CONCLUSIONS:

The challenges faced by the Indian economy in the globalization processes are intricate and numerous. Of these, the domestic factors could be marshaled by the design of appropriate socio-economic policies for the country's development. But the external factors, like the environmental standards of WTO, imposing restrictions, which are outside the domain of domestic policy, and the scope for international cooperation and coordination seems extremely difficult and time consuming in the present day context of global political economy. The positive aspects of trade liberalization under the WTO regime have to be counterbalanced against the stupendous task of enhancing the market access problem for Indian exports, which are facing numerous non-tariff barriers in the garb of environmental protection. The adverse consequences of distorted trade liberalization in a globalize world on the Indian economy, however, pose fresh challenges to our analysts and policy makers to find solutions to the new challenges to which the economy is getting exposed. The fundamental problem facing the Indian economy is to improve the living conditions of millions of its poor people.
International competitiveness generally refers to the ability of a country to expand its share in world market. At a fundamental level, competitiveness of a country in a particular segment depends on the price at which it delivers the product in a foreign market in competition with the price offered by competing countries for that product in the same market. The entrepreneurial class has the resilience and versatility to operate at any scale of economy and in any part of country. The progress of trade liberalization and quota free regime provides the opportunity to achieve substantial and sustained growth in export of readymade garments but the industry should be well equipped with technique manpower to face challenge in post MFA period. 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. For, in this sector, comparative advantage particularly in clothing certainly lies with the relatively low labour cost in Asian countries. With most overt protectionist weapons having been prohibited under the WTO regime, newer forms of protectionism under the umbrella term of NTBs are
emerging. And the developing countries need to guard against such tendencies without delay. It is therefore of paramount importance that the reasons of change in the global trading system are studied carefully, and industry's competitiveness bolstered urgently. It is time for the industry to understand the nuances of WTO agreements, and widen their horizon to reach global frontiers of knowledge if the industry is to survive in the fiercely competitive trade regime. Competitive advantage ultimately is the result of an effective combination of national circumstances and company strategy. Conditions in a nation may create an environment in which firms attain international competitive advantage, but it is up to the company to seize the opportunity.

After seven years of protracted negotiations-called Uruguay Round of Trade Negotiations—a new rule-based leading system with a new apex body, the World Trade Organization (WTO), equipped with the authority of enforcing the commitments, rules and norms of discipline came into existence on January 1, 1995. This Uruguay Round of Trade Negotiations—Seventh in the series of such negotiations—was unique in several respects. It covered many new areas such as agriculture, textiles, technology; intellectual property rights (IPRs), trade-related investment, services, etc. It included in its scope of liberalization, non-tariff barriers (NTBs) along with tariffs, and conceived many new norms
and disciplines such as sanitary and phytosanitary measures, anti-dumping measures, dispute settlement procedures, safeguard measures, etc. with a view to ensuring liberalized effective market access and rule-based trade. Unlike the erstwhile GATT, the new institution — WTO — is equipped with legal authority and provisions for enforcement of the rules and the disciplines of the new trading system. Some of the positive achievements of the Uruguay Round of Trade Negotiations that have been incorporated in the Final Act and WTO framework need to be explicitly recognized. Over the past several years, many countries, which were vocal advocates of free trade and free play of market forces, had been adopting many market-intervention policies to serve their own national interests. For example, huge subsidies to the agricultural sector given to the farmers in European Union (EU) were indeed a source of distortion in agricultural trade. The multiblur agreement (MFA) for trade in textiles, was another example of managed trade in an otherwise market-based trading environment. The Agreement on Agriculture, as part of WTO, mandated phased reduction of agricultural subsidies, even though some of the so-called Green Box Measures, such as decoupled income support, adopted in the USA and other countries, have continued to retain the distortions in the market-based trading environment of agriculture. The whole of MFA is proposed to be phased out as part of the textile Agreement. Of course,
it will take a decade or more before all the items of the textile sector are available for quota free trading. Introduction of some norms in the adoption of sanitary and phytosanitary measures, tightening of the discipline in the context of dumping and adoption of and dumping measures, indication of rule-based environment for intellectual property rights, introduction of discipline in the context of trade-related investment measure, etc. are the examples of some of the provisions made in the WTO system which could have positive effects on the world trading environment.

The WTO brought much expectation with it. The expectations arrived at were mainly due to the improved market access guaranteed in the UR of Trade Negotiations which resulted in the formation of the WTO. This improved market access was tried to be ensured through tariff reductions, adoption providing greater transparency and security binding the commitments. The economic impact of this can be categorized and distortion into three effects. On one hand, the reduction in the trade barriers and distortions, leads to reallocation of resources to more productive uses. That is greater efficiency is achieved in the next place, liberations measures stimulate growth and thus savings and investments. This in turn nourishes further growth, income and trade. That is, dynamic effect sets in the economy. On the other hand, the
reduction in the external barrier to trade brings about an increased market access to origin markets. Some aspects of these can be evaluated in quantitative terms. By analyzing whether UR has been a success story for international trade with particular reference to India; if it had been one, then there would have been acceleration of the world trade. Global trade data from seventies onward reveal that the same has increased during the seventies, eighties and the first half of the nineties. But it is impossible to find an increasing trend since 1996—that is, the post-UR era. Rather there has been a tremendous drop in the growth of world trade since 1997. Actually, we have not achieved what we had expected while signing the UR Agreement. The negotiations have not given us much tangible terms. But then, as has already been mentioned, the impact of the UR cannot only be evaluated in quantitative terms. We cannot deny the benefits coming out of the UR in terms of intangible things. First of all, our attitude regarding exports has changed we have continued our process of global integration, keeping in mind our obligations and commitments to the WTO. The domestic economic policies are gradually getting changed to go in for higher degree of integration. We are now gradually moving towards a competitive market scenario rather than a protected one. All these achievements cannot be ignored, especially because of the long run beneficial effect likely to accrue to India, clearly in a few specified
sectors, which have witnessed phenomenal growth and export dynamism in recent years. India thus must look at new pastures for which it has adequate domestic capabilities and promising export expansion. No doubt the ongoing economic slowdown/recession has not only severely affected the developing countries, it has equally left its footprints in the developing countries and the world has been reeling under its impact.

