V. SUMMARY AND CONCLUSION

The Textile and Clothing (T&C) industries form a major part of manufacturing production, employment and trade in many developing countries. Textiles and clothing industries are important in economic and social terms, in the short-run by providing incomes, jobs, especially for women, and foreign currency receipts and in the long-run by providing countries the opportunity for sustained economic development in those countries with appropriate policies and institutions to enhance the dynamic effects of textiles and clothing. The potential of the textile and clothing industries to contribute to long-run growth and development will depend not only on the attributes (desirable or otherwise) of the investors, but also on the quality and effectiveness of government policies and institutions in developing countries to build on this investment. The T&C industry is very important for a handful of countries, in terms of trade, GDP and employment and has contributed significantly in several other countries. The T&C industry provides opportunities for export diversification and expansion of manufactured exports for low-income countries that can exploit their labour cost advantages and fill emerging niches and meet increasing buyer demands.

Competitiveness is an indicator of the ability to supply goods and services at the location and in the form and at the time sought after by buyers, at prices that are as good as or better than those of potential suppliers, while earning at least the opportunity cost of returns on resources employed. Thus, a competitive firm or industry or country have the ability to satisfy the consumer with a product of the right price, right quality, right packaging etc. i.e., creating place, time and form utility. Such an institution therefore beats the competitors for the scarce Dollars and Pounds etc. of the consumer.

Intra-industry trade represents international trade within industries rather than between industries. Such trade is more beneficial than inter-industry trade because it stimulates innovation and exploits economies of scale. Intra-industry trade refers to the exchange of similar products belonging to the
same industry. The term is usually applied to international trade. Where the same types of goods or services are both imported and exported. Intra-industry trade is more beneficial than inter-industry trade because it (1) stimulates innovation and (2) exploits economies of scale. Moreover, since productive factors do not switch from one industry to another, but only within industries, intra-industry trade is less disruptive than inter-industry trade (e.g., on income distribution).

In 2007, economic crisis hit the United States of America and in late 2009 it spread to European countries. The growth of Tirupur textiles did not continue for long time due to growing global economic crisis and with the rising cotton prices, Tirupur faced many serious troubles. Just some time before the global financial crisis began, Tirupur garment export business was hit by the appreciation of rupee value against US dollar. Then they were hit by the global financial crisis.

In view of the above points in this study an effort is being made to analyse the impact of quota liberalization and global economic crisis on textile and clothing trade by taking into account the major exporters and importers of world trade at the macro level and at the micro level the impact was analysed by conducting an opinion survey from the hosiery exporters of Tirupur, the well-known textile hub of India. The present study attempts to analyse the impact of quota liberalization and global economic crisis stage wise while the past studies have attempted to analyse over a period of time. Therefore the present study was undertaken to understand the impact in each stage.

The specific objectives of the study were to

1. Find out the share of textiles and clothing in world trade.
2. Analyze the comparative advantage in textiles and clothing trade across major country-groups.
3. Measure competitive advantage (net comparative advantage) in textiles and clothing trade across major country-groups.
4. Compute changing patterns of trade in textiles and clothing across major country-groups.
5. Study the Impact of quota liberalization global economic crisis and on Tirupur hosiery exports.

The following hypotheses were tested

1. The comparative advantage from textile and clothing trade of major exporters were significantly high in all the stages of quota liberalization and global economic crisis.

2. The pattern of trade was purely intra-industry type in textiles and clothing trade in all the stages of quota liberalization and global economic crisis.

3. The competitive advantage was more for both textiles and clothing trade in all the stages of quota liberalization and global economic crisis.

4. There existed differences in the opinion among the exporters about the impact of quota liberalization and global economic crisis.

For the purpose of the study the major exporting and importing countries were selected as sample countries based on volume of trade in textile and clothing. Exporting countries namely Bangladesh, China, India, Indonesia, Japan, Malaysia, Nepal, Pakistan, Philippines, Sri Lanka, Vietnam, Cambodia and importing countries namely USA, Australia, Austria, Belgium-Luxembourg, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain, Sweden and UK.

