CHAPTER 2

REVIEW OF LITERATURE

2.1 INTRODUCTION

The review of literature is a crucial activity in research because it helps the researcher to get a broader and in-depth knowledge of the area of study and the problem he/she is going to probe. The researcher also gets an idea about the statistical tools used in the past researches by various researchers in the subject of study. The researcher also identifies the various means and ways of conducting a research and outcomes of such researches and their theoretical importance. The review of literature further helps the researcher to identify the gap(s) that exist in the area of study and one of such gaps will be eventually taken by the researcher for further investigation and analysis.

There were many studies carried out in the area of export performance and in particular, they were focused on measuring trend of export, identifying the determinants of export, finding out the hurdles of or problems faced by exporters, comparison of export performance between two or more countries, comparison of export performance between two or more industries, comparison of export performance between two or more export organizations, contribution of export to economic growth (Gross Domestic Product), impact of exchange rate fluctuations (including appreciation and depreciation) on profitability of export sector, impact of inflation and wages on export sector, export growth, employment and eradication of poverty, relationship between Foreign Direct Investment (FDI) and exports, change in composition and direction of exports etc.

This review of literature covers the following broad areas (1) Global recession and (2) Export performance of textile and other industries.
2.2 REVIEW OF LITERATURE ON GLOBAL RECESSION

Terry McKinley & Naret Khurasee (2009) in their report “Global Financial Crisis and Recession: What Could Happen to Major Emerging Economies?” predicted the future of four emerging economies namely China, Brazil, India and South Africa. The report said that China could achieve only 7-8 percent GDP growth rate till 2015 which was very below the 11-12 percent GDP growth rate they had achieved during the pre-crisis period (2004-2007). But still it would end up as the best performer among the four economies. The report predicted that South Africa and Brazil would be growing at a modest pace of 3-4 percent. Out of the four economies, India was predicted as the poor performer during the crisis and post crisis period with a very modest GDP growth rate of 4-5 percent until 2015.

Ashok Kumar Jha (2009) in his study “History and causes of global recession” put forth the conceptual framework and history of global recession. The author highlighted that a recession is a decline in country’s GDP growth for two or more consecutive quarters of the year. According to the International Monetary Fund (IMF), a Global recession occurs when the global growth rate moves below 3 percent. Merry Linch (Global Investment Bank) defined it as negative sign in economic development for two or more consecutive quarters of a year. The study found that the US led global recession that started in 2008 was due to the ‘sub-prime’ crisis. The term sub-prime crisis denoted the financial crisis that exploded when the low credit worthy borrowers failed to repay their loans. The author also pointed out that the new term “NINJA” loan was coined where NI denotes No Income, NJ denotes No Job and A denotes no Assets.

Sher Verick & Iyanatul Islam (2010) in their study “The Great Recession of 2008-2009: Causes, Consequences and Policy Responses” explored the origin of the recent global crisis which started in mid-2007. The report pointed out that the global financial crisis quickly metamorphosed from the bursting of the housing bubble in the US to the worst recession the world ever has witnessed for over six decades.
Through an in-depth review of the crisis in terms of the causes, consequences and policy responses, this paper identified four key messages. Firstly, contrary to widely-held perceptions during the boom years before the crisis, the paper underscored that the global economy was by no means as stable as suggested, while at the same time the majority of the world’s poor had benefited insufficiently from stronger economic growth. Secondly, there were complex and interlinked factors behind the emergence of the crisis in 2007, namely loose monetary policy, global imbalances, misperception of risk and lax financial regulation. Thirdly, beyond the aggregate picture of economic collapse and rising unemployment, this paper stressed that the impact of the crisis is rather diverse, reflecting differences in initial conditions, transmission channels and vulnerabilities of economies, along with the role of government policy in mitigating the downturn. Fourthly, while the recovery phase has commenced, a number of risks remain that could derail improvements in economies and hinder efforts to ensure that the recovery is accompanied by job creation.

Michael Sturm & Nicolas Sauter (2010) in their study “The impact of the global financial turmoil and recession on Mediterranean countries’ economies” reviewed the impact of the global financial turmoil and the subsequent recession on the economies of southern and eastern Mediterranean countries. It was found that the major effects on the economies of this region have come through transmission channels associated with the global recession viz., declines in exports, oil revenues, tourism receipts, remittances and foreign direct investment (FDI) inflows, with the drop in exports so far appearing to have had the strongest impact. As a result, real GDP growth has weakened in the wake of the global crisis. However, the weakening of economic activity in the Mediterranean region has been less pronounced than in advanced economies and most other emerging market regions. The report found that the main reason for this was that the direct impact of the global financial turmoil on banking sectors and financial markets in Mediterranean countries has been relatively limited. The authors pointed out that notwithstanding the relative resilience of southern and eastern Mediterranean countries in the wake
of the global crisis, the region faces significant challenges. In particular, many countries need significantly higher growth rates to address the employment challenge posed as a consequence of demographic developments.

Rajiv Kumar Bhatt (2011) in his study “Recent Global Recession and Indian Economy: An Analysis” highlighted that during the financial crisis, India was less affected than others solely on the back of the rural sector and due to the domestic demands, strict banking rules and the mindset of the people. The banking system in India was so regulated and it did not blindly follow the USA, therefore did not face any problems with mortgage issues as USA. India’s economic performance in 2009-10 shows that the recovery from the slowdown during the global financial crisis is well underway. India’s GDP growth in 2009-10 has beaten expectations by reaching 8.0 percent compared with 6.8 percent in the previous year. The study suggested that India should return to Food-First doctrine, not only to ensure food security of the large population but also due to the fact that food production will be more profitable given the current signs of a shrinking market for export oriented commercial crops. The study also pointed out that as a strategy to counter these effects of the global crisis on the Indian economy and prevent the Indian economy from any further collapse would require an effective departure from the dominant economic philosophy of the neo-liberalism.

2.3 REVIEW OF LITERATURE ON THE EXPORT PERFORMANCE OF TEXTILE AND OTHER INDUSTRIES

Hal Hill (1998) carried out a study on “Vietnam textile and garment industry: Notable achievements, future challenges”. He argued that the textile and garment industry is central to Vietnam's transition from a centrally planned to a market economy, from an economic system built predominantly around state enterprises to one which treats all enterprises equally regardless of ownership, and to the success of the doi moi process. The study was carried out after the East Asian financial crisis and highlighted that the challenge for Vietnam's textile and garment industry
is to develop a broad-based export drive. Primarily the export industries need to shift to higher quality products and greater product range, against the backdrop of the Asian economic crisis. The current crisis has highlighted that now Vietnam has to compete with neighbouring countries whose currencies are substantially devalued and its trade and investment patterns are dominated by economies now in trouble, or at least experiencing subdued economic growth. It was observed that Vietnam’s textile and garment industry has registered impressive achievements over the past one decade. The challenge now is for the doi moi reform process to be implemented with renewed vigour, so that the industry may survive the current East Asian economic crisis and achieve higher levels of growth, employment and efficiency.

Urvashi Dhawan & Bagala Biswal (1999) in their article “Re-examining export-led growth hypothesis: A multivariate cointegration analysis for India” examined the export-led-growth (ELG) hypothesis using a Vector Auto Regressive (VAR) model by considering the relationship between real GDP, real exports and terms of trade for India during the period 1961-93. In re-examining the ELG hypothesis, this study, perhaps for the first time, employs a multivariate framework using Johansen's model selection and maximum likelihood cointegration procedure. The study found that there is one long-run equilibrium relationship among the three variables and that the causal relationship flows from the growth in GDP and terms of trade to the growth in exports. The causality from exports to GDP appears to be a short run phenomenon, suggesting that the recent export promotion strategies adopted in India have the potential of bearing growth in the future.

Lal (1999) in his article “Information Technology and Exports: A Case Study of Indian Garments Manufacturing Enterprises” examined the relationship between information technology and export performance of garments manufacturing enterprises in India. The study identified and analysed the factors that influenced the export performance of garments manufacturing firms in India. The data for the study was taken from 74 garment manufacturing firms located at Okhla in the national capital Delhi. The censored regression model, i.e. TOBIT was used to
analyse the export behaviour of sample firms. TOBIT model results show that the intensity of adoption of information technology emerged a significant variable that influenced the export performance of firms. The study found a positive relationship between information technology and firms' ability to achieve greater flexibility in garment designs and to manufacture international quality products. The other variables that played an important role in augmenting the export intensity were quality of raw materials and the wage rate.