Market access to WTO member countries has become more predictable (with bound tariffs) and transparent (owing to Trade Policy Review Mechanism of GATT 1994). Moreover, with progressive reduction in tariffs itself, the world has seen its massive price-effect on trading volumes. Globalization or internationalization of operations, all this has come along with greater, more ruthless and global nature of competition. In order to realize most cost-effective overall operations, it would lead to a borderless world. No firm remains unaffected by globalization that is well under way. And all firms have to match their operational effectiveness to that of best global competitor. But the market friendly (in the name of eco-friendly) measures initiated by the WTO has threatened the human face of our experiments - unemployment, retarded growth and growing trade deficit are the results of our unguarded adventure toward the WTO arrangements. Under the Marrakech Protocol to the General Agreement on Tariffs and
Trade, 1994, members had submitted schedules indicating their commitments on tariff buildings. The import duties were brought down in six equated installments to the committed bound levels by 1.3.2000 for industrial products other than textile items. For textiles items, the phase out period (since over) had been extended up to 1.3.2005. Some members wanted an early harvest in eight sectors, which had been identified for Accelerated Tariff Liberalization (ATL). Tariff reductions agreed to within the ATL were provisionally applied.

Integration of textile and clothing into GATT 1994, according to the plan laid out in the ATC, has definitely increased the magnitude of global textile and clothing trade. That clothing would be the engine of growth of such massive trade also appears to be quite clear. Market access to WTO member countries has become more predictable (with bound tariffs) and transparent (owing to Trade Policy Review Mechanism of GATT 1994). Moreover, with progressive reduction in tariffs themselves, the world is likely to see its massive price-effect on trading volumes. However, all this would come along with greater, more ruthless, and global nature of competition. Internationalization of operations in order to realize most cost-effective overall operations has lead to a borderless world. No firm has remained unaffected by globalization that is continuously under way. And all firms have to match their operational effectiveness to that of best global competitor. In the emerging world of
unfettered capitalism, firms have to run in order to stand where they are. Textile and clothing is no exception. Notwithstanding the wind of globalization that is sweeping the international trading landscape, the counterforce of protectionism has already been rearing its head among developed countries in textile and clothing. For, in this sector, comparative advantage particularly in clothing certainly lies with the relatively low labour cost Asian countries. With most overt protectionist weapons having been prohibited under the WTO regime, newer forms of protectionism under the umbrella term of NTBs are emerging. And India has to guard against such tendencies and the guarding needs to be ensued quickly.

Indian textile and clothing industry contributes nearly 4 per cent of national product, earns 35 per cent of national foreign exchange, and supports over 6.5 million persons directly and indirectly. It is therefore, of paramount importance that the changes in the global trading system are studied carefully, continuously and industry’s competitiveness bolstered urgently. It is time for the industry to sincerely understand the details of WTO agreements, and widen their horizon to reach global frontiers of knowledge if the industry is to survive in the fiercely competitive trade regime. For, competitive advantage ultimately rest its from an effective combination of national circumstances and company
strategy. Conditions in a nation may create an environment in which firms attain international competitive advantage, but it is up to the company to seize the opportunity.

From the developing countries (India also) point of view, lowering of industrial tariffs further means increased competition for the Indian industry. On the other hand, lowering of tariffs in the major markets of our interests may mean greater market access to our exporters. The average level of 3.8 per cent tariff in the post Uruguay Round period for developed countries is misleading because of the existence of ‘tariff peaks’ and the phenomenon of ‘tariff escalation’, particularly for the products of export interest to India and other developing countries. For instance, Japan has 160 per cent tariff on footwear with leather uppers, USA has 79 per cent on raw cotton, 58 per cent on sports footwear with textiles uppers and 33 per cent on watch movements, and EU has 22 percent on certain women’s dresses. A fresh round of negotiations may, however, mean some additional competition from outside to the domestic industry in India and also less flexibility to raise tariffs. Though India’s tariff rates are considered high by ASEAN standards, and as a part of the reform process, our applied tariff rates have frequently been below the bound level, the issue of tariff negotiations and reductions is highly sensitive even for domestic industry. Negotiations on the
Information Technology Agreement-II (ITA-II) conducted in 1998 were inconclusive, as the proposed product coverage included some items which were objected to by India from the defense point of view and also included various consumer electronic items unrelated to Information Technology. The US is keen to get an agreement on ITA-II as a part of their attempt to get "early deliverables" and has indicated its willingness to show flexibility in order to address India's concerns regarding including of non-information technology products. Early liberalization and reduction of duties in the IT sector could generate strong growth impulses in the area of information technology and software, with beneficial results for India.