The sample units for micro level study drawn from Tirupur was selected by adopting a convenient sampling method from the cluster of organisations like Sole Proprietorship, Partnership Firms, Private Limited Companies and Public Limited Companies. There were 702 registered life member exporters as per Tirupur Exporter’s Association latest report (2012, December). Two hundred and ten exporters were selected as a sample population i.e., 30 per cent, of the total population was contacted. On the final leg of data collection, it was found that out of 210 questionnaires distributed 30 were observed to be either partly unfilled or missing out certain crucial information, thus, this limited the sample size of the 180 exporters. These were found fit for analysis, making it a response rate of 86 per cent. Such response rate is considered to be satisfactory for this type of sampling frame.
Time series data were drawn from WTO data base for the worldwide textile and clothing for the period 1995 to 2011. It was split into various stages quota liberalization such as I, II, III, IV and a separate period for global economic crisis. They were described as follows:

a) I Stage of quota elimination (16%) covering the period from 1995-1997.  
b) II Stage of quota elimination (17%) covering the period from 1998-2001.  
c) III Stage of quota elimination (18%) covering the period from 2002 -2004.  
d) IV Stage of quota elimination (49%) covering the period from 2005-2007 and  
e) V Global Economic Crisis covering the period 2008 – 2011.

The required primary data from exporters of Tirupur were collected between December 2012 and January 2013. Based on the objectives of the study the present study applied the following tools of analysis:

1. Dickey Fuller and Augmented Dickey Fuller (ADF) test to smoothen the time series data.
2. Balassa’s Revealed Comparative Advantage (BRCA) was used to know the comparative advantage in trade.  
3. Theoretical range of the Balassa Revealed Comparative (BRCA) values were calculated by applying Hinloopen and Van Marrewijk RCA range.  
4. White’s Revealed Competitive Advantage (WRCA) Index estimated to find out the competitiveness in trade (net comparative advantage).  
5. Grubel–Lloyd (G-L) index was used to study the trade pattern of importers and exporters.  
6. Likert’s scales (Summated scales) was applied to measure the degree of agreement on the opinion expressed by hosiery exporters of Tirupur.  
7. Kaiser-Meyer-Olkin and Bartlett's test of sphericity measure of sampling adequacy index was used for comparing the magnitudes of the observed correlation coefficients to the magnitudes of the partial correlation coefficients.
8. Rotation Factor analysis was applied for extracting common factor variances from a set of observations.

9. Cronbach’s alpha reliability tool was applied to measure internal consistency in the opinion of sample hosiery exporters.

10. Tolerance and VIF (Variance Inflated Factor) were used to assess multi-collinearity.

11. Multiple Regressions models were applied to analyse the opinion based impact of both quota liberalization and global economic crisis.

The results and conclusions emerging out of this study are summarized below.

I. Stage-wise share and growth of textiles and clothing in world trade across major countries

- The null hypothesis of unit-root process could be rejected for the two variables- textile export and clothing export, indicating the fact that the series were integrated of order I(0) and I(1). This implied that the two variables across the countries and at the world level were stationary and statistically significant.

- In each stage of quota elimination (liberalization) the share of clothing export was more when compared with textile export. The percentage share ranged between 50.97 per cent and 59.31 per cent.

- Due to the occurrence global economic crisis from 59.38 per cent (2008) it had declined to 58.42 per cent (2011), with a marginal decline of 0.96 per cent. The share of export of textiles to world export gradually declined from 49.30 per cent in stage-I of quota elimination (16 per cent) to 40.60 in stage-IV (49 per cent). This decline accounted for 8.34 per cent. During global economic crisis era (2008-2011), there was a slight increase to the extent 0.96 per cent.

- Taking into the account the whole reference period (17 years), though there were variations in the world exporters trade in textile and clothing across the years, the compound growth rates were positive.
registering 4.29 per cent and 6.20 per cent respectively in textile and clothing trade which were statistically significant at 5 per cent level.

- The null hypothesis of unit-root process could be rejected for the two variables (textile and clothing imports) indicating that the series were integrated of order I(0) and I(1). This also implied the fact that the two variables across the countries and at the world level were stationary and statistically significant.

- Like the exports, share of clothing import was more when compared with textile import. The percentage share ranged between 51 per cent and 59.02 per cent during quota liberalization periods. On account of the presence global economic crisis from 59.08 per cent it had declined to 58.13 per cent, with a marginal decline of 0.02 per cent. Taking into the account the whole reference period (17 years), though there were variations in the growth of textile and clothing imports in terms of percentage share, the annual growth rates were positive to the extent of 2.32 per cent and 4.71 per cent respectively at 5 per cent level of significance.

