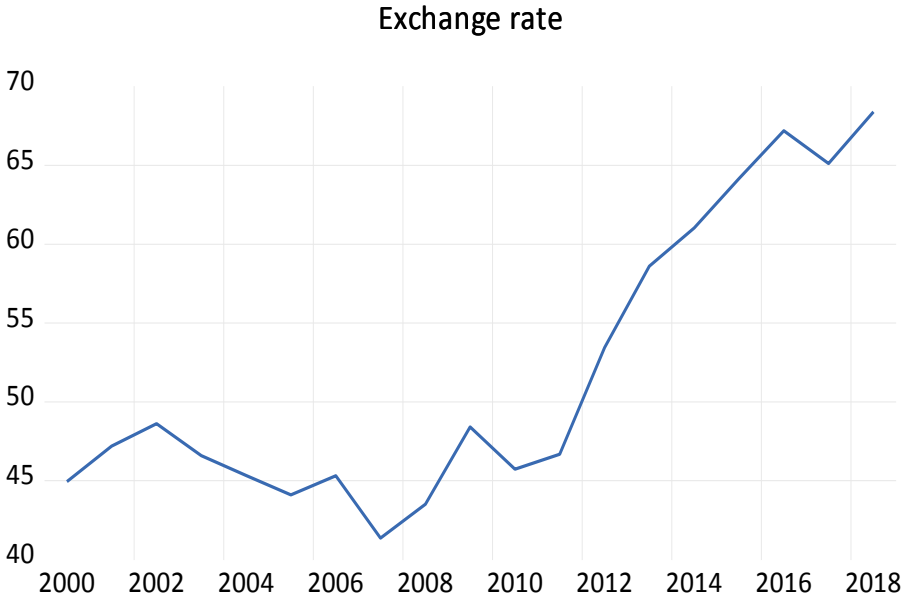
Graph: Trend of Interest rate



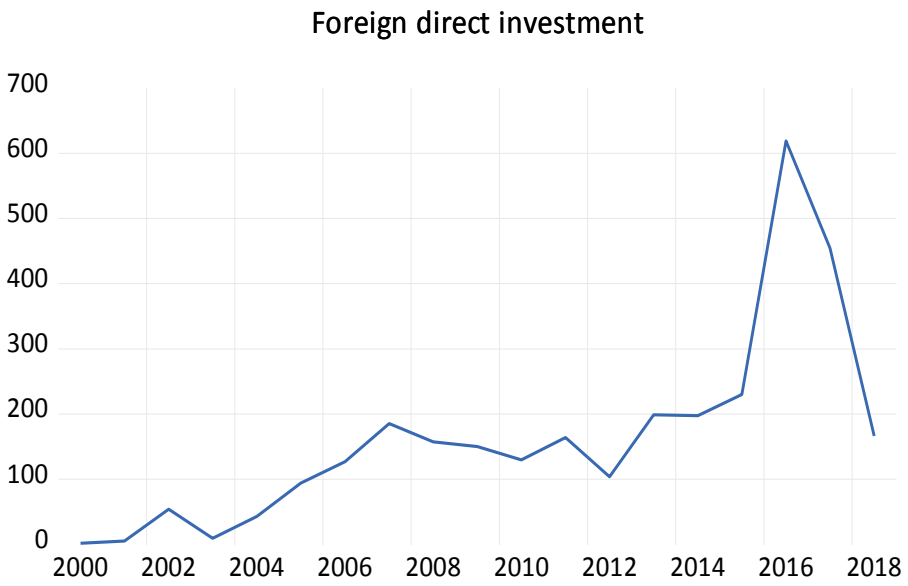
Graph: Trend of Interest rate



Graph: Trend of Exchange rate



Graph: Trend of FDI



Graph: Trend of Textile and Apparel export

Estimation Analysis:

Descriptive statistics

	EXC	FDI	INT	INF	TSG
Mean	51.87632	162.7532	5.032486	6.362760	25277.70
Median	47.19000	150.2700	5.131568	5.796523	22697.19
Maximum	68.39000	618.9500	8.591449	11.98939	40192.75
Minimum	41.35000	2.060000	-1.983859	2.490887	10602.32
Std. Dev.	9.061708	151.2471	2.658682	2.844873	10766.89
Skewness	0.730715	1.730512	-0.886081	0.659421	-0.018479
Kurtosis	1.935739	5.916078	3.667583	2.159371	1.442068
Jarque-Bera	2.587507	16.21507	2.839094	1.936420	1.922576
Probability	0.274239	0.000301	0.241824	0.379762	0.382400
Sum	985.6500	3092.310	95.61723	120.8924	480276.3
Sum Sq. Dev.	1478.062	411762.5	127.2347	145.6795	2.09E+09
Observations	19	19	19	19	19