Abhijit Banerjee & Kaivan Munshi (1999) in their article “Market Imperfections, Communities and the Organization of Production: An Empirical Analysis of Tirupur’s Garment-Export Network” analysed the organization of production, market imperfections in garment industry in Tirupur with special focus on the role and development of the Gounder community in textile export business. The garment industry in Tirupur is characterized by a low level of vertical and horizontal integration. Of the seven principal stages in the production process, the most important of which are knitting, dyeing and stitching, most exporters own machinery for one or two. The rest of the work is given to job-workers who are specialized producers, owning machinery in a single stage of the production process. Furthermore, exporters typically do not have the capacity to meet their biggest export orders. Therefore they also make use of indirect exporters, who, on order, supply them with finished goods. The study found that the Gounders sink substantially more capital into production than the outsiders, at every stage of the exporter’s life-cycle. Nevertheless, exports grow faster for the outsiders than for the Gounders. The outsiders begin with significantly lower exports than the Gounders, but surpass them after about five years of export experience.

Satinder Bhatia (1999) conducted a study on “Indian garment industry in the Post-MFA period”. The study highlighted the challenges of Indian garment industry. The unit value realization of the Indian firms was quite low compared to other competing countries due to poor modernization of Indian garment industry. The garment exporters were also hurt by the floor price set by the government
whereby they were unable to match the price of Chinese garments which were at least 20 percent cheaper than Indian garments. There is also strong need for adequate infrastructure to support the garment export industry. Shortage of high quality accessories and other policy measures also negatively affected the export performance of Indian garment industry in the Post-MFA period.

Sundar A Shetty (2001) conducted a study on “India’s Textile and Apparel Industry: Growth Potential and Trade and Investment Opportunities”. He examined India’s textile and apparel industry in terms of its structural anomalies and other key factors hindering the growth of the industry competitive strengths and weaknesses of the industry, government programs designed to help improve the competitiveness of the industry, tariffs and other market access barriers impeding growth in trade and investment and product sectors that offer opportunities for growth in U.S. trade and investment. The study found that the textile industry benefits from low wage rates and access to a huge domestic market, an abundant supply of skilled labor, and a large production base for raw materials and intermediate inputs. However, low productivity and product quality, limited product diversification and differentiation, high energy and capital costs, and an underdeveloped infrastructure, especially as it relates to weaving and finishing fabrics, undermine the industry’s competitiveness. In addition, sources in India claim that the industry’s competitiveness is harmed by GOI tax, labour, and trade policies that favour the small production units relative to the larger ones, which have discouraged investments in large-scale manufacturing technologies, and limited large-scale manufacturing.

Bhavani T A & Suresh D Tendulkar (2001) in their work “Determinants of firm-level export performance: A case study of Indian textile garments and apparel industry” analysed the determinants of firm-level export performance of Indian textile garments and apparel industry. Drawing on international trade and industrial organisation theories, this paper identified the variables affecting (a) the export decision function, i.e. to export or sell in domestic market, and (b) the export performance function, i.e. the share of exports in output. These functions are
estimated for Garment and Apparel producing units in Delhi. The form of business organisation, reflecting access to capital, turns out to be a key determinant in both functions. The estimated marginal impact of identified variables (scale and share of sales expenses) on the probability of exporting in an estimated Probit model declines sharply when moving from single proprietorship to partnership and on to limited companies. On the other hand, every single determinant (scale, share of wages, share of sales expenses and technical efficiency) has been found to have an increasing marginal impact on export performance in an estimated Tobit model when moving across the three forms of business organisation. Empirical results suggest two policy changes to boost export performance. First, given the importance of scale for exports, the existing policy of reserving garments and apparel for exclusive production in small-scale units needs to be scrapped. Simultaneously, it is also necessary to amend current labour legislation applicable to large-scale factory units, as it introduces labour market inflexibility and hence serves as an impediment to the expansion of existing units and the entry of new units.

Samar Verma (2002) in his study “Export competitiveness of Indian textile and garment industry” found that Indian exports to the EU and the US are competitive. Sector-wise analysis of the export performance of Indian textile and clothing sectors to US & EU reveal that so far as apparel exports are concerned, quota has indeed been a constraint for most of cotton apparels and made-ups that India exported to these two markets. The study highlighted that constraints like labour policy, poor supply chain network, lower level of modernization in the textile industry, management team is not professionally qualified, reservation of garment industry under small scale industry (SSI) and higher shipping, energy and interest cost affected the competitiveness of Indian textile industry.

has become Sri Lanka’s largest export industry since 1986. It is also the country’s largest net foreign exchange earner since 1992. The study revealed that phasing out of quotas will close down nearly fifty per cent of existing garment factories because of protection. However, some of the medium and large scale factories are expected to survive exploiting opportunities in the free market. Sri Lanka’s garment industry is highly concentrated in large scale factories. That concentration will save a large part of export earnings while preserving job opportunities. However, in the short-run there will be an adverse impact on employment.

Hildegunn Kyvik Nordas (2004) in his work entitled “The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing” highlighted that the countries that are most likely to lose market shares are those located far from the major markets and which have had either tariff or quota-free access to the United States and EU markets, or which have had non-binding quotas. These countries will undoubtedly face adjustment challenges. Also local producers in EU, the United States and Canada are likely to lose market shares. The study found that both China and India will gain market shares in the European Union, the United States and Canada to a significant extent, but the expected surge in market share may be less than anticipated, as proximity to major markets assumes increasing economic significance and tariffs which are increasingly restraining trade due to the fact that products cross borders several times.

Kaivan Munshi & Abhijit Banerjee (2004) conducted a study entitled “How Efficiently is Capital Allocated? Evidence from the Knitted Garment Industry in Tirupur” and analysed the effect of community identity on investment behaviour in the knitted garment industry in the South Indian town of Tirupur. The study found that the very substantial role played by community identity in determining how much a firm will invest. This is contradictory to the established theories on investments which suggest that allocation of capital is guided entirely by its marginal product in alternative uses. The study pointed out that differential access
to buyers can be a reason why the Gounders do well in their early years, but it cannot explain their long-term performance.

Omar Bargawi (2005) in his working paper on “Cambodia’s Garment Industry: Origin and Future Prospects” found that Cambodia’s garment industry is well placed to withstand the increase in competition in its export markets that quota removal has brought. This conclusion is highly significant for the Cambodian economy, over 80% of whose exports now consist of garments. The paper concludes that Cambodia’s garment industry should, on these grounds, be able to withstand a decline in the unit value of export sales of 10-15% without overall contraction, through a combination of appropriation of the quota rents formerly paid for export licences, falling input prices and improvements in efficiency. The industry may, however, have to alter its export product mix, abandoning products for which external market competition becomes fiercest. A post-Multi Fibre Agreement (MFA) rise in the import price paid by Cambodia for textile inputs is, however, a risk factor.

Prasad Ananthakrishnan & Sonali Jain-Chandra (2005) in their study “The Impact on India of Trade Liberalization in the Textiles and Clothing Sector” investigated the impact of the quota elimination on India using GTAP 6. Also, the study analysed the impact of the removal in the presence of safeguards on China. The results of the simulations do not present an optimistic scenario for India in terms of export growth of T&C in a quota-free world. The study also found that Indian exports of T&C will continue to expand in the presence of the safeguards on China, but will be adversely affected once these are lifted, essentially providing India’s T&C industry some respite until 2008, when all safeguards on China will be lifted. The study highlighted that in the face of falling prices, Indian industry needs to become more competitive.

Balasubramanyam VN & Yingqi Wei (2005) conducted a study entitled “Textiles and clothing exports from India and China: A comparative analysis” and compared the export performance of the textiles and clothing industries in India and
China using the revealed comparative advantage and the Kreinin-Finger similarity indices. The results indicated that China has much higher shares in world exports of both textiles and clothing, while India has a comparative advantage in women's clothing of various sorts and men's shirts. With the abolition of the MFA, China is likely to gain at the expense of India in most items of exports of clothing, even in categories where India has a higher market share than China. India would have to improve her competitive strengths in export markets vis-à-vis China, especially in high value design oriented products in the EU and the US markets.

Abdur Razzauqe & Abu Eusuf (2006) conducted a study on “Trade, Development and Poverty Linkage: A Case Study of Ready Made Garment Industry in Bangladesh”. The study pointed out the phenomenal growth of RMG exports from Bangladesh. In the decade of the 1980s, Bangladesh’s exports doubled from US$0.9 billion to US$1.8 billion, which in the next decade increased to just over US$ 5 billion on its way to reach US$10 billion by the end of the fiscal year 2005-06. The growth of RMG exports has certainly had favourable effects on macroeconomic balances. It has helped maintain a sustainable trade deficit, which has declined from around 10 per cent of GDP in the early-1980s to around 5.5 per cent. On the other hand, the current account balance, on average, was close to 3 per cent of GDP during the 1980s, but for the 1990s the comparable figure was only 0.3 per cent. The study shows the positive effect of RMG exports on the alleviation of poverty in Bangladesh.