II. Impact of quota liberalization and global economic crisis on textile exports stage-wise across major exporting countries

- The percentage growth from the beginning of the stage over the end of each stage showed mixed trend. Highest positive growth was observed in Philippines (20.36 per cent), Viet Nam (125.64 per cent), China (62.57 per cent), and Viet Nam (82.21 per cent) in different stages of quota liberalization namely stage-I, stage-II, stage-III, stage-IV respectively and Cambodia (86.67 per cent) in the last.

- The estimated compound growth rate (CGR) recorded was maximum for Viet Nam (20.22 per cent), followed by China (14.81 per cent), India and Bangladesh (7.15 percent), Pakistan (4.71 per cent), Indonesia (2.33 per cent), Malaysia, Nepal and Cambodia (2.32 per cent), Japan (0.46 per cent), Philippines (-2.27 per cent), Sri Lanka (-0.91 per cent) and it was significant for all the exporters.

- The countries retained BRCA advantage in textile export were Pakistan (1st rank), Nepal (2nd rank), China (5th rank) and
Philippines (12th rank) not only in the stages of quota liberalization but also in the era of global economic crisis among the major exporters in textile.

- With regard to the countries that have gained advantage in the stages of quota liberalization and in the period of global economic crisis were Bangladesh (4th to 3rd rank), Malaysia (11th rank to 10th rank) and Japan (10th to 9th rank). Indonesia maintained its 6th rank in all the stages of quota liberalization and lost its rank in the last stage of quota liberalization to 7th rank. Cambodia (8th rank 11th rank during quota liberalization and global economic crisis.

- The countries which had possessed mixed comparative advantage were Sri Lanka (between, 7th, 8th and 9th rank) and Viet Nam (between 7th, 8th and 6th rank).

- The magnitude of contribution made by individual countries showed that Pakistan was a leading exporter contributing 44.41 per cent. This was followed by Nepal (19.68 per cent), India (9.45 per cent), Bangladesh (7.77 per cent), China (5.86 per cent), Indonesia (3.99 per cent), Viet Nam (3.05 percent), Sri Lanka (2.60 percent), Japan (1.25 per cent), Cambodia (1.17 percent), Malaysia (1.08 percent) and Philippines (0.69 percent).

- India, Nepal and Pakistan (Stage- I, II and III of quota elimination), Bangladesh, India, Nepal, Pakistan (Stage- IV of 100% quota free era) and Nepal and Pakistan (global economic crisis period) were classified as countries enjoying strong comparative advantage (class ‘d’).

- Japan, Philippines fell under class ‘a’ (comparative disadvantage) in all the stages. China was the only country observed as class ‘c’ country (medium comparative advantage) in all the stages.

- Pakistan was the top ranked textile exporter in competitiveness with first rank in all the stages of quota liberalization and during global economic crisis period. This was followed by China (2nd rank) and Indonesia (3rd rank). They maintained their rank during the analysis period. Excepting these countries all the other countries possessed either WRCA < 0 or WRCA > 0 throughout stages of the reference period.
explained the fact that these countries were less competitive or lost their competitive status during quota liberalization and global economic crisis period.

- The percentage share of each country to total competitive advantage index in textile exports stage-wise were found to be positive in four out of twelve countries namely China, Indonesia, Japan and Pakistan. This showed an indication that in the above mentioned nations export of textiles was more than their import.

- High G-L indices were reported for developed country namely Japan and developing economies namely Malaysia (in all the stages), Indonesia (during global economic crisis period) revealing presence of IIT (Intra-Industry Trade) in textiles trade. A considerable proportion of these textile exporting countries have actually recorded a significant shift towards intra-industry type of trade over time, indicated by rise in the values of the indices.

- The values of the G-L indices were zero for Sri Lanka, Cambodia and Viet Nam as these economies only export textiles in the world market.