India perceives information technology as an area of comparative advantage for itself, and has interest in the current initiatives on electronic commerce. It is, however, important that the issues are effectively addressed. Along with a decision to rollover the standstill on customs duties for a finite period of 2-3 years, a suitable way will need to be found to address the important issues raised in the work programme. India's position, along with that of many other developing countries, has been that it is fully committed to the observance of labour rights and promotion of labour welfare through its domestic policies. The use of trade measures to enforce labour standards is a
protectionist device and has to be rejected. The Singapore Ministerial Declaration of December 1996 has vindicated the above stand taken by the developing countries and had rejected the use of labour standards for protectionist purposes. Further, it had reaffirmed that ILO is the competent body to deal with these EC's proposals are less ambitious as it proposes to create a Joint WTO/ILO Standing Working Forum to address the labour issues. The US proposal, on the other hand, is very ambitious. The US has proposed the establishment of a Working Group on Trade and Labour in the WTO. Their proposal is for the Working Group to consider interaction between trade, investment employment, social protection, core labour standards, forced or exploitative child labour, derogation from national labour standards; and positive trade policy incentives. The WTO should provide observer status to ILO also, as per this proposal. India must continue to oppose any attempts by the developed countries for the introduction of this issue into the WTO as well as location of any Working Group or Forum even outside the WTO. Most of the developing countries are likely to support India on this issue. Not only SAARC, but also the G-15 countries are unanimous at present in their opposition to linkage of trade with labour standards. (HT Archives 2008-09).
The developed countries still remain the major destinations for most of India's exports of textiles. However, the most important directional change in exports has been a sharp decline in the shares of Germany and UK in ready-made garments, carpet handmade and carpet mill made and an increase in importance of UAE, Hong Kong and USA for a large number of textile exports. A reduced off take by Germany in major textile products (due to imposition of strict environment and labor standards) is a cause of worry to exporters. Germany introduced eco-labels for clean garments in 1993-94, in the form of (a) obligation to label 'close to skin products', (b) ban/restriction on the use of pentachloro phenol, chlorinated pesticides, (c) ban on the use of azo dyes, (d) restrictions for use of heavy metals in textiles, and (e) no chlorine bleaching. These eco-labels have been introduced due to growing awareness about environmental problems posed by textile industry, a noticeable increase in the number of textile related allergies, to boost sale of textiles by introducing new norms and slogans and problems faced in disposing of used textile goods. As trade restricting measures, Germany has put a ban on the use of azo dyes in April 1996. The ban imposed by Germany has become an example for other countries; Netherlands introduced the same ban from August 1997. And, similar bans may be imposed by other European countries and USA (major trading partners in India's exports). Moreover, at present,
only product related standards and prohibition of certain substances such as azo dyeing has been considered, but in future, much more stress may be laid on ‘clean processing’, which will imply further restrictions for exporters. In order to meet ecological challenges, identified and posed by Germany, to exploit competitive advantages of production of superior quality and high production, to have sustainable export growth both by volume and value, to diversify export market and to face strict tariff and non-tariff barriers, there is a need to adopt specific product techniques to comply with new environmental regulations introduced in the target markets. For manufactures of eco-friendly textiles and for a healthy growth of the industry, industry itself has to adopt the ‘cradle to grave approach’ i.e. industry must start applying eco-prescription right from the stage of cultivation of cotton to the spinning of yarn, weaving of fab., dying, finishing and refining the fab., chemical processing, garment manufacturing, packaging, usage of clothing and its care and, finally, to the recycling or disposal of waste. Textiles should be made from organic cotton or other natural fibers cultivated or should be produced without application of chemicals. At the level of crop cultivation, in order to remove residue fertilizers and pesticides, crops should be cultivated for three seasons, without use of any chemical fertilizers. In the case of wool, animal husbandry must follow organic rules; in the case of silk, mulberry plantation must be
organically cultivated. In weaving and knitting, care should be taken in the selection of lubricants. In the finishing of textiles, mechanical and high temperature processing should be adopted. Natural dyes free from toxic materials should be used. In the case of garment manufacturing, stain removers containing chlorinated products must be avoided. For packaging, environment friendly materials, which can be reused and recycled, should be used. Wooden crates treated with insecticides should be avoided. Further, textile industry should comply with eco-regulations by procuring dyestuff from reputed manufacturers and should avoid loose packing of dyestuff. Thus, introduction of environment policy will put pressure on Indian textile industry in the form of rising environment cost as the textile industry may have to find alternative dyes and auxiliaries in place of the conventional ones (at present Indian textile industry is using more than 8000 different chemicals in the manufacture of different goods). Diplomatically maneuvered moves engineered by the developed countries at any international forum e.g. the UN Copenhagen Conference on Environment concluded on 19 December 2009, shall certainly continue to put roadblocks for the developing countries and forcing them to toe the line of action of the developed countries. Apart from rising costs, difficulties are most pronounced due to the dominance of the decentralized sector in the industry (about 64 per cent of weaving is done in the decentralized
sector). The decentralized sector itself is highly heterogeneous in terms of the range of techniques used. The awareness of new eco-standards is generally low because mainly small farmers do processing of raw cotton and cooperatives and it becomes difficult for them to provide pesticide-free cotton to the textile industry. There is no direct interaction with suppliers of dyes as the units buy inputs from local markets. The decentralized sector lacks technical know-how, possible substitutes and financial resources. To solve problems in the decentralized sector, a well defined strategy and an action plan is needed which involves (a) constant interaction with suppliers, (b) interaction with support system and (c) pre-emptying major problems of adjustment process. To solve the problem of the adjustment process, awareness of new requirement (eco friendly products), should be created. For this purpose, services should be strengthened in the areas of information, testing eco-quality control, technique assistance, R&D, education and training of staff and environment management system. Approach based on BATNEEC (Best Available Technology Not Entailing Excessive Cost) is most suitable now a day. Thus, needs of quality, production and environment friendliness, both of process and product, can be simultaneously solved by manufacturers, exporters and various support systems like central and state agencies working in different areas/clusters. No doubt, government has been adopting regulatory and developmental
approaches in supporting the industry, setting up eco testing laboratories, technology up-gradation fund, cotton technology mission (fund to improve the yield of cotton), but its role needs to be further strengthened.