Zafer Guler, Gulistan Erdal, Hilmi Erdal & Adnan cicek (2006) in their article entitled “The effects of Free Trade Agreement (FTA) on intra-industry trade (A case study of Textile Sector in Turkey)” pointed out that the Turkey’s Free Trade Agreement (FTA) has had a positive impact on the Intra-Industry trade. Further, the study confirmed that Turkey was showing a high performance in textile export. Importantly, it could be observed that the agreements positive effects especially in textile imports and the Turkish consumers will ultimately get the benefits of variety in textile products at reduced price due to intra-industry trade.
Mohammed Ziaul Haider (2007) in his study “Competitiveness of the Bangladesh Ready-Made Garment Industry in Major International Markets” pointed out that the phase-out of the export-quota system from the beginning of 2005 has raised the competitiveness issue of the Bangladesh RMG industry as a top priority topic. The most important task for the industry is to reduce the lead time of garment manufacturing. Second, Bangladesh need to improve the factory working environment and various social issues related to the RMG industry. International buyers are very particular about compliance with codes of conduct. Third, issues related to product and market diversification as well as upgrading products needs to be addressed with special care. Moreover, the government of Bangladesh need to strengthen its support. The development of the port and other physical infrastructure, the smooth supply of utilities, a corruption-free business environment and political stability are some priority concerns for the government to consider in its efforts to attract international buyers and investors.

Sathyapriya P (2007) in her research work “the export performance of the garment industry in Tirupur” focussed on the export performance of garment industry in Tirupur during the post-reform period. The researcher also concentrated on the outcome of end of quota regime in international trade. Time series analysis was carried out in the study. The study found that the growth of garment export was more closely associated with knitwear exports than the other segments like woven garments. There was positive uptrend in the growth of garments exports from India and from Tirupur in terms of quantity and value. But there was no impact of economic reforms on the garment export performance. The index of cyclical variation revealed that there was a cycle of two to three years. Seasonal index revealed that there were two peak seasons – one from the month of December to March and the other from May to June.

Ganeshan Wignaraja (2008) in his study “Ownership, technology and buyers: Explaining exporting in China and Sri Lanka” examined several characteristics besides foreign ownership that influence the decision of clothing firms in China and
Sri Lanka whether or not to export namely, the acquisition of technological capabilities and learning from buyers. The findings indicated that foreign ownership, the acquisition of technological capabilities and learning from buyers are positive and significantly correlated with the probability of exporting in Chinese and Sri Lankan clothing firms.

Meenu Tewari (2008) conducted a study entitled “Deepening Intraregional Trade and Investment in South Asia: The Case of the Textiles and Clothing Industry”. She examined the existing state of textile and clothing trade and investment within South Asia with the goal of identifying key patterns, obstacles and opportunities for enlarging regional integration in this important sector. In a WTO-driven world where regional trade agreements have come to proliferate as a way of marshalling local and regional advantage, South Asia stands apart as a region driven by centrifugal tendencies and fragmentation rather than coordination and collective action. The study found that the primary reasons for South Asia’s inability to take advantage of the temporary lull in competition from China in the US market relate to at least five factors. They are (1) the fragmentation of South Asia’s production networks and small scale operation, (2) inadequate investment by firms, (3) high costs of production, (4) tight labor markets for skilled workers straining the industry’s production capacities and (5) finally, South Asia’s poor insertion in global distribution networks has exacerbated the region’s ability to make sufficient inroads into global market.

Prahalathan & Renuka Vijay (2008) in their report on ‘the Indian textile and clothing industry in global context: Salient features and issues’ highlighted that the removal of quotas has been advantageous mainly to the developing countries, which were the main exporters of textiles and clothing products. The world textile and clothing exports grew by 9.7% in 2006, to US $ 530 billion. The world’s largest exporter of textiles (excluding clothing) as a region was EU25, whereas in case of individual countries, China was topping the list with US $ 48.68 billion and India stood at the 6th position with US $9.33 billion worth exports of textiles in 2006. The
report points out India’s raw material advantage. Indian textile industry is multi-fibre based, using cotton, jute, wool, silk, man-made and synthetic fibres. India is the largest producer of jute fibre, second largest producer of cotton yarn and silk fibre in the world. Under the man-made fibre category also, India is one of the major producers in the world; second largest producer of cellulosic fibre / filament yarn, third largest producer of viscose staple fibre and polyester filament yarn, fourth largest producer of polyester staple fibre, and seventh largest producer of acrylic staple fibre.

Sharma, Manisha, Prashaant & Anu (2009) in their article titled “An analysis of performance of the Indian Textile Industry in quota free regime” analysed the Pre-Multi Fibre Agreement (MFA) era. The study showed that the year on year percentage growth of exports was increasing at a decreasing rate. However, in the year 2005-06, a drastic increase in the export performance was witnessed immediately after the abolition of MFA. The focus has also increased although not substantially in man-made textiles and jute, coir and handicraft industries. The study suggested the need for further studies in bamboo, soya fibres and other natural (exotic) fibres. The authors also suggest permitting and absorbing FDI in textile sector as the need for modern machinery is very well founded.

Saadiah Mohamad, Mahendhiran Nair & Kamaruzaman Jusoff (2009) in their study “Exchange Rates and Export Competitiveness in Selected ASEAN Economies” highlighted the relationship between exchange rates and export competitiveness in selected ASEAN (Association of South East Asian Nations) economies. The authors suggested a model proposed by Sekkat and Varoudakis (2000) by incorporating more variables to control the impact of the exchange rate variables on export trends in the selected ASEAN economies. The authors found that there was a strong and substantiate evidence highlighting the imports of investment in capital goods, basic capabilities, and perhaps some strategic interventions to resolve market failures for successful export-orientation. The study revealed that the exchange rate volatility was negatively and significantly associated with export.
Wenzhuan Sun & Junying Tian (2009) in their article “Under the New Situation of the Textile Economy” pointed out that China’s textile industry’s science and technology content is not high, and it is difficult to adapt to the competitive environment of the new era of globalization. The current profitability of China’s textile industry is not encouraging. Weak fibre resource is also an area of weakness for the Chinese textile industry. Apart from this, there is a need to have a people-centered business model ensuring protection of the environment and sustainable development. At the international level China’s textile industry faces problems like Anti-dumping investigations, safeguard measures, quota restrictions (Istanbul Declaration, March 2003) and technical barriers to trade. The authors suggested that the government should intervene to actively guide the textile industry and pay close attention to improve textile product development, design capabilities and putting in place the right policy framework for the textile industry.

Türkay Dereli & Alptekin Durmusoglu (2009) in their work entitled “Patenting activities in Turkey: The case of the textile industry” provided two main categorical analyses for the patenting activities of Turkey. The first category includes an overall analysis of the patenting in Turkey. In this category, patent applications and the granted patents are both included to examine the distribution of domestic and foreign patents in various technological fields for the years between 1995 and 2006. For the second category, the textile sector patents have been analyzed. For this part of the study, patent applications have been considered to obtain a more complete analysis. The study highlighted that although the textile industry has been one of the leading sectors of Turkey, the patents belonging to textile class ranked as the sixth in total (5.1%) and the seventh in domestic patents category with 28 patents (1995–2006). The reason being Turkey does lose the relative cost advantage in textiles in recent years and also the innovation is centred on bid players in the industry.

Edward E Marandu (2009) in his work entitled “Strategy factors associated with the export performance of manufacturing firms” explored the strategies
adopted by the manufacturing firms in Tanzania and their export performance. An attempt was made to investigate whether the strategies of high performing exporter firms differ from those pursued by low performing firms. There is no generally accepted criterion for measuring export performance. The literature showed that studies have used two different approaches to measure export performance. The first approach divides firms into exporters and non-exporters. The second approach captures a firm’s export performance using some more meaningful indicators of success. This approach reflects an improvement over the categorical approach. In this group of studies, export performance has typically been measured using a single indicator. The indicators are export intensity, export profitability and export growth rate. The study makes three broad contributions to our understanding of export causal relationships: (a) the findings are both at variance and in conformity with existing theory. (b) The findings are different because only a few of the strategy factors are tied significantly to export performance. (c) The findings are similar in the sense that although many of the strategy variables are not tied significantly to performance, most were nevertheless in the hypothesized direction or could be explained by alternative hypotheses. This implies that factors affecting export performance may be universal.

