PREFACE AND ACKNOWLEDGEMENTS

The world garment industry is at the threshold of far reaching institutional changes in the near future. Textiles being one of the most globalised industries in the world have also been a bad example of how trade practices in the global market are still distorted in favour of the advanced economies - courtesy WTO. From being a mere domestic industry textile industry has come a long way to be an organized industry. Starting with the Industrial Revolution, it has gained a state of supremacy with time. High production of wool, cotton and silk all over the world has given a boost to the textile industry in past years. Though the industry originated in UK, the art of textile production passed to Europe and North America after mechanization of textile manufacturing process in those areas. Asian countries also industrialized their economies and took steps for the growth of this sector. Japan, India, Hong Kong and China have become leading producers of textile because of the availability of cheap labour which is a very important factor for this industry. Important steps have been taken by the World Trade Organization for development of this sector. In 1995, WTO had adopted Agreement on Textiles and Clothing (ATC), which provided for removal of quotas on textile and clothing among WTO member countries. This agreement was enforced on 1-1-2005 and all the quotas were abolished. Although high tariffs and quantitative restrictions are imposed by the economically developed countries, the developing countries are increasingly exporting textiles to developed and other countries. Global textile production will grow up to 25 % by the year 2010 and 50 % by 2014 as predicted. The world textile and apparel industry has gone into a phase of transformation since the elimination of quota in the year 2005. Many new competitors as well as consumers have entered the global market with their immense capabilities and the desire to grow. Textile and apparel future market is expected to expand in a significant way. The reasons for such expansion include growth of new consumption markets, Global expansion of modern retail business, boom of air and sea shipments, growth of textile and related production in Eastern Europe, ex Russian block, Turkey, Middle East, South East Asia, India, China and South America. In future, Strategic partnership among various interests will become more important than the traditional transactions through vendor relations. The two factors to be kept in mind are Skills & Competences and Key Trends. It is going to be a talent intensive market where certain capabilities will dominate the market. The Textile Ministry is asking the industry
to improve its competitiveness, besides pushing up its sales in the domestic market keeping in view diminishing exports.

For long, the Indian industry has admonished the developed countries for following the ATC in letter and not in spirit. It is time the Indian industry see the writing on the wall and cease censuring the developed countries for doing their homework on WTO better, and, for a change, instead sit down to do their own homework as assiduously as possible. Thus the WTO Agreement is an emergence of world parliament and imposes internal trade laws on the member countries and takes away the matters that were under national jurisdiction so far. It is time the Indian industry ceased censuring the developed countries for doing their homework on WTO better, and, for a change, instead sit down to do their own homework as assiduously as possible. There is a need of diversification in products. It is essential that an export climate is created where the policies and procedures are made pragmatic and the exporters are also to produce and export quality goods of international standards with least of procedural and policy regulations. Notwithstanding the wind of globalization that is sweeping the international trading landscape, the counterforce of protectionism is already there among developed countries in textile and clothing. After analyzing the entire scenario, it can eventually be concluded, perhaps, in a single sentence, that the developing countries like India are likely to be exploited by the developed countries through diplomatically engineered provisions of the WTO especially in the long term. The situation demands that India should gear up the strategies by upgrading the level of knowledge and research consciousness and putting in improved and most suitable infrastructure. The study has addressed these issues (i) existing characteristics of the Indian garment sector as also the market share enjoyed by India; (ii) the extent to which MFA has deterred trade from the developing nations and the likely impact of the quota free regime on garment exports. The study has evolved around the high tariff and invisible barriers imposed by the developed countries on the developing countries including India. The policy constraints at the domestic level and government intervention required also discussed. It is hoped that conclusions and suggestions will help the Government and policy makers to have serious view of it and take steps to make the textile sector more organized and competitive and augmented with latest infrastructure sidebyside boosting its domestic sector.
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(Chetan Saxena)
DECLARATION

I declare that the thesis entitled "Export Potential and Prospects of the Indian Garment Industry In The Context Of WTO" is a record of bonafide research carried out by me under the guidance and supervision of Dr. Jasvir Singh, Department of Economics, Krishak (PG) College & Research Centre, Mawana (Meerut). I further declare that this thesis has not previously formed the basis for the award of a doctorate degree.

[Signature]

(Chetan Saxena)