Measures taken for environmental purposes should not be used as protectionist devices. Further, there should be clear recognition that environmental standards differ from country to country and that the solution lies in mutual recognition of product-related standards rather than harmonization of standards. It is also imperative that while developing environmental requirements, members should take into account the need to safeguard existing market access of developing countries and the need to increase it further, in order to facilitate sustained development. This stand has certainly been put forward by the developing countries at the Copenhagen Conference but without result. Developing countries, including India, should take stand that environmental issues should be addressed through Multilateral Environmental Agreements (MEAs) and that the existing WTO disciplines adequately address environmental concerns and that environment is a non-trade issue and should be opposed to the linkage of environment with trade in the multilateral trade framework, as it is readily able to facilitate protectionism. The Marrakech Ministerial
Declaration mandated cooperation between WTO, the IMF and the World Bank with a view to achieving "greater coherence" in global policy making. It was specified that the "the confidentiality requirements and the necessary autonomy in the decision making procedures of each institution, and avoiding the imposition on government of cross-conditionalities or additional conditions" should be respected. Accordingly, agreements have been signed by the WTO with IMF and World Bank. Cooperation among these organizations in the form of regular consultations and reciprocal participation in meetings is a must. The EU, which is the main protagonist of this issue, is seeking to expand the "coherence mandate", by trying to further cement the existing linkage between IMF, world Bank and WTO and by developing similar linkages with other international organizations like UNCTAD, UNEP, UNDP, WCO, ILO, FAO and WHO. However, there is a danger that in the garb of greater policy coherence among WTO, IMF, World Bank and other such international organizations, attempts may be made to impose cross conditionalities which further narrow down the policy options for developing countries. It should also not result in dilution in the responsibility for addressing the development dimensions of WTO issues by developed country members of WTO, who may seek to unburden themselves of this role by arguing that their responsibility will now be picked up by corresponding international organizations.
Also, once the concept is accepted, it would be difficult, almost impossible, to keep organizations, like ILO, out of the coherence agenda, which will then give scope for linking trade measures with the core labour standards.

As against the positive aspects of the WTO system, there being the negative aspects. Even though the developing countries desired that the nexus between trade, finance and development should be recognized in the new framework of the rules, this nexus does not seem to be prominently incorporated in the provisions of the various Agreements. It is not enough to give a longer period to the developing countries or the least developed countries to fall in line with the new trading system. What is required to building up of some special measures and initiatives which would ensure creation of trading capabilities of those countries and societies, which are laggards in the power game of trade? The responsibility of strengthening the trade and development capabilities of the laggards and, thereby, ensuring level playing fields in a highly competitive environment of the new trading system rests with the powerful actors of the game. Unfortunately, the new trading system seems to favour the relatively more powerful actors and leaves the weaker segments of the world economy to fend for them in the emerging competitive market-based world economic
environment. The erstwhile approaches of development cooperation, resource transfer, technology transfer, special provisions for the developing countries, adopted under the initiatives of the UN system, have now been given a complete go-by under the presumption that competitive forces, unleashed under the new trading system of WTO, would improve all around efficiency and human welfare. This presumption is questionable both in terms of its analytical rigour and practical feasibility. The new trading system of WTO seems to give unduly greater emphasis to private sector and competition and fails to recognize the strategic role which the State has to play in promoting the right kind of development with emphasis on equity and social infrastructure. Over-emphasis on competition and declaration that IPR is a private property seem to have created any erosion of the concept of public good and, thereby, provided a partial view of the development process. There is an urgent need for the development economists to critically examine the philosophy of development and the concept of development paradigm that underlie the new trading system under WTO. It is interesting as well as puzzling to note that along with the explicit evolution of the new market-based trading system, there has been a new surge for an innovative concept of development paradigm called ‘Third Way’ implies a proper blend of the market and the State in such a way that the blend serves the objectives of fostering growth and
development with social justice. Thus, the critical evaluation of the implications of the new trading system requires some fundamental new thinking in development theory and welfare economics.