Satyaki Roy (2009) conducted a study on “Garments industry in India: Lessons from two Clusters” and explored Tirupur in TamilNadu and National Capital Region that includes Delhi, Noida and Gurgaon, the important locations in India, for the production and export of textile products, more especially readymade garments. The author observed that even though the exporters in Tirupur started showing attention to fashion garments which fetch higher profit margin still most of the customers are solely dependent on basic garments for sales and profit. Export performance primarily depends upon the ability of exporter meeting the delivery schedule and buyer specified quality. The report highlights that by focusing on the low end of the value chain in garment the firms could not win the international markets in the long run.
Gordhan K Saini (2009) in his study “Non-Tariff Measures and Indian Textiles and Clothing Exports” provided some important indicators of non-tariff measures in Indian textiles and clothing exports. The paper identified major trading partners and HS codes to study the impact of Non Tariff Measures (NTMs) on Indian exports. First, using count measures i.e. frequency and coverage ratios, suggests that more than 60% of export value is affected by the NTMs in USA, EU-25 and Canada at various points in time. Second, ad-valorem equivalents were calculated using price differential methods which are imposed in the SMART model under the partial equilibrium framework to know the trade impact of NTMs. A total trade loss of about billion 2.34 US$ (16.8% of base trade value) was estimated, while the zero tariff gains are roughly billion 1.36 US$ that’s 9.8% of base trade.

Xayphone Kongmanilaa & Yoshi Takahashi (2009) in their study “Innovation, Export Performance and Profitability of Lao Garment Exporters” examined the export performance of garment industry in Laos. The authors analysed the relationship between innovation and export performance and firm profitability of Lao garment factory using resource-based view theory to posit the conceptual model. Structure equation (path analysis) was used to analyze the data from the current field survey of industrial cluster of the Lao garment industry. The study found that innovations (product and production process innovations) are important factors in determining export performance and firm profitability.

Karthikeyan GB & Ramachandran (2009) in their work “Marketing strategies to be adopted by the garment exporters after the quota removal in Tirupur” explored the marketing strategies to be adopted by the garment exporters in Tirupur after the phasing out of quota system. The study found that after the phasing-out of quota regime the exporters will face intense competition. The exporters in Tirupur have to enhance the quality of the product to be competitive in the international market. The garment export industry according to the study enjoyed advantage in the form of cheap labour, access to huge quantities of raw materials and ability to produce a
wide range of products while low productivity, poor infrastructure, complicated bureaucracy were the limiting factors. The study also highlights the need to establish strong brands in the international market.

National productivity council report (2009) in its report “Productivity and competitiveness of Indian manufacturing sector: Textiles and garments” highlighted the need to focus on adopting modern designs to sustain growth, expansion of spinning and dyeing units, attending more trade fairs, increase the production capacity by installation of new state of the art technology and developing vertically integrated textile unit right from sourcing of cotton yarn to manufacturing and marketing. The study also pointed out that to ensure consistency in providing high quality products there is a need to provide the technical knowledge for the employees and managerial staff, control on transportation and distribution, competitive pricing to market requirements, retraining of staff by instilling confidence in the growth of the company and industry and also the personal career of the employee in the firm, reducing overhead expenditures and improving the health and safety of employees in the employees through improved working conditions. The report also found that the requirements of various regions are not same and hence different policy measures are required for different regions.

Rajah Rasiah (2009) in his study “Malaysia’s Textile and Garment Firms at the Crossroads” explored the state of textile and garment firms in Malaysia, and its sustainability through an assessment of trade balance and trends and changes in technology. Foreign textile and garment firms were identified by the Malaysian government as some of the key import-substituting and, later, export-orientated industries for promotion. The industry expanded strongly to become a major contributor to manufacturing employment, value-added and exports over the period 1968-97. Rising material and labour costs, and increasing competition following the termination of the Multi-Fibre Arrangement quotas, quickened the absorption of automation and other advanced process technologies in manufacturing from the 1990s. However, the lack of co-ordination in government policies to stimulate the
co-evolution of critical complementary industries, such as advanced materials and cutting-edge machinery and equipment, in addition to imports of foreign unskilled labour, has restricted the shift towards high-end operations. Hence, employment, exports and value-added of the textile and garment industry has contracted since 2000.

Wang Liping (2010) in his study “Empirical Study on the Effect of Trade Protection on Chinese Textiles Exporting based on Trade Gravity Model” found that the Trade gravity model was not widely used in industry. The author categorised the countries that have friction with China in textile trade into three types: the one which owns larger markets; the one that has rapid growth and the third that has trade protection measures. In addition to the two variables of basic model, the economic scale and the geographical distance, the following variables were used viz., The textile trade protection measures of the trade partner, regional trade organizations, population, per capita income, difference in per capita income, the ratio of all of a country's total imports and exports of goods and the GNP, competitiveness index and the textile growth rate of import and export. The outcome of the study highlighted that the China's textile exports were relying more on the country's total GDP.

Wumi K Olayiwola & Johansein Ladislaus Rutaihwa (2010) in their article “Trade Liberalization and Employment Performance of Textile and Clothing Industry in Tanzania” pointed out that Tanzania is one of the African countries that implemented economic reforms in the mid 1980s. In this study Njikam (2009) model was adopted to analyze the relationship between trade liberalization and employment in textile and clothing industry in Tanzania. The study brings into focus that in the long-run, export intensity and import penetration affects demand of labour in the industry. However, the impact of import penetration is stronger than that of export orientation, but the increase in import competition leads to a decline in labour demand. These findings suggested that trade reforms lead to less employment growth in the textile and clothing sector in Tanzania. In term of wage, only import penetration has a significant positive impact on wage, while both
effective rate of protection and export concentration have an insignificant impact on wage. Also, export concentration and import penetration account for more variation in wage compared to effective rate of protection in the long run. The authors suggested that in Tanzania, the process of trade reforms should be more gradual in order to reap the benefits of trade reforms in terms of increase in employment and wage in textile and clothing industry.

Jayabharathi (2010) in her study “A study on enhancing the learning capability of knitted garment export industry in Tirupur: Emphasis on influencing factors and opportunities” found that the facilitating factors that influence learning capability of the knitted garment export units in Tirupur are corporate philosophy and policies, leadership, organization structure, culture, climate and communication; HR policies and practices. The factors that hinder the learning capabilities are identified as unorganised workers, risk averse attitude of exporters and high resistance to change. The study suggest that more professional employees can help the knitted garment export units to keep track of the environment and make use of trade synergy.

Shanmugasundaram S, Loganathan G, & Panchanatham N (2010) in their study entitled “Quality Awareness - An Imperative Need for Flourishing Knitwear Industry in India” found that the prevalence of lack of quality consciousness and awareness in the knitwear industries in Tirupur. The study found that exporters in order to reduce cost chose inferior quality of yarn and also used use indigenous machineries for their knitting. As a result, the fabrics became much inferior in quality and also resulted in large wastages. Due to want of time and mounted over pressure and urge for executing out the order on time, most of the manufacturers fail to check the quality of the fabrics at the initial stage itself. The study also found that the role of Government agencies in lending of assistance to the knitwear industry is very low, which has led to contravention and most of the manufacturers never comply the quality and standards and other specifications. They never try to attempt with the efforts for any fulfilments that are expected.
Jing Ma & Weiquan Yang (2010) in their study “On Trade Barriers to China’s Textiles Industry” described that China is facing a serious of problems in the international market for its exports. The tariff barriers is the primary irritant to Chinese exports as the main textiles importing countries from China for instance, import tariff on textiles is four times than average tariff in USA, 10% in EU and 8.5% in Japan with tariff escalation, which hinders well manufactured products. The non-tariff barriers in the form of anti-dumping duty, import quota, green trade barriers and other protectionist measures discouraged China’s exports. The study concluded that although China became the formal member of WTO it is yet to benefit from such accession.

Hongxin Li & Weihe Duan (2010) in their article “Expanding the Enterprise Exports by E-business” put forth the characteristics of E-business as (1) the trade of E-business is not limited in one country or area, (2) the currency used in E-business is electric currency, (3) the trading personnel in E-business is concealed, (4) the trading locale in E-business is visual and (5) the trading information carrier in E-business is digital and immaterial. The factors that limit the adoption of E-commerce by exporting companies range from the lack of required knowledge on computer technology especially by the senior management people in the organization, the innovation of the international trade enterprise mode is deficient, the lack of information digitization at the organization level and inadequate support system for proper e-commerce implementation. The authors felt that the application and development of E-business should depend on completed information infrastructure. The gap of the information infrastructure construction between China and foreign countries may make us lose the opportunity that E-business brings to economic development, and increase the gap with developed countries in the competition.

