

Globalization of the Apparel Industry: A Study of Prospects of Indian Industry in WTO Era

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The textile and clothing constitute one of the largest industrial sectors in India and is a leading foreign exchange earner in Indian economy. Abolition of licensing controls on the Indian industry and the Uruguay round negotiations resulting in a ten year phase out of textile & clothing export quotas under ATC posed a great opportunity and challenge to India in global fashion industry. The phased removal of quotas since 1995 is catapulting Indian export firms into a new competitive environment in global fashion industry. India has emerged as one of the main textile and clothing exporting country in world but low and stagnant market share in the world trade, comparatively lower unit value realization, lack of presence in high value segment and aggressive performance of China, Turkey, Bangladesh, Mexico, Korea and other Asian countries has made study of competitiveness to assume much importance than ever.

In the context of the competitive position of India, arrived at through empirical analysis of production, imports, growth rates and India's overall export performance and production; this study purports to examine and identify the perceptions of garment exporters and buying houses, fabric manufacturers on various elements related to competitiveness of textile and clothing sector to reveal the sources of competitive advantage for Indian apparel exporters in quota free world.

The study reveals that Indian apparel export industry has high potential to upgrade its inherent comparative advantages and move towards sustainable competitive advantage especially to prepare for the competitive scenario in the post-MFA world trade. The strategic planning for targeting to segments offering higher realization with product innovation and differentiation in higher value segments is required with building up comparative advantage of backward value chain.