### III. Impact of quota liberalization and global economic crisis on clothing export stage-wise across major exporting countries

- Across the countries compound growth rates estimated for the whole reference period consisting of quota elimination combined with global economic crisis showed it was maximum for Viet Nam (20.22 per cent), followed by Cambodia (14.81 per cent), Bangladesh and China (12.20 per cent), India (7.15 per cent), Indonesia and Pakistan (4.71 per cent), Sri Lanka and Malaysia (2.32 per cent), Nepal (2.27per cent) and Japan (0.92 per cent) with 5 per cent level of statistical significance.

- The BRCA indices were significantly high throughout the period only for three economies, viz. Bangladesh, Sri Lanka and Cambodia which have recorded phenomenal export growth in different stages.

- Classification of BRCA values stage-wise, the countries retained BRCA advantage were Sri Lanka (3rd rank) and Japan (12th rank) and Malaysia (11th rank) among the countries.
With regard to the countries that have gained advantage were Bangladesh (2nd rank to 1st rank), and Indonesia (10th rank to 9th rank) and Nepal (5th rank to 4th rank).

The countries that have lost advantage were Cambodia (1st rank to 2nd rank) and Philippines (9th rank to 10th rank).

The countries which had mixed comparative advantage were China (6th rank and 7th rank), India (7th rank and 8th rank), Nepal (5th, 4th and 8th rank), Pakistan (4th rank and 5th rank), and Viet Nam (5th rank 7th rank).

Cambodia’s contribution in clothing export was high (26.04 per cent) followed by Bangladesh (25.54 per cent), Nepal (7.39 per cent), Pakistan (7.38 per cent), Viet Nam (5.07 per cent), China (4.17 per cent), India (3.40 per cent), Philippines (2.20 per cent), Indonesia (2.04 per cent) Malaysia (0.78 per cent) and Japan (0.03 per cent).

Nepal, Bangladesh, Pakistan, Sri Lanka, Cambodia and Viet Nam were not only enjoying strong comparative advantage in the stages of quota liberalization but also during global economic crisis. Excepting quota liberalization stages, Indonesia, Philippines were put in weak comparative disadvantage (class ‘b’). Japan and Malaysia from the beginning of the stage to the end of the stage had comparative disadvantage (class ‘a’).

Across the major exporting nations of clothing, the competitiveness (net comparative advantage) was high for Bangladesh and Cambodia sharing the first two ranks, Sri Lanka, Pakistan, China, Philippines and Malaysia maintained the same rank which they had possessed in stage-I. The others have shown mixed trend in terms of competitiveness ranking in clothing export.

The indices of White’s Revealed Competitive Advantage (WRCA) were positive for eight countries. It was very high for Cambodia (29.65 percent) followed by Bangladesh (29.46 percent), Sri Lanka (18.58 percent), Pakistan (8.45 percent), Viet Nam (5.29 percent), China (4.93 percent), Philippines (2.58 percent), Nepal (2.05 percent) showing
competiveness in terms of clothing export and the remaining four countries recorded negative contributions in terms of competitiveness.

- The G-L indices for clothing export at the end of each stage over the base period for selected major clothing exporters stage-wise reported that, none of the countries seem to possess close to perfect IIT (Intra-Industry Trade). Also, the G-L indices have been zero excepting Sri Lanka (in all stages) and Nepal (in the last stage for three years) in each stage over the period.

IV. **Impact of quota liberalization and global economic crisis on textile import stage-wise across major importing countries**

- Statistics on compound growth rates across the major textile importers indicated that there were instances showing mixed growth rates (positive and negative). Portugal and Italy recorded the highest growth rate (14.81 per cent) followed by France (12.20 per cent), USA (5.57 per cent), Germany (2.32 per cent), Australia (2.02 per cent), Austria (1.85 per cent), Belgium-Luxembourg (0.69 per cent) respectively with statistical significance at 5 per cent level.

- All the countries throughout the stages had mixed advantage with varying levels of ranks.

- Ireland, Sweden, UK, Finland and France being the gainers on the basis of the ranks assigned. Austria, Belgium-Luxembourg, Denmark, Greece, Germany, Italy, Netherlands, Portugal, Spain, USA and Australia were the looser of BRCA with wider fluctuations in their ranks from the beginning of the stage to the end of the stage.