Dhanashree Shukla (2010) in her study “pointed out the problems faced by the Indian exporters. They problems are non availability or shortage in the following areas like basic infrastructure cool chain management, Transport (Local
transport, loading/unloading), cold storage (poor post-harvesting tech), process (Washing, Waxing), packaging, insufficient training opportunities and raising the level of productivity and quality standard to international demand.

Gulfari Azhimentova (2010) in his study on “Current state of the cotton and textile industry in Kazakhstan, Perspectives of Innovations” observed that the textile industry in Kazakhstan consists of many enterprises started during the period when the economy was a centrally planned economy. It suffers from low labour productivity, lacking equipment base and technologies and poor marketing. A free economic zone (FEZ) “Ontustik” has been established and a program of “Ontustik” FEZ development has been adopted for developing the cotton and textile cluster in Kazakhstan. Cluster means a geographic concentration of enterprises of one or several interrelated branches competing but at once cooperating with each other and profiting from the specific local assets, joint disposition and social incorporation. The Free Economic Zone was the basis of cotton and textile cluster development in Kazakhstan. South Kazakhstan is the only region of Kazakhstan where the cotton, basic raw material for the textile industry, is cultivated. The study found that Kazakhstan need to create and promote a strong brand “Textile of Kazakhstan” by developing “Ontustik” FEZ as a pivotal component of the cotton and textile cluster.

Muhammad Intiaz Subhani, Amber Osman & Sukaina Habib (2010) in their article “Determinants of Short-Term Export Performance in Pakistan” investigated the determinants of short-term export performance textiles firm in Pakistan through finding out the interdependence between independent (Increase of pricing strategy adaptation, Increase of export intensity, firm’s commitment to exporting, export market development, export market competition, past pricing strategy adaptation, past export performance satisfaction, past export intensity, export market distance) and dependent variables (i.e. expected short-term export performance improvement) of export performance. The study pointed out that the past export performance satisfaction is positively correlated to expected short-term export performance and it is the only indicator that is associated significantly to short-term export performance improvement in textile sector of Pakistan.
Senthilkumar Nakkeeran & Subburethina Bharathi (2010) in their study “Indian textile industry: Sea of potential opportunities” examined the opportunities present in the Indian textile industry. The study highlighted that foreign multinational companies (MNCs) have been attracted to Indian market for two major considerations. First, the market size is one of the largest in the world and secondly foreign companies exploit Indian garment industry advantage of being a cost production base for third country exports. India has also made major expansion in the manufacture of textile machinery and the production of textile dyes and chemicals. The Indian market reflects significant diverse segments of people in terms of income, culture and lifestyle offering textile companies an opportunity to be present in a wide range of product categories.

Muhammad Yusu (2011) in his work on “Performance and alternative export development strategies for Indonesian Natural rubber” found that Indonesian rubber exporters had faced lot of obstacles. The impediments are 1) not having a good system for providing the start-up capital and other capital requirements by banks, 2) land acquisition and land revitalization issues 3) The usage of superior technology and aquaculture and processing. The author suggests that there is a strong need to develop institutional framework for education, training and guiding the rubber exporters in Indonesia. Further, the need for change in regulatory environments may also hinder the exporters pursuing vigorously in their rubber export endeavours.

Asiya Chaudhary (2011) in his study “Changing Structure of Indian Textiles Industry after Multi Fibre Agreement (MFA) Phase out: A Global Perspective” identified that the Indian textile industry is experiencing an increase in the collaboration between national and international companies. Many multinational corporations (MNCs) like Hugo Boss, Liz Claiborne, Diesel, Ahlstrom, Kanz, Baird McNutt, etc have already established their business operations in India. The author also pointed out that after China, India is the second most attractive destination for FDI in textile and apparel sector. The appreciating rupee against the US dollar in
2007-08 and the US led sub-prime crisis landed the textiles and clothing exports in a difficult situation. Today, the global economy is facing the heat of an extended recession and the major markets like US, EU and Japan are facing financial crisis contributing to socio-economic and political crises in these and other world markets. The author found that India has benefited from the Multi Fiber Agreement phase-out but only to face the heat of the open market competition at the international market. Countries like China and Korea may give tough fight India at the global market. He pointed out that the big textile companies are the most benefited from the MFA phase out as they have the capacity whereas, the medium and small firms are more vulnerable as they are finding it difficult in survive in the tough competition. There is a strong need to attract FDI for the textile sector because the domestic capital may not be sufficient to enhance the production capacity and modernise the entire system. The author also found that the exporters are supported by the government but the bureaucratic system spoils spot by the long procedural steps the exporters have to follow before availing these benefits.

Moniruzzaman, Mahmudul Mannan Toy & A. B. M. Rashedul Hassan (2011) in their study “The Export Supply Model of Bangladesh: An Application of Cointegration and Vector Error Correction Approaches” applied time series econometric techniques such as Cointegration and Vector Error Correction (VECM) modelling strategy to assess the export supply model of Bangladesh. The study found that the relative price of export is not an important determinant of export supply of Bangladesh, as a small open country, is a price taker in the international market. The export supply is positively related with GDP but its contribution in increasing export supply is very low. The gross capital formation appears as the most important determinant of the export supply of Bangladesh. So the enhancement of export supply of Bangladesh depended largely on gross capital formation. The author suggested that the government could focus on Foreign Direct Invest (FDI) to enhance investments in export oriented sectors.

Alqa Aziz (2011) in her study “RMG Trading Scenario in India and Other Major Countries- Comparative Performance & Issues” found that due to economic
slowdown the exports have dramatically declined, hence questioning recovery to loss and disturbing the growth prospects. The apparel industry entered the crucial stage which will determine the commitment of the industry to stay and grow in the open trade environment. India’s major RMG export destinations are USA, UK, Germany, France, UAE, Italy, Netherlands, Spain, Canada and Saudi Arabia. In 2008, USA, Germany, and France collectively accounted for 50% of India’s RMG exports. The slowdown in garment exports from India started sometimes in the middle of 2008 when retail orders from advanced economies in North America and Europe began to feel the pinch of the most devastating economic meltdown worldwide causing a widespread of unemployment and altering consumer spending behaviour. Exports of readymade garments from India tumbled 6.59 per cent in September over the same period last year as a direct consequence of global economic slowdown. The author felt that Indian players are confident about their potential but the improper mix of politics and economics and with the impact of on-going economic slowdown creates disaster on the performance of the T&C industry.

Fernando Robles (2011) in his study “Export Channel Integration Strategy and Performance: A Contingency Approach” found that the decision to choose an export channel is a very complex process for any exporting organization. There is no conclusive evidence that a given export channel configuration leads to success. Empirical research on the impact of export channel integration on performance provides mixed result. The channel of integration is defined as the degree of exporter control on upstream marketing and distribution functions. The level of export channel integration defines a particular export channel structure. The approach prescribed by the author pointed out that the type of export channel integration and subsequent performance will depend on how well the firm fits its competencies to a given export market environment. The author also argued that environmental similarity and uncertainty are two relevant exogenous variables that exporters should focus on. Further, the moderating effects of two levels (low and high) of the two factors (uncertainty and environmental similarity) interact to determine the appropriateness of channel integration strategy and the ensuing performance level.
Zafar Ahmad Sultan & Md Imdadul Haque (2011) in their study “The Estimation of the Cointegration Relationship between Growth, Domestic Investment and Exports: The Indian Economy” applied Johnson's cointegration methodology to examine the relationship between domestic investment, export and economic growth in India during 1970-71 to 2007-08. The study highlighted that all the variables under study, that is, gross domestic capital formation and exports are found to have a positive relation with economic growth. The study suggested that India needs to keep up its momentum of growth in domestic investments which would lead to an increase in overall production in the economy. More importantly, exports not only depend on external demand but also on internal production, that is, within the country production. Removing supply side bottlenecks would make domestic products cost effective and more competitive in the international market.