The government should considerably strengthen its infrastructure for undertaking global trade negotiations. There is a pressing need for active involvement of government, in term of both enunciating broad policy issue and specific actions, in relation to the WTO. This requires the setting up of a specialized apparatus devoted to this particular matter. Issue relevant for India would include among other (i) lack of proper implementation of the Uruguay Round of Agreement by the developed countries, in both letter and spirit, (ii) the growing problem of increased concentration of world production and distribution, which has been effectively encouraged by the WTO since 1995, (iii) the need for protection of biodiversity and the right of people to indigenous resources, and (iv) control on labour mobility which continue to be enforced. In addition, such a body should help the government to respond to and deal with new issue that likely to be proposed by developed countries. The most important of these are the debates over so-called labor standards/social clause, and the proposed Multilateral Agreement on Investment. He agency should assist the government to
develop more coordinated approach with other developing countries. To defend national interests in the eventuality of an increasing pace of dumping activities in India by the advanced industrial countries, antidumping apparatus deserve to be completely overhauled and significantly strengthened. It must be liberated from its easy going way for carrying on and shed it quasi-judicial hang-ups so as go tackle the emerging problem with speed and efficiency; it is for consideration whether relevant issue should not, in fact, be dealt with by a independently functioning Tariff Commission, perhaps it is imperative that excessive aggression on the part of industrially advanced countries at the forum of the WTO adequately countered by the developing countries, including India, in an equally resolute manner.

The WTO system, which is supposed to be free and fair in the conduct of global trade, has been perverted to perform differently. While many feel that business and ethics do not go together few should know that the success of economic system was based on moral foundation, but as the experts (e.g. Adam Smith) had said that WTO operative economic and political system was unfair and often did not treat countries or individuals equitably. Even the WTO system, the most staunch advocate of free and fair trade has been perverted to perform differently. A host of implementation problems and inherent
weaknesses were becoming apparent within the multilateral system and they were blocking the way. Market access has not been widened for exports of developing countries' goods and services. Constructive remedies have often not been tried before anti-dumping duties were slapped on export of the developing world. Any objective analyst would testify that the proliferation of exacting standards, technical regulations, sanitary and phytosanitary measures, which frequently are of an opaque scientific nature, were blatantly misused against the letter and spirit of free trade thereby hitting India below it belt in the field of export of readymade garments.

Also, 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 international trade laws on the member countries and takes away the matters that were under national jurisdiction so far. The WTO trespasses the sovereignty of national states and the economic sovereignty of nation states is at stake. By this Agreement, the developed nations have succeeded in building up new
international economic order that fully serves their interests; the interest of the developing countries is ignored. In *de facto* terms although in *de jure* terms they are described to be equal partners in the process of multilateral trade and financial flows. I believe that a broad analytical and conceptual insight into the various issues of the subject would be much more effective in inspiring the professional body of economists to undertake intensive research and thereby provide useful guidelines to the policy-making system in the country. India has no alternative but to agree with the new arrangement of trade. It is wise on their part to fight the big brothers of world trade from within. We have to face the new challenges with firmness. For long, the Indian textile and clothing industry has admonished the developed countries for following the ATC in letter and not in spirit. 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. Most of the experts in the field of international trade, banking, insurance, monetary system are against this style of trade arrangement signed at Seattle. The observers and politicians of the third world countries are of the opinion that this system will lead to more discrimination. It goes against the Indian economy. India lives in the villages. Agriculture is the predominant sector of the country most ostensibly from the view point of employment. Small scale industry is
the other significant of multinational companies in the Indian economy which will protect the interests, and market of such companies instead of encouraging Indian entrepreneurs for native growth. Indians are not against the multilateralism in trade and commerce, but we are against discriminatory mechanism in international trade, financial and monetary systems.

It is not that India has been a mute spectator to the happenings especially against its interests. Let's take the Doha round of talks of WTO — India has never looked back and always strived to present its view point and it is determined to see that the results are not against the developing countries. The Doha talks began in 2001 to lower the trade barriers, but negotiations stalled due to difference between India and USA on agriculture. India took a stand that the developed countries ought to bolster economies of poor nations. Developing countries took a stand that there should be enough scope to protect subsistence farmers and small industries from being submerged by as flood of cheap imports from the USA and EU. Besides India's plea on greater flexibility in protecting its industries, including small and medium units, had not found much favour in the draft proposals for duty cuts on manufactured goods. On the trade in industrial goods often referred to as non-agricultural market access, developing countries had said during the
last round of discussions that there was clear attempt to use a divide and rule policy by the industrialized countries. In this an impasse was there and the talks deadlocked. At the same time, the GOI through its representative kept on saying that “India is keen that the negotiations are resumed and was sure that the talks will be resumed” India commerce Minister said on June 5, 2009 (after meeting US Secretary of State, Hillary Clinton). The Doha deal is very important to India and other developing countries as this deal is estimated to be worth $150 billion for the world economy. All along India has been saying that it will not dilute its stand on agriculture. As stated, it is the collective bargaining which will ultimately help India and other developing countries. India and developing countries have been moving collectively by one way or the other in this regard whether it is ASEAN, G-12 or WTO itself. India and the 10-member Association of South EAST Asian Nations (ASEAN) signed a free trade agreement on 13th August 2009 paving the way for setting up a common market. Starting from 1st January 2010, it will give the 1.7 billion people in the eleven countries the option to choose from a plethora of products across borders. Similarly, India has moved in cooperation with G-12 countries. And as regards WTO forum, India formed “rainbow coalition” amongst 153-WTO member countries in an endeavor to get a break through for reaching a trade deal. India hosted a meeting of 75-100 trade ministers
on 3-4 Sept. 2009 with a purpose of sending message to the world that India and developing countries are in a serious business. As stated, WTO is the world parliament and its decisions shall have far-reaching effects on its members — whether developing countries or developed countries and whether it is export or import of readymade garments, shrimps, agriculture, tuna, outsourcing, drugs, etc. That is, anything, which adversely hits a country, that country, can approach the WTO forum for redress. India can counter the proposal of the developed countries if it is united with other developing countries and is always alert in this regard. It also depends on a combination of actions: from improving policy-making and macroeconomic management, to boosting training and investment and above all the coming together of all developing countries together and fighting under one banner as has been demonstrated in the Copenhagen Conference recently concluded — India, China, Bolivia and the G-77 block of 133 developing countries came together.