- Across the stages of quota liberalization, in stage -IV of 100% quota free era (49%) (2005-2007), the aggregate BRCA indices were high, followed by stage-III of quota elimination (18%) (2002-2004), stage-II of quota elimination (17%) (1998-2001) and stage-I of quota elimination (16%) (1995-1997), in the era of global economic crisis, the percentage share of textile import was more when compared with all the stages.
Countries like UK, USA and Australia were found to be completely away from enjoying comparative advantage and fell in class ‘a’(comparative disadvantage) throughout all the stages. 

Medium comparative advantage(class ‘c’) was observed in countries namely Portugal(stage -I and III of quota elimination(16%)(1995-1997), Portugal and Sweden(stage III and during global economic crisis). 

Out of five stages Belgium-Luxembourg, Germany, Austria, Portugal, Italy and France were in class ‘b’ ‘(weak comparative disadvantage).Ireland was found to be the only country in the second stage of quota liberalization and during the stage of global economic crisis established itself as an economy enjoying strong comparative advantage (class’d’). 

Out of five stages Austria, Italy and Belgium-Luxembourg showed their competitive strength in all the stages since WRCA>0. 

The percentage share of WRCA indices of textile import showed that across the major importing countries WRCA>0 indicated that all the countries were able to gain net comparative advantage in the merchandise trade during the reference period under study. It ranged between 1.30 percent and 12.55 percent across major importing countries. The maximum share was obtained by Portugal and the minimum was obtained by Australia. 

Across different stages of quota liberalization of the study period WRCA>0 was obtained by Belgium-Luxembourg, Italy and Portugal in stage-I. Greece, Italy and Portugal, in stage-II, Germany and Netherlands in stage-III, Germany and Netherlands in stage-IV. During global economic crisis era, across the importing countries the net comparative advantage WRCA>0 was gained by Belgium-Luxembourg, Germany and Netherlands. Though there were less symptoms of competitiveness across countries the aggregate figures showed positive trend across countries. 

Austria, France and Portugal were marching towards perfect IIT(Intra-Industry Trade) in textile import at the end of each stage not only in
V. Impact of quota liberalization and global economic crisis on clothing import stage-wise across major importing countries

Stage-wise per centage share of import in clothing was extremely high for Finland (169.82 per cent) in stage-I, USA (219.15 per cent) in stage-II, Sweden (63.36 per cent) in stage-III and Greece (58.91 per cent) in stage-IV.

Compound growth rates estimated across major importing countries of clothing showed that it was high for Portugal (28.82 per cent), followed by Sweden (20.22 per cent), France (17.48 per cent), Australia (9.90 per cent), Austria and Germany (4.71 per cent), USA (4.33 per cent), Denmark and UK (2.32 per cent), Finland (1.85 per cent) which were statistically significant at 5 per cent level. Rest of the countries share was showing negative growth rates.

France and Germany maintained their BRCA ranks invariably in all the stages of quota liberalization and global economic crisis respectively first and fifth rank. The gainers in terms of comparative advantage were Ireland (10th to 2nd), Portugal (13th to 3rd), Spain (15th to 13th), Sweden (8th to 4th) and Australia (16th to 10th). The remaining importers of clothing namely Austria, Finland, Greece, Netherlands, Spain, Belgium-Luxembourg, Denmark, Italy, UK, USA and Australia had revealed loss of their ranks from stage-1 to stage-IV of quota liberalization and during global economic crisis period.

The percentage of BRCA indices calculated for importers of clothing showed that across the stages it was maximum for the period referred to as global economic crisis registering total BRCA as 194.17. This was followed by stage-IV (124.92), stage-III (118.30), second stage (64.74) and stage –I (52.17).

Country-wise advantage gained from clothing import showed that Germany was sharing to the extent of 131.34 per cent, which was the highest share and minimum share by Belgium-Luxembourg, 3.73 per cent.
Class -wise and stage -wise interpretation of BRCA indices for clothing import across major importing countries explained the fact that strong comparative advantage(class ‘d’) in almost all the stages was enjoyed by Germany.

Number of countries having comparative disadvantage (class ‘a’) ranged between 7-9 among the stages of analysis. Weak comparative disadvantage (class ‘b’) was observed in 5-8 countries.

Medium comparative advantage (class ‘c’) was enjoyed by France in the stage of global economic crisis. Invariably Belgium-Luxembourg, Finland, Italy, Netherlands, Spain and Australia fell under Class ‘a’(comparative disadvantage) and Austria, Greece, UK and USA fell under Class ‘b’(weak comparative disadvantage).