Source: computed from E-views

The above table shows the descriptive statistics for the study. Mean, median maximum, and minimum, standard deviation, skewness, and kurtosis are discussed for all the dependent and independent variables. The mean value for textile export is 25277.70 and the exchange rate, FDI, interest rate and inflation rate are 51.87, 162.75, 5.03, 6.36 respectively. The maximum and minimum value for textile export is 40192.75 in 2013 and 10602.32 in 2001 respectively. The mean value of interest rate is 5.03%, a maximum 8.59%, minimum value -1.98% with a standard deviation of 2.65%. here in this table, FDI shows maximum value with 618.95 US million whereas 2.06 US million minimum FDI during the study period. The average value of FDI in textile sector is 162.75 US million with standard deviation of 151.24. The mean value of exchange rate is 51.87,

standard deviation is 9.06. exchange rate shows maximum value with 68.39 while minimum value of 41.35.

Correlation Matrix

Correlation	EXC	FDI	INT	INF	TSG
EXC	1.000000				
FDI	0.682066	1.000000			
INT	0.198548	-0.044796	1.000000		
INF	-0.135465	-0.025611	-0.710304	1.000000	
TSG	0.779940	0.668725	-0.303597	0.359155	1.000000

Source: computed from E- views

The above table reflects the correlation value. It has been reflected that all the variables like exchange rate, foreign direct investment, interest rate, inflation rate are correlated with textile export positively.

Regression analysis

Dependent Variable: TSG

Method: Least Squares

Sample: 2000 2018

Included observations: 19

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-26276.17	8502.065	-3.090564	0.0080
INT	-972.7236	569.1589	-1.709055	0.1095
INF	1123.706	511.4413	2.197137	0.0453
EXC	919.5699	162.2157	5.668808	0.0001
FDI	9.802066	9.566602	1.024613	0.3229

R-squared	0.875262	Mean dependent var	25277.70
Adjusted R-squared	0.839623	S.D. dependent var	10766.89
S.E. of regression	4311.828	Akaike info criterion	19.79705
Sum squared resid	2.60E+08	Schwarz criterion	20.04558

Log likelihood	-183.0719	Hannan-Quinn criter.	19.83911
F-statistic	24.55886	Durbin-Watson stat	1.906181
Prob(F-statistic)	0.000003		

The above table reflects the regression values for different variables. The analysis found that the adjusted r square is equal to 83.96% which explains the independent variables consist of around 84 % variation in the textile and apparel export. The Durbin Watson stat is 1.96 which reflects there is no autocorrelation in the errors of the model. The probability of f statistic is 0.000003 which clears that the chosen model is a good fit.

H1 is rejected and the coefficient value shows a negative association between the interest rate and textile sector growth. The regression table shows the probability value 0.1095 which is above the significant limit at a 5 percent level of significance. H2 is accepted as the coefficient value shows a negative association between the inflation rate and textile sector growth. The regression table shows the probability value 0.0453 which is below the significant limit at a 5 percent level of significance. H3 is also accepted as the coefficient value shows a positive association between the exchange rate and textile sector growth. The regression table shows the probability value 0.0001 which is less than the significant limit at a 5 percent level of significance. H4 is rejected and the coefficient value also shows a positive association between the foreign direct investment and textile sector growth. The regression table shows the probability value 0.3229 which is above the significant limit at a 5 percent level of significance.

Conclusion

The study reveals the association between the interest rate, inflation rate, exchange rate, FDI on textile sector growth among which inflation is an inverse relationship with export growth of textile means when inflation increases textile export growth decreases and vice versa while the exchange rate is positively associated with textile export growth as

exchange rate increases textile export growth also increases and vice versa. This variable has an impact on the export of textile sector like the foreign direct investment is one of the significant measures to attract the foreign capital to enhance the production although FDI in the textile sector has been increased from 2.06 in 2000 to 618.95 in 2016 in recent year FDI flow into the textile and apparel sector have been "far from satisfactory" because of variables like an absence of trade agreements with key markets, immature foundation and complex work laws, etc. In spite of India offering an enormous residential market, competitive work costs, and a well-working majority rule government, its presentation in pulling in FDI flow is not in a good position.

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