Biru Paksha Paul (2011) in his work “Revisiting Export-Led Growth for Bangladesh: A Synthesis of Cointegration and Innovation Accounting” examined Bangladesh export led growth and liked to predict whether this export-led growth is a short-run or long-run phenomenon. Bangladesh pursued the policy of trade controls since its independence. After the regime change in 1975, the new government began to mitigate the prevailing anti-export bias and established an export promotion bureau in 1977. The year of 1979 can be treated as a landmark in Bangladesh’s trade history when the country abandoned the fixed exchange rate and launched a managed exchange rate pegged with a basket of currencies. Hence, revisiting the trade-output relation over the relatively liberalized regime from 1979 to 2010 becomes imperative. The author has used cointegration and Vector Error Correction Estimations methodology to predict relationship between variables. This research finds strong evidence on export-led growth for Bangladesh, particularly for the short run. The long-run evidence, however, is not as robust as the short-run evidence.

Anitha (2011) in her research “A study on the determinants of export demand of India and Kerala” highlighted that even though export expansion across sectors
was coincidental with change in trade regimes, it would be too naïve to attribute the observed acceleration in export growth to trade liberalization per se. Supply or demand factors on their own can only determine export behaviour for short periods but cannot explain a long run phenomenon. It is the combination of supply and demand effects that cause long run export performance. Regression models have been developed to identify the determinants of demand for and supply of exports for the commodities under study. Chow tests were used to understand the presence of structural variations if any, in the data. To measure the instability of economic variables Cuddy-Della Valle index (corrected coefficient of variation) is used which takes into consideration the long-term trend. The study pointed out that most exports are found to be responsive to world imports. On the upswing of international growth trajectory, exports are found to have responded to growing world demand. The estimated results indicate that world import, unit value of exports and import price affect India’s real exports positively.

Nagaraja (2011) in his study “Export of coir and coir products from India: An analysis” highlighted that the Indian coir products are in great demand in the international market because of their special attributes like fitness, price, craftsmanship, quality, attractiveness, eco-friendly, biodegradable renewable natural resources and non-polluting character. The trend in the overall volume of sale of coir and coir products significantly changed from the sixties when more than 50 percent of the production was used for exports. Export trade is dominated by private merchants and manufacturers who control about 90 percent of export trade. A few Government companies and some large co-operatives account for the remaining 10 percent. The exports of coir and coir products are mostly to Western Europe and USA with Japan and West Asia.

Trivikram Arun, Sumeet Bhall, Joe Fraser & Kevin Nicholson (2011) in their research paper “Tirupur knitwear cluster, Tamil Nadu, India” highlighted that the Tirupur cluster exported $2.5B in 2010, and that exports grew at a 15 percent per annum since 1990. The cluster provided direct employment to 3,50,000
workers and the number of manufacturing units grew from 1 in 1925 to 6250 in 2010. However, the export centric cluster is exposed to volatilities in foreign markets and continues to produce low-value products. The cluster had weak local demand, moderate factor conditions, moderate context for firm strategy and rivalry and strong related and supporting industries. There was an urgent need to address cluster specific deficiencies for long-term competitiveness. These include a) strengthening infrastructure, b) innovating to produce high-value products and c) balancing export and domestic revenue channels.

Devaraja T.S (2011) in his study “Indian Textile and Garment Industry-An Overview” examined the supply chain in the garment clusters. The locations selected for the study were Bangalore, Mumbai, New Delhi and Tirupur Garment cluster, a typical garment production region in India. The complex cluster structure, with many complex webs of ownership, family and caste relationships across various units of Bangalore, Mumbai, New Delhi and Tirupur pose many problems and complications with regard to compliance audits. The report also found that workers in these clusters feel alienated from the developments happening in the system. The report also raised a question as to how these clusters will depend solely on single sector (mono activity).

Vinoj Abraham & Sasikumar (2011) in their study on “Labour cost and export behaviour of firms in Indian textile and clothing industry” found that export performance of the Indian firms in textile and clothing exploited the labour factor to gain access to the international market. Further, the use of this labour cost advantage got affected after the phasing out of quota system in 2005. Until then, a quota system was prevalent and only tariff barriers can now be exploited to restrict trade in the sector. The study also found that capital and technology based factors did not have any effect on the export performance of Indian firms in the international market, supporting the view that the Indian textile and clothing industry focused more on cheap products than premium product category.
Vetrivel and Manivannan (2011) in their study “Problems and prospects of garments industry In Tirupur” investigated the problems faced by the exporters in Tirupur. The study found that cotton yarn price increase is an important and wide fluctuation in the cotton yarn price is detrimental to export business and many exporters are unable to meet their production and delivery schedule. The dyeing and the problems associated with dyeing like Zero discharge have negatively impacted the business. The labour shortage has made the export business more difficult since many of workers in export industry preferred to work in the (MGNREGC) government employment scheme. The study also found that the fluctuations in the exchange rate of rupee against US dollar have created havoc to export business.

Ramesh Kumar Mehta, Avinash Deosthali & Vijayshri R.Mehtha (2012) in their study “Widely fluctuating rupee and its impact on Indian export performance for the last ten years from 2000 to 2009” found that the global slowdown during 2008 has led to default in payment or delayed realization for exports resulting in cash flow difficulties for the exporters, hardship in executing orders and difficulty in getting export risk cover for high risk countries. They also found that India’s major export partner was USA. Hence, the exchange rate fluctuations (exchange rate of rupee against US dollar) have negatively affected the trade performance of India. They suggested that the Reserve Bank of India should intervene in the Foreign exchange market to curtail the exorbitant fluctuations in the exchange rate of Indian rupee against US dollar.

Gupta & Rekha Garg (2012) in their study “Problems & Prospects of Agriculture Exports in the Emerging Scenario” made five recommendations for India Food and Agriculture Exports to achieve at least 3 % share in world trade (Food and Agriculture) viz., Fit the product to the export market for focus to meet long term objectives, Product segmentation for right positioning in export markets, Integrating various schemes of government, Improving market access for exports and Harmonization with international standards/practices, certification and testing. They highlighted the problems faced by agro export sectors like inadequate export
infrastructure especially agro product processing. The other challenges highlighted in their study are export quota restrictions, quality control, faceless presence (no branding) and meeting international standards in packaging.

Rashmi Taneja (2012) in her report on “Indian Textile Exports: Past and Present” described that the textile export sector which remained relatively neglected, discriminated while showing an impressive performance in export front by contributing more than the other sectors to India’s total exports in 1970s. Till the early 2000s, the sector remained in the lime light by being the one of the top contributor to total exports but registered a year-on-year decline in the ensuing years. The author classified the research period as pre-independence era (Before 1949), post independence & pre-economic reforms era (1950-1990) and post-reform era (1991- 2010-11). The study found that the reasons for the poor performance or decline share in the total exports were the price differential in cotton with other competing countries were decreasing eliminating the price advantage for Indian cotton textile exports even though India’s has been the second largest producer and exporter of cotton. The cost of technology and access to technology, labour cost and labour policy issues and electricity cost are the other hurdles for the Indian textile exporters.

Devendra Shrimali (2012) in his study “Performance of Indian Textile & Clothing Industry in the United States Market: A Post ATC Analysis” aimed to find out the global textile & clothing export trends and correlations in the exports of major players in US market. The author described that China, Indonesia and Bangladesh were amongst those exporting nations whose exports of textiles & clothing is not affected by the export pattern rest of the world whereas Indian export of textiles & clothing to USA (Unites States of America) is highly dependable on the other countries exports to USA. After the abolishment of quota in the year 2004-05, India’s textile export had decreased as compared to 2003-04. The author observed that India was not ready to take on this opportunity as the Indian export of textiles & clothing was not able to compete with China in United States of America.
China was ranked first with a market share is 47.77% in total textile imports by USA, followed by India in the second place with a market share of just 11.83%, which is way behind China.

Abubakar Sambo Junaidu (2012) in his article entitled “Perception of Export Difficulty in Small Medium Enterprises (SMEs) and Export Performance with reference to Nigerian SMEs in the Leather Industry” found that the perception of export difficulty is negatively associated with export performance. The findings indicated that when perception of export difficulty is high, export performance tends to suffer and vice versa. This is consistent with the view that the willingness of firms to engage in exporting activities relates with how a firm’s management perceive export difficulties such that if export barriers are perceived to be less manageable. The author also highlighted that SMEs operating in the leather industry in Nigeria perceive exporting to be a very difficult undertaking, which could explain why very few of them are engaged in exporting of leather products. One way to deal with this psychological barrier is through education, proper dissemination of relevant information to all stakeholders especially, training of willing entrepreneurs on leather exports.