Leaders of the 20 most powerful economies frittered away recently an opportunity — the biggest the world has ever seen. As the Group of 20 (or G20, an informal gathering of 19 countries and EU that collectively represent about 85 per cent of the world's economy) congregated at Pittsburgh in the US to help fight the ongoing global recession in the developed world and slowdown in emerging economies like India, China and Brazil, the lesser one
expects out of what is steadily turning out to be the world’s most high-profile clubbing conclave the better. To give credit where it’s due, the six influential leaders (the aggressive US, UK and India, an invisible behind-the-scene China, and rebels France and Germany) in the past two summits at Washington (November 15) and London (April 2) have helped prevent the world from collapsing. Exactly two months after the global economy fell off the cliff, the Washington Summit laid out the broad contours of what needed to be done — strengthen transparency and accountability; improve regulation; promote market integrity; reinforce cooperation; and reform international institutions. From India’s perspective, the two important economies of the US and India, then, had a lame-duck political leadership, so when the results of the Washington Declaration were intangible, nobody came back disappointed.

Given that the global economy had all but stalled, the stock markets halved, the liquidity in country after country vaporised and the impact on real economy through loss of business and jobs visible, one, like many others, had expected more. But India’s solutions-seeking appetite was beyond all hopes that the London Summit, less than five months away — January 2010, would deliver them. After the meeting, Planning Commission chairman Dr. Montek Ahluwalia told that it was a good beginning and one can’t really expect any more. After all, it’s not easy for 19 governments to agree on life-changing decisions in two months. The
London Summit and its run-up were encouraging for India. "We commit to fight all forms of protectionism and maintain open trade and investment," a March 14 G20 finance ministers' and central bank governors' communiqué, in its very first paragraph said. This was a position that Prime Minister, Dr. Manmohan Singh had insisted upon, as one developed market after another began to close. Two days before, the Financial Stability Forum (that was rechristened Financial Stability Board in the April 2 London plan), expanded its membership to include India, as well as Argentina, Brazil, China, EU, Indonesia, Korea, Mexico, Russia, Saudi Arabia, South Africa, Spain and Turkey - an India initiative again. At the London Summit, after much prodding and bullying by the US, the G20 agreed to pledge $1.1 trillion (a little more than the size of India's GDP) to spend their way out of the crisis. But beyond this, all were empty words of intent: restore confidence, growth, and jobs; repair the financial system to restore lending; strengthen financial regulation to rebuild trust; fund and reform our international financial institutions to overcome this crisis and prevent future ones; promote global trade and investment and reject protectionism, to underpin prosperity; and build an inclusive, green, and sustainable recovery (the last was India's contribution, with reference to Africa and the environment). And while the G20 leaders also planned measures for cracking down on tax havens, their focus was four small nations, not Switzerland that continues to play an outdated power game,
serving the interests of the US and cocking a rude gesture at India. The country seems to be blissfully unaware of the changed global economic environment, where the markets — and hence the politics — of India, China, Brazil and South Africa need to be given a little more respect than what this Alpine nation has been doing (hiding behind Swiss banking rules and regulations, and keeping the illegal financial pipelines of drugs, corruption and terror money well oiled). But as Finance Minister Mr. Pranab Mukherjee had stated, "Where will they (money launderers) go?" hinting that the world over, such havens are drying up. As the core of the ongoing crisis, what the world expects from the US financial system is a change in its incentive structure of those who drive global finance. Everything else — making IMF more democratic, throwing taxpayers' money into the system to revive it, and all 19\(^2\) countries working together (all of which has helped stem the downward economic spiral) — is secondary. If the incentive structure of the fat cats of finance is not moderated, if looting consumers is looked upon as economic freedom and reform, if profits are strictly private and losses absolutely public, this completely shameless, hurtful, despicable and no-longer-invisible hand of the market best needs amputation. This was something the G20 leaders, taking US President Mr. Barack Obama's hard political words but highly indulgent actions on this front into account, being unwilling to do. But if this issue was not resolved at Pittsburgh, India as well others said hello to many and
learnt to live in a serial crises-no-reforms world, where the guilty will continue to indulge in sophisticated crimes and we taxpayers continue to finance their scams. Pittsburgh was the world's last chance at change. The leaders of the world especially of the developing countries needed to realise — and brought in — that change. The end result – there is no other option for the developing countries except to accept the dictates of the developed countries i.e. of the WTO — as stated above and simultaneously set their house in order by resorting to the various measures pertaining to environment, technology etc. and if the global chances recede due to one reason or the other, the industry has to attract the domestic market also. Doha Round deserves special attention, as it is the first trade related conference after GATT was re-incarnated into WTO. At a ministerial conference in Doha, Qatar, WTO member countries, 149 in all, agreed to launch new trade negotiations. This time it was different, India and China had emerged on the scene as major trading nations. Also the developing world was not going to sit around ideally and watch as the West implement trade policies favoring themselves. In short, developing countries made it clear that unless the developed world allowed them greater access to their markets, there will be no changes to the multilateral trading framework. A bunch of nations (G-20) spearheaded this policy with India & Brazil as its
leaders. The G-20s approached the negotiations with the developed world with three main areas of unhappiness:

- Discriminatory tariffs on goods and services between developed world and the developing world as against tariffs they use between themselves. This prevented a level playing field for all the developing nations of the world.