Across different stages only in stage –I of quota liberalization (16%) all the importers of clothing could maintain WRCA>0 (net comparative advantage) with positive per centage share. On the other hand the aggregate WRCA indices were positive only during that stage.

The G-L indices based on the absolute figures of clothing import across major importing countries stage- wiseshowed that none of the countries could show immediate chances of moving towards perfect intra- industry trade except Belgium-Luxembourg. This was proved during the stage- III, and stage- IV of quota liberalization and in the stage of global economic crisis. The other countries exhibited mixed indices either increase/decrease across the stages and across the countries.

VI. Opinion on impact of quota liberalization and global economic crisis on the export performance of the selected hosiery export units of Tirupur

- Nearly 87 per cent (86.70 per cent) of the units were sole proprietor, the remaining were partnership firms (10 per cent) and companies (3.30 per cent).
- Sixty eight per cent (68.33 per cent) of the units were their manufacturing in India and the remaining 31.65 per cent of the exporters were their manufacturing units abroad.
Fifty three per cent (53.33 per cent) of the exporters were exporting their finished products to European Union, 20 per cent to USA and the remaining 16.70 per cent and 10 per cent of the exporters were exporting to Middle East and Oceanic countries respectively.

The major importer of their items was UK.

The categories of items exported, ranged between 83.33 per cent and 86.11 per cent across the items. Out of this 80 – 97 per cent of the items were meant for women, children and girls and around 47-74 per cent was meant for men and boys.

Out of many opinions on the impact of quota liberalization, expansion of market base, catering to fashion demands, easy shift of labour and capital in production and change in the attitude of employees had gained first rank across the impact factors had the mean values 4.74, 4.57, 4.64 and 4.20 respectively.

Decrease in employability, increase in cost of imports, wage reductions, transfer of workers to other firms and inflation were the major problems which the exporters of hosiery units in Tirupur faced during the global economic crisis.

Cronbach’s alpha was high for both the opinions of the units selected for the study. This showed that the data had satisfactory internal consistency and therefore could be used for further analysis.

The variables expansion of market base, ability to produce customized products, high value additions, price competitiveness, catering to fashion demands, lead times, flexibility in production and more supply of low-cost labour were grouped as factor I and it accounted for 22.578 per cent of the total variance. The variables effectiveness in order, adoption of latest technology, provision of eco-label standards and easy shift of labor and capital in production constituted the factor ii and it accounted for 13.037 per cent of the total variance.

The variables timely supply, adhering to quality standards, ability to manufacture a wide range of products and change in attitude of employees were grouped as factor III and it accounted for 8.133 per
cent of the total variance. The variables changes in buyer-seller relationship and increase in customer satisfaction were grouped as factor IV and it accounted for 6.733 per cent of the total variance. The variable trust & reliability, maintaining corporate social responsibility (labour standards), production capacity (optimization) and new opportunities for the inception of production units were grouped as factor V and it accounted for 6.222 per cent of the total variance.

The variables decrease in production, decrease in employability, reduction in income, mounting credits, increase in cost of imports, reduction in daily working hours, granting open leave to permanent workers, increase in unpaid additional work hours and energy crisis were grouped as factor I and it accounted for 18.558 per cent of the total variance. The variable slowdown in global demand, wage reductions and cancellation of monthly incentives and increase in raw material (Cotton) price constituted factor II and it accounted for 13.518 per cent of the total variance.

The variable instability of US dollar values, reduction in export realization, stoppage of new hiring, cancellation of extra pay and allowances, reduction of social and other benefits and inflation were grouped as factor III and it accounted for 11.513 per cent of the total variance. The variables decreases in investment, laying off temporary workers and transfer of workers to other firms were grouped as factor IV and it accounted for 9.508 per cent of the total variance. The variable cut in expenditures on machinery & equipment, buildings, training and R&D was grouped as factor V and it accounted for 8.503 per cent of the total variance.

According to regression model- II Tolerance levels and variation inflation factor (VIF) values were within acceptable range for both the opinions. The results did not indicate multi-collinearity among the variables, since the tolerance value was substantially above .10 and the VIF was smaller than 0.5. The overall model fit for regression equation was determined by F-statistics. The model indicated positive and statistically significant relationship.
➢ The results indicated that 93.6 percent of variations in independent variable (impact of quota liberalization) were explained by independent variables.