Brehanu Borji Ayalew (2012) in his study “Impact of new reform on productivity of Ethiopian cotton textile industry” explained that before liberalization labour productivity was decreasing until 1992. After 1992, however, labour productivity started increasing. The author also highlighted that the capital labour ratio (Capital intensity) also increased after liberalization because more capital was employed in expectation of generating or yielding more wealth in the near future. The capital productivity was decreasing because more capital was used for capital investment and capital acquisition, which could actually not yield output in the short-run. The author is of the opinion that the capital has been raised by firm beyond required level leading to inefficient usage. Thus, idle capital reduced the capital productivity after liberalization in the short-run. But in the long-run when capital investment starts yielding output, the situation may show a positive result.
Sayeeda Bano & Frank Scrimgeour (2012) in their article entitled “the Export Growth and Revealed Comparative Advantage of the New Zealand Kiwifruit industry” investigated the growth of New Zealand’s Kiwifruit production and exports between 1981 and 201. The authors through their study attempted to find out the future prospect and challenges kiwifruit exports. The revealed comparative advantage methodology developed by Balassa (1965) was used to establish whether New Zealand has comparative advantage in Kiwifruit production and export. The study pointed out that New Zealand’s world market share in Kiwifruit sales has varied over time. With an estimated share of total world exports in 1990 of over three-quarters, New Zealand had a dominant market position. However, by 2000 this share had fallen to under a third due to rapid production growth elsewhere. In 2009, this value was approximately 31%. Kiwifruit exporting from New Zealand has faced numerous challenges during the last three decades. The challenges like variations in seasons, Chile being a low cost producer and exporter, China reducing its dependence on imports by increasing local production, tariff and other non-tariff barriers. However, the study does not identify the importance of China where Kiwifruit production growth has been large but still remains a small part of the total economy. It seems China’s domestic market is large so there is no significant export growth and share in the world market. This study highlighted the value of future research modeling Kiwifruit production and trade patterns under different economic growth scenarios in individual countries.

Mohammad Yaser Mazhari, Abdolrazagh Madahi & Sadraddin Eslami Mohammad (2012) in their article “Export Marketing of Hand-woven Carpet of Kurdistan State in Iran (Assessing Effective Factors and Pathology)” examined the weaknesses and failures of hand-woven industry and the marketing mix which include commodity and its various quantitative and qualitative factors (e.g., innovation, conformity, interests, demand, customers’ needs, etc.), distribution channels, delivery to the customers, pricing, and the price of hand-woven carpet of Iran which depends on different elements. The study found that management, environment, strategy, market segmentation and marketing mix as the five main effective factors
on the marketing of Iran's hand-woven carpet which have been surveyed in two available and desired situations. The result confirmed significant relationships between the five main factors in the present study, and the hypotheses were approved. The authors suggested to use qualitative research methods such as deep interviews and to analyse the secondary data.

Sudershan Kuntluru, Venkata Reddy Muppani & Mohammad Akbar Ali Khan (2012) in their study “Foreign Direct Investment and Export Performance of Pharmaceutical Firms in India: An Empirical Approach” investigated the impact of Foreign Direct Investment (FDI) on the export performance of pharmaceutical firms in India. The study highlighted that the developing countries or emerging economies need lot of capital since their domestic savings are inadequate to meet huge capital investment in order to sustain the growth effort. Countries like India, China, Brazil and Russia go to the last extent to attract the FDI. Since, FDI is considered as a means for developing countries to get capital inflows, access to foreign technology, management skills and marketing networks. It promotes export activities by providing access to global markets and facilitating export oriented production with an inflow of capital and access to modern technology. Interestingly, many multinational corporations (MNCs) find FDI route a preferred channel of foreign market entry. For the empirical analysis, firm level data for 103 firms for a period of 8 years from 1998 to 2005 is drawn from the pharmaceutical industry in India. The hypothesis is tested using pooled cross sectional time series analysis. The study found that FDI has a significant negative impact on export performance of firms.

Seyed Fathollah Amiri Aghdaie, Mohsen Seidi & Arash Riasi (2012) in their study “Identifying the Barriers to Iran’s Saffron Export by Using Porter’s Diamond Model” analyzed the data (hypothesis) at the 95% confidence level. The size of the statistical society is 230. By using convenience sampling, a sample of 55 people was prepared and questionnaires were handed out. The respondents were managers, advisors and experts from different saffron export companies. They were from saffron exporting companies located in Tehran, Isfahan, and
Mashhad. The questionnaire has 42 questions; each statement in the questionnaire is scored on a 9-point Likert scale. The questions are designed based on the index defined for each of the six factors of Porter’s diamond model. The study found that instead of factor conditions, all other factors of Porter’s diamond model including demand conditions, related and supporting industries, firm strategy, structure, and rivalry, government, and chance are important barriers to Iran’s saffron export.

Omenguele René Guy & Math Mazra (2012) in their study “the determinants of trade credit demand of Cameroonian firms” found that the trade credit is one of the main sources of funding for worldwide companies and in all the countries, the volume of trade credit received by firms is higher than short-term loans received from banks. The study showed that the financial motive is one that mostly correlates the companies’ behaviour. Further the companies’ age is negatively and not significantly correlated to trade credit, indicating that older firms are less indebted in duration from their trading. The research highlighted that youngest firms, for which the level of information is considered lower due to the lack of experience and reputation, express credit need for greater financial motives, through payment interval consistence from suppliers. This confirmed the hypothesis that trade credit goes more to companies enjoying better reputation from banks than to those having lower reputation.

Pinaki Dasgupta & Anupama Gupta (2012) in their study “Association between sourcing issues and logistics performance variables in apparel exports: An empirical analysis of sourcing intermediaries” examined the association between sourcing issues and logistics performance variables in apparel exports. Questionnaire was used for the study and the scales were based on the study conducted by Ruamsook et al (2007). A total of 65 sourcing firms located in Delhi and NCR region were identified through the list obtained from AEPC (Apparel Export Promotion Council). The questionnaire was mailed to the sourcing heads of these 65 firms. The study showcased that international sourcing issues, information system capability and communication infrastructure have been rated with least
satisfaction scores by sourcing intermediaries. The study found that among the nine logistics performance variables, on time receipt and cycle time consistency scored lowest on the satisfaction rating. These two identified time related logistics performance variables are closely associated with information system capability and communication infrastructure variables. Product quality and production capability are more strongly associated with logistics performance variables than other three international sourcing issues.

Ramachandran Azhagaiah & Selvaraj Sathia (2012) in their study entitled “Corporate Leverage and Financial Decision in the Indian Textile Industry” argued that increasing leverage was the easiest way to increase returns in a rising market, and there were incentives to chase these returns and to ignore or downplay the risks. The study found that the effect of high leverage is likely to influence the divisional allocation of investment within a firm, which further suggests that high leverage has the potential to distort a firm’s internal investment policy. Leverage was positively related to firm’s value for low growth firms, but negatively related to firm’s value for high growth firms. Much of the evidence regarding the effect of leverage on investment comes from the analysis of firm-level data, while the effect of leverage in determining the level of the overall firm’s investment is clearly of interest.

Sanjay Tiwari & Tilak Sethi (2012) in their work “WTO and India’s Foreign Trade” highlighted that India rank 20th in merchandise export and 13th in merchandise import while it stand at seventh rank as far as commercial service export is concerned. To bring synchronization and providing platform for the open trade of goods and services WTO was established in the year 1995 and this was the time when India also introduced reforms in economic policy including trade. The study found that the present status of foreign trade of India is showing an increasing trend in terms of exports and declining trend in terms of imports. The exchange rates (nominal and real) and the trade measured in terms of volume and unit indices had a direct correlation with the trade measured in terms of export and import.
Pramod P Lonarkar & Deogiriikar AB (2012) in their study “India’s Special Economic Zones: Development and export performance” highlighted that the Special Economic Zone policy in India was implemented with many objectives like export promotion, employment generation, earning foreign exchange etc. SEZ or Special Economic Zone is an area in a country that is selected by the government for its development. This area has economical laws completely different from the laws of the country. The study observed that these laws were made in such a manner so that they are business friendly to attract people to set up manufacturing, trading or service establishments and the establishments in SEZ can be established by foreign or native investments and the products can be sent exported or sold within the country.

Sanjay Kathuria & Anjali Bhardwaj (2012) conducted a study entitled “Export quota and policy constraints in the Indian textile and garment industry”. They found that the European Union is ahead of United States of America in dismantling the quota system and dismantling the non-tariff barriers to trade. The Indian garment industry followed a low risk model of business where by the exporters relied heavily on the sub-contractors. Though the exporter makes only a reasonable investment in manufacturing facilities, this has some limitations like matching the quality expectations of overseas buyers who place large volumes. Cheap labour and other raw material resources especially, the cotton is in abundance in India. These factors (endowed) gives competitive advantage to Indian garment exporters in the international market. The study also found that the future of garment exporters depends on the substantial investments they have to make in expanding the capacity and business operations.