- Farm subsidies, which the developed world gives to its farmers, distort the cost structure. Agricultural production in EU & USA is heavily subsidized. These subsidies have been in place for decades. Major beneficiaries of these subsidies are US corporate framers, and French farm and processing sector in the EU. With these subsidies in place the developing world looses its advantage. Additionally farm imports from developing world are under heavy tariff, which effectively keeps these products out.

- A major irritant in the trade policies have been the textile exports. Quota system effectively killed any cotton textile business from prospering in the developing world. Luckily, the EU & US relented on these policies. As of last year this policy has been disband. Doha Round discussions began with this background. WTO intentions were good except these could not be translated into concrete policies.
These irritants have resulted in the deadlock in negotiations. Brazil the most efficient agricultural products producer has concentrated its energies during Doha Ministerial discussions on reduction in farm subsidies in EU and US. India & Pakistan are concentrating on textiles and farm produce. Additional trade concessions on service sector have also been sought by India. The service sector is the key to India’s future as an economic power.

At the same time we cannot overlook the bright future of the Indian textile industry. The future global market for textile and apparel 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, it is going to be a challenging global market full of risks but also full of unbelievable opportunities. Strategic partnership among various interests will become more important than the traditional transactions through vendor relations.

To understand India’s position among other textile producing the industry contributes 9% of GDP and 35% of foreign exchange earning,
Indias share in global exports is only 3% compared to Chinas 13.75% percent. In addition to China, other developing countries are emerging as serious competitive threats to India. Looking at export shares, Korea (6%) and Taiwan (5.5%) are ahead of India, while Turkey (2.9%) has already caught up and others like Thailand (2.3%) and Indonesia (2%) are not much further behind. The reason for this development is the fact that India lags behind these countries in investment levels, technology, quality and logistics. If India were competitive in some key segments it could serve as a basis for building a modern industry, but there is no evidence of such signs, except to some extent in the spinning industry.

Even as the export market for Indian garments is beset by a demand dip — with garment exports down by 10 per cent in dollar terms in April-May 2009, against the corresponding period in 2008 — the Textile Ministry is asking the industry to improve its competitiveness, besides pushing up its sales in the domestic market.

The Apparel Export Promotion Council (AEPC) Chairman, Mr Rakesh Vaid, said unless the authorities take measures — matching those put in place by competing countries such as Bangladesh, China, Cambodia, Pakistan and Vietnam — to beat the brunt of recessionary conditions in the form of fiscal fillips, the Indian export garment industry would continue to suffer. He specifically sought "a comprehensive and
competitiveness enhancement strategy in the form of stimulus package now when Indian garments are costlier over 20 per cent than our competitors.

While the higher cost stems from exorbitant credit cost, wages for labour and transaction costs, the unit value realisations have also slipped in recent years, he said adding that the realisation for garments exported to the US fell from $3.6 in 2007 to $3.4 in 2008 and to $3.3 in January-February 2009 a piece.

Provisional figures collated by the AEPC show that garment exports declined by 10.12 per cent in April-May 2009 to $1,572 from $1,749 million in April-May 2008. The Council said that in the $373-billion global clothing industry, India's share has fallen steadily over the years from 3.3 per cent to 2.8 per cent and to 2.6 per cent in 2008-09. It said that in order to retain the extant share, the country needs to export $18 billion worth of garments annually, which would entail investment of Rs 1,43,000 crore and additional manpower of 2.7 million. In 2008-09, India's garment exports were 14 per cent short of the $11.62-billion target by fetching $10.13 billion, barely 4 per cent above the previous year's $9.68 billion. (The Hindu: 4th July'09)
The two factors to be kept in mind are Skills & Competences and Key Trends. Skills & Competences: It is going to be a talent intensive market where certain capabilities will dominate the market: The capability to coordinate the dispersed supply chains through intelligence, understanding, technology and better management practices; The trading capability for taking full advantage of the vast and diverse ranges of textile produced across the globe; Capability of developing retail brands for differentiating from other products and for gaining loyalty of consumers; B2B branding because the large retailers and brands are relying more and more on B2B brands; Innovation- new products, new systems, new applications- innovation will be the key word; Adding value to products, customized with the "fast" changing fashion and textile needs.

Main Trends: There will be no seasons specific textile and apparels, external factors will rapidly change scenarios, customization & the web will be more prominent: While producing textile, factors such as environmental pollution and global warming will have to be considered. The world already has imposed strict rules and regulations regarding this; Multi seasonal apparels will gain prominence; External factors like exchange rates of the currencies such as Dollar, Euro, Yuan, Rupee etc., the fall and rise of petrol prices, air transport, country specific and
global political situations will have greater impact on the rise or slowdown of the industry; Internet sales are growing significantly and it will grow further.

