India’s Textile Industry in the Liberalized Economic Regime

- An Appraisal of Growth, Productivity and Technology

The study attempted to analyze the impact of trade liberalization and textile policies on growth, factor productivities, sources of productivity growth and Technical progress of Indian textile industry during pre and post-reform and post-MFA regime. The study is exploratory in nature and covers the period 1980-81 to 2009-10. All textile manufacturing units covered by Annual Survey of Industries (ASI) have been included for the purpose of analysis. For the purpose of inter product group analysis, the product groups were classified as per 3 and 4 digits level of NIC (National Industrial Classification) code 1987, 1998 and data pertaining to all these units for the period 1980-81 to 2009-10 have been collected. The entire period is divided into three phases as pre-liberalization period (1980-81 to 1991-92) post-liberalization period (1992-93 to 2005-06) and post-MFA regime (2005-06 to 2009-10). At the time of study, ASI data were available only till 2004-05 and then data were extrapolated for the year 2005-06 to 2009-10.

The objectives of the study are addressed to the theoretical postulates relating to Growth, Partial Factor Productivity, Total Factor Productivity and Technical Progress in Indian Textile Industry. It as well intended to study inter and intra-product group Growth in the pre-liberalization, post-liberalization and post-MFA regime and to estimate partial and total factor productivity. The estimation of the Technological and Technical progress in the pre-liberalization, post-liberalization and post-MFA regime is also a stated objective. Another important objective is to study and formulate development strategies for the Textile industry.

Considering the objectives of the present study, appropriate statistical tools have been used to process data. Prior to these statistical analyzes, the data were grouped and indexed using Least Squares method, Solow index etc. The study has been organized in seven chapters. Finally the study concludes that the growth rate of the industry witnessed a healthy trend in a protective environment rather than in a liberalized regime. The labour productivity scenario is impressive during post-liberalization and post MFA period, the total factor productivity scenario in the liberalized regime seems to be relatively lower vis-à-vis protected environment. The technical change is non-neutral in all the periods. The capital saving or labour using technology is found in 2 product groups and the labour saving technology is found in 7 product groups during pre liberalization period. Post-
liberalization period has lead to adoption of capital saving or labour using technology is found in 3 product groups and labour saving technology in 6 product groups.

The situation in post-liberalization regime is replicated in post-MFA regime.