Varsha Goel & Ashutosh (2012) in their study “An Analysis of Performance of the Indian Textile Industry after Phase of Quota System” observed that the Indian textile industry should move away from low-end product category to premium product category which fetches higher profit margin in the international market and that can be achieved only by investing on research and development (R&D).
The study found that there was a need to improve human resources through structure and result oriented training programs. As tariff barriers are eliminated countries will adopt non-tariff barrier to safeguard their national market. The exporters can increase their investment on e-commerce to reduce the transaction cost. The study suggested that as the local investments seem inadequate there was a stronger need to attract FDI into knitting and technical textiles sectors.

Karuppusamy (2012) in his study “Tirupur exporters and their strength” found that the raw material availability, cost of labour, cost of raw materials, skilled labours and designers were the key strengths of Tirupur garment export industry whereas cost of financing, wide fluctuation in the raw material cost, more dependence of cotton and cotton related garments, poor road facilities, inadequate logistics and transportation services, inefficient ports were the weak areas which need improvement. The author observed that the removal of quota system was considered by most of the exporters as an important opportunity for the garment export industry in Tirupur. Interestingly, the phase out of quota system was also being recognised as threat by exporters besides, the emerging markets like Bangladesh and Indonesia were considered prime threats.

Ahu Tuğba Karabulut (2013) in his study “Internationalization of Turkish SMEs: An Empirical Study” investigated the internationalization of Turkish Small Medium Enterprises (SME). The author highlighted that in Turkey, SME is an enterprise which has between 1 to 249 employees, has annual balance sheet value and receive sales revenues up to 25million Turkish Lira. 99.9% of enterprises are SMEs in Turkey. There are 3,222,000 SMEs in Turkey and 23.4% of them are in Istanbul. SMEs entry mode is a critical decision for internationalization. The study pointed out that the enterprises can deploy entry modes such as exporting, joint ventures, and foreign direct investment. SMEs need to decide location of their production facilities, marketing operations, and ownership types for each of these entry modes. The author observed that the entry modes into foreign markets differ on risk degree, resource commitment, managerial degree control, and return
potential. Some entry modes involve higher commitment level, transaction cost, and resource acquiring costs. SMEs can apply exporting without establishing overseas base or FDI associated with a greenfield site, joint venture, or an acquisition by establishing overseas base. Decision of SMEs to continue to export can be affected by sunk costs which are related to production and distribution networks, costs of getting information about overseas customers, suppliers and regulatory environments. The study found that Turkish SMEs focus on exporting and achieve to receive at least 20 percent of their revenues from exports.

Zare Zrdeini Hosein, Seyyed Mohammad Tabatabaei Mehrizi & Ahmad Yousefie Hanoomarvar (2013) in their study “Investigating Effective Factors on Development of Iran’s Caviar Exports” observed that the Iran’s Economic sensitivity to changes in oil world markets and fragility in the face of foreign pressure has led to considerable diversification in exports by the government and emphasize on Non-oil export development strategy. Agricultural products of Iran are exported in a variety of goods including nuts, raisins, saffron, dates, cotton, skins and caviar. Appropriate depth and good temperature of the Caspian Sea are the causes of growing the best caviar fishes at the south of Caspian Sea and its coast. Preliminary analysis showed that the exports of Iranian caviar in the past decade have greatly reduced. The study found that diversification in the packaging capacity, good political relations, processing and quality of caviar, familiarity of the exporters with exports principles, introducing nutritive and treatment value of caviar, and foreign investment absorption will increase the export but producing farmed caviar decrease export’s volume.

Zhiying Ji & Jiayi Ye (2013) in their work “Export or Not with Productivity Heterogeneous Enterprises?: Empirical Evidence from China’s Bio-Pharmaceutical Industry” explored the strategy choice of export or not for Chinese biomedical enterprises. With the Probit and Tobit model regression analysis on enterprise productivity and export-oriented strategy choice, a positive correlation between the level of productivity and export strategy was found and the productivity was the key
factor in deciding whether to choose the export-oriented strategy or not, and the results of this study did not support the productivity paradox. The study brought into light that (1) Productivity is an important factor determining China’s bio-pharmaceutical enterprises’ internationalization strategy, (2) Reducing the cost of entering domestic market, strengthen enterprises in home market, and help them get out of the development mode of low factor cost- low value added- low profit, thus improve their status in the global value chain and (3) From the policy perspective, reducing the market barriers, improving factor mobility and providing innovative environment were the basis and assurance of the overall improvement of Chinese manufacturing sector.

Arif Billah Dar, Niyati Bhanja, Amresh Samantaraya & Aviral Kumar Tiwari (2013) in their study “Export led growth or growth led export hypothesis in India: Evidence based on time-frequency approach” revisited the export-growth nexus over the reform period ranging from January 1992 to October 2011 in India. Enhanced specialization, full capacity utilization of the plant size, getting benefits of the greater economies of scale, increasing the rate of investment and technological change are some of the benefits which can be reaped through exports. The authors pointed out that there are four possible relationships that arise between exports and output viz., export-led growth, growth-driven exports, the two-way causal relationship and no relation and no causal effects between exports growth and economic growth. Using the methodology of wavelet correlation and cross correlation it was found that export growth and output growth do not share any significant co -movement at lower time scales of D1 and D2. The outcome of this study was that exports and output are not related in the short run but are related in medium and long run.

Srinivasan & Kalaivani (2013) in their study “Exchange rate volatility and export growth in India: An ARDL bounds testing approach” used annual time series data for the period 1970 to 2011. The study found that real exports are cointegrated with exchange rate volatility, real exchange rate, gross domestic product and foreign
economic activity. The study pointed out that the exchange rate volatility has significant negative impact on real exports both in the short-run and long-run, implying that higher exchange rate fluctuation tends to reduce real exports in India. Besides, the real exchange rate had negative short-run and positive long-run effects on real exports. The empirical results revealed that GDP has a positive and significant impact on India’s real exports in the long-run, but the impact turns out to be insignificant in the short-run. In addition, the foreign economic activity exerted significant negative and positive impact on real exports in the short-run and long-run, respectively.

Sanjay S Joshi (2013) in his study “A study on financial health of textile industry in India: Z–score approach” examined the financial health of textile industry through Z–score model and Analysis of Variance (ANOVA) was used to compare the mean value of Z score for the studied groups. The study covered a period was of 5 years starting from 2007-08 to 2011-12 because the author wanted to measure the performance after global financial crisis. It was found that most of the textile products and synthetic companies in India have been caught in distressed zone and in gray zone which indicates that these companies are facing down cycle in financial performance. The research found that Page Industries Ltd and Zodiac Clothing Co. Ltd were performing much batter in whole textile industry. On the contrary, all other textile and synthetic producing companies’ financial performance was weak.

Jayeeta Deshmukh & Pradyut Kumar Pyne (2013) in their study “Labour productivity and export performance: Firm-level evidence from Indian manufacturing industries since 1991” examined the productivity of Indian manufacturing industry and their ability to enter the export market, i.e., the self-selection hypothesis and the determinants of labour productivity at the firm level for India’s major exporting manufacturing industries during 1991-2009. The study also examined whether export intensity at the firm level differs between domestic-controlled and foreign-controlled firms, and between private and public firms. Applying a 2SLS model, the authors found evidence in favour of the self-selection hypothesis. The authors also
found that domestic firms are more export-intensive than foreign firms and that private firms are more export intensive than public firms and the determinants of labour productivity at firm level, firm size and raw material intensity were found to be two significant determinants in this regard while the ownership status of the firms has no role here.

2.4 RESEARCH GAP

There are many studies carried out in the field of global recession and its impact on various economies, industries and companies. There are studies on textile industry and Tirupur but there is no in-depth study on the impact of global recession on the export performance of apparel exporters in Tirupur. Therefore the researcher would like to address the impact of global recession and the problems faced by the apparel exporters in Tirupur.


Saffron export, Yusu, M (2011) assesses the performance of Indonesian Natural rubber exports and Nagaraja, G (2011) studied the export of Coir and Coir products from India.


2.5 CONCLUSION

It is evident from the review of literature that many studies were conducted on global recession, export performance of various industries at the global and India level, export performance of textile industry at the global, India and Tirupur level, export performance of knitwear exporters during the post quota period but none of the studies made an attempt to study the export performance of apparel exporters and their problem during the current global crisis. Therefore, there exists a research gap. Hence, the researcher would like to address the research gap by investigating the impact of global recession on the export performance of apparel exporters in Tirupur.