The key advantages of the Indian industry are:

* India is the third largest producer of cotton with the largest area under cotton cultivation in the world. It has an edge in low cost cotton sourcing compared to other countries.

* Average wage rates in India are 50-60 per cent lower than that in developed countries, thus enabling India to benefit from global outsourcing trends in labor intensive businesses such as garments and home textiles.

* Design and fashion capabilities are key strengths that will enable Indian players to strengthen their relationships with global retailers and score over their Chinese competitors. This is also visible in auto sector and many other industries like IT and software and Pharma research.

* Production facilities are available across the textile value chain, from spinning to garments manufacturing. The industry is investing in technology and increasing its capacities, which should prove a major asset in the years to come.
India has gathered experience in terms of working with global brands and this should benefit Indian vendors.

Companies with integrated capacities, such capable of delivering large volumes are likely to gain. Alternatively, market leaders in niche segments, may also emerge as gainers. Some of the largest garment exporters which supply to international retailers, could gain considerably.

The Government is not saddened due to the quota abolition and rather optimistically eying on the bright prospects of the textile industry. The Indian textiles and apparels industry is expected to attract much foreign investment in the future, India's Textile Minister, Mr. Dayanidhi Maran said. He made the comment at the beginning of the 25th International Apparel Foundation (IAF) World Apparel Convention. The textiles minister said that Indian textiles and apparel exports, which were currently valued at $22 billion, were expected to increase four fold. The minister emphasized the facts that around 60% of Indian exports are textiles, over 70% of clothing is headed to the United States and European Union markets and there is an urgent need to explore new markets. The minister explained that there was an urgent need to attract and sustain foreign direct investment in the textiles sector in order to create more employment, upgrade technology and create
brand India to attain a 4% share of global trade in textiles and clothing. It is expected that the Indian retail industry will be an attractive destination for foreign investment in coming years. Mr. Jyotiraditya Scindia, Minister of State for Commerce and Industry said that with skilled manpower, a diverse raw materials base and growing economy, the Indian market is an attractive destination for foreign capital. He added that his ministry is taking steps to diversify Indian exports to new and emerging markets. He also urged foreign investors to take a good look at Indian handlooms, which are not only environmentally sustainable but also offer a range of fabrics and designs. It was on the eve of IAF Convention "to explore experiences, opinions, strategies and the possibilities of forging inter-dependent relationships throughout the entire fashion industry value chain. The textile and apparel industry also forms the backbone of India’s recent economic boom," according to a statement on the IAF Website. The Indian textiles and apparel industry is currently valued at $40 billion. It is growing at around 14 percent. (H.T. 19-11-2009). Dismantling of quota has placed before India enormous opportunities to expand her share in Textiles and Apparel segment. International scenario does indicate conducive business atmosphere for India, the extent India, should have had progressed is relatively lesser than neighboring countries. Structurally, fragmented weaving, processing and garmenting sectors need further strengthening
in terms of technology modernization and human resource training. For realizing the dream goal of US $ 95 bn, India has to encourage a lot of local as well FDI in this sector so that the pace of progress could be maintained. The government understands its responsibilities. However, all the stakeholders have to redouble their efforts so that our share in World Textile Trade increases significantly.

The Government has envisioned that by 2010 (i) textile industry to grow to $85 bn. (ii) creation of two million jobs in the textile sector (iii) increase India’s share in world trade to 6% (iv) achieve export value of $ 40 bn. (v) modernization and consolidation for creating a globally competitive industry. The challenge before all the stakeholders whether they can take advantage of all these favorable factors and demand conditions to reach *Vision 2010*. The *Vision 2010* is characterised by these key target goals: (i) Market size of $95 bn. (ii) Export target $50 bn. (iii) Domestic market $ 45 bn. (iv) India’s market share in world textile trade to grow from 3 to 6 %; (v) 12 mn additional jobs ;(vi) Investment of Rs.1,40,000 crores. *(Source: CRISIL Study & National Textile Policy)*

To sum up, the future outlook for the industry looks promising, rising income levels in both urban and rural markets will ensure a rising market
for the cotton fabrics considered a basic need in the realm of new economic reforms (NER) proper attention has been given to the development of the textiles industry in the Tenth plan. Total outlay on the development of textile industry as envisaged in the tenth plan is fixed at Rs.1980 crore. The production targets envisaged in the terminal year of the Tenth plan are 45,500 million sq meters of cloth 4,150 million kg of spun yarn and 1,450 million kg of man made filament yarn. The per capita availability of cloth would be 28.00 sq meters by 2006-2007 as compared to 23.19 sq meters in 2000-01 showing a growth of 3.19 percent. The export target of textiles and apparel is placed at $32 billion by 2006-2007 and $50 billion by 2010. But at the same time, 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. Copenhagen Conference could have been the latest in this regard had it not collapsed on 119 December 2009 without a consensus although United States had brokered a political deal with India and three other emerging economies over non-legally-binding emission cuts which was rejected by an overwhelming number of developing nations calling it one-sided and 'suicidal.' (Source: Rediffmail.com). The textile industry therefore must realize that export potential and prospects of Indian garments in the context of WTO shall be challenging. Also India lags behind in infrastructure, investment levels, technology, quality and logistics to match international scene. It is hoped that the conclusions and
suggestions will help the Government and the policy makers to have a serious view of it and take steps to gear up its strategies, upgrade the level of knowledge and research consciousness and also of infrastructure and technology.