➢ There existed negative relation between dependent variable (impact of quota liberalization and independent variables such as adhering to quality standards and effectiveness in order processing.

➢ Opinion about catering to fashion demands, timely supply, and attitude of employees had changed because of liberalization. Easy shift of labor and capital in production were found to be significant at five percent level.

➢ Statistically insignificant but positive relations were found in changes in buyer-seller relationship and lead time with the dependent variable.

➢ As per the regression models hypothesis framed stood rejected and the alternative hypothesis was accepted i.e. there existed differences in the opinion among the exporters about the impact of quota liberalization.

➢ Eighty eight percent of variations in dependent variable was explained only by independent variables included in the model relating to global economic crisis.

➢ Significant and positive relationships was found between instability of US dollar values, reduction in export realization, inflation, decrease in production, decrease in employability, decrease in investment, slowdown in global demand, cancellation of extra work in the firm, laying off temporary workers, wage reductions, and increase in raw material price (cotton) with the occurrence of global economic crisis. Negative relationship could be observed between impact of global economic crisis and energy crisis.

➢ Hypothesis framed stood rejected and the alternative hypothesis was accepted i.e. there existed differences in the opinion among the exporters about the impact of global economic crisis.

CONCLUSION
This study examined mainly two aspects. The first one is related with the dynamic comparative advantages, competitive advantages and trade pattern in textile and clothing trade among a selected country groups at the macro level. The second one is related with the impact on hosiery export units of Tirupur district located in India at the micro level. The findings make the following contributions. Firstly, the study computed Balassa Revealed Comparative Advantage (BRCA) and Whites Revealed Competitive Advantage (WRCA) indices for exporters and importers in textiles and clothing stage wise, an effort that has not been made in literature so far, however, this provides useful analytical platform for examining dynamics in comparative advantage involving a wider range of countries and for industries such as textile and clothing that remain significant concerns for many economies.

Secondly, although the empirical findings of this study reconfirm that comparative advantage in trade of textiles and clothing has been generally tilted towards developing economies, the results specifically indicated that developing economies seem to possess more comparative advantage in clothing trade. The estimated Grubel–Lloyd (G-L) indices showed that trade in textiles in the developed countries has been mainly of intra-industry type and that a high proportion of these economies swayed towards IIT. In contrast, it was found that there has been no evidence of IIT in clothing in most of the developing economies. Also, the magnitude of IIT in clothing trade has declined for a significant number of countries. This means that the exporters of textile economies towards textiles trade is based on product differentiation, while clothing exporters moved towards clothing trade based on comparative advantage. These results suggested that for the trading nations, the policy focus in textiles should be on exploitation of forms of competition, such as product differentiation sourced from quality and design, rather than comparative advantage. Conversely, in clothing trade, policies should be directed towards sustaining comparative advantage with cost-minimising strategies. While the developing nations seem to have succeeded in acquiring comparative advantage, there should be a concern of sustenance for many of these economies, as indicated in this study. For these economies, with escalating competition from 2005 onwards, factors such as just-in-time and
efficient dispatch of products, entrepreneurial networking are likely to be increasingly important to determine their global market shares.

Thirdly, based on the negative impacts of global economic crisis on the export performance of the sample hosiery units, the following measures are suggested to manage the problem:

1. Keeping a buffer stock of cotton so that the availability of cotton could be maintained and the speculation in the cotton prices could also be avoided.
2. Revising the drawback rates for garment made out of cotton.
3. Extension of duty free access only for the garment manufactured out of yarn fabric.
4. Banks to provide the following measures to tackle the current situation such as moratorium for a period of one year in repayment of term loan and interest, waiver from payment of interest for one year as a special case and restructuring of the loans without any additional provision to be done by the banks and
5. Twenty four hours uninterrupted power supply required for export units.

AREAS OF FURTHER RESEARCH

1. Country-Specific structure and determinants of Intra-Industry Trade (IIT) in textiles and clothing.
3. Examining how country specific income levels correlate with their comparative advantages at the aggregate level.
4. Negative impacts of quota liberalization can also be taken as an area of research at the micro level.