ABSTRACT

Given the multiplicity of socio economic and political permutations and combinations, every country endeavours to protect and nurture its own interest first and thus, often lead to conflicting situations. International trade is becoming complex and highly competitive activity, which is influenced by the multiplicity of factors with diverse and conflicting interests. In the process of serving their own interest, the countries often create hindrances and try to lessen imports while provide subsidies and other benefits to their exporters for promoting them to export more.

The countries, world over, are adopting various strategies to develop their industries and services in such a way so that they become self-sufficient and still generate some exportable surpluses. In the process many countries have obstructed the inflow of goods and services from abroad, while many countries are gradually opening up their markets and are trying to compete and beat them in the market.

These efforts have generated a relatively a newer concept of economic regionalism. A few such examples are EEC, African common market, OPEC and perhaps the newly formed commonwealth of Independent state (CIS) etc. These regional groups were formed by different countries with different objectives. For instances, OPEC and commonwealth of independent states were primarily formed to protect their domestic market and industry. On the other hand regional groups
are also formed to cooperate and share their resources, so as to make optimum use of it. The former approach was protective in nature and is relatively counter productive as against this the later approach is positive one and has far reaching influence on the world trade. The concept of custom union and common markets have brought economies together, helped them to utilize their resources optimally and increased their bargaining leverage in the world market. Such economic unification's have even influenced the consumption and production patterns in the domestic market and also had a bearing on the composition and direction of the foreign trade of all the member countries.

The occurrence of benefit of such regional economic unifications largely depends on the degree of unification. There are unions which are in fact paper horses rather than a reality and thus, the consequential benefits are negligible. On the other hand, a closer economic unification lead to optimal utilization of factor of production, technological sharing and their complementarity in terms of consumption as well as production. Such economic regional organization adopt the policy of free trade amongst themselves but largely follow a stringent commercial policy while trading with the outside world. **European Union (EU) is one such reality.** The member countries of this organization are committed for the growth and development of the region as a whole. On one ground or the other, they try to lessen their share of extra-EU trade while putting-in special strategic efforts to minimize the imports.

Passing of USSR into nothingness paved way for the end of cold war. The
world has become unipolar and the USA emerged as the sole leader, influencing the economic flows and activities. Many of the countries, world over, had to restructure their eco-political policies. India and the member nations of the EU were no exception. While formulating the hypothesis pertaining to this project it was clearly identified that EU, which has been selected for the study, hold plethora of opportunities for India's foreign trade. The European union has undoubtedly emerged as an important economic and trading entity of the world and it is becoming indispensable for India to redesign the strategies and policies. So as to penetrate sensitive but lucrative market of the EU.

India's import requirements are growing fast and keeping in mind the size of the country and the emerging protectionism, it is not likely that the aid flow will be to the extent of required volume. Thus India has to increase its exports to the world, which is blessed with abundance of natural resources and has attained substantial industrial growth. The country is capable to export the goods of traditional nature as well as other type of semi finished or finished goods. India, though not part of any regional organisation, but is located in its neighbourhood and has yet to reap the gains from the development in the region.

India due to its geo-political and geo-economic realities has not been able to become part of any economic regionalism. It is a common knowledge that the concept of Asian common Market never saw the light of the day and remained a concept only. It would not be preponderous on the part of the researcher to predict that such regional organization would not become a reality in the future too.
However, the absence of India’s association to any economic grouping is also a result of its non-alignment policy in the political sphere.

India is one of the second largest country amongst the third world which is characterized by its economic under development. Despite consistent and persistent efforts during the last half a century India has yet to become and important nation of the world commensurate with its size. India is making desperate efforts to diversify its trade to obtain better terms of trade and to enjoy higher trade gains. The European Union which have been selected for study in this project were not important trading partners in the past but they have great potentials and India’s trade with these countries is bound to assume importance in future.

The foregoing introductory paragraphs reveal that EU is the reality of the day. It is a live regional organization which is all committed to the regional growth and is considerably protective with the rest of the world. On the other hand, India is in dire need to increase its exports to the world. Considering the economic affluence and the consumption patterns of EU market, the opportunities seem to be huge. Based on scientific research findings and methodical analysis of the consumption behaviour will definitely see them the way for Indian exporters.

EU member country’s economies have rich attraction relating to their respective markets. These are the nations which are industrially developed and are quality conscious. However, as these nations are moving in hi-tech areas,
creating opportunities for the Indian exporters to take up the areas where the said opportunities exist. Moreover it need to be stressed that Indian exporters have to be careful about the quality of the goods at competitive price.

The member countries of EU are mostly scarce in natural resources. However, their geographical location and high degree of technological advancement transformed these nations amongst the economic giants of the world. They are accumulating trade surpluses over a long period of time and have amassed plethora of wealth. These factors put together and some international pressure to reduce trade surpluses, have definitely led to structural changes in the domestic economies of the member countries which in turn has increased consumerism and consequently higher imports.

However, it need to be stressed entering into EU market will not by very easy to penetrate, given the fact that the member nations have substantially strong inter-regional trade. The countries are endowed with limited natural resources, but still complement each other to a great extent. There is free flow of goods and services which provides an ample opportunity to the producer in terms of huge and affluent market.

There is free flow of labour facilitating the skill, technical know how and professionalism in all the member countries. This facilitates optimum level of efficiency and professionalism in the industries located in any of the member countries. Consequently, the level of quality of the product and price there of is
highly competitive. Needless to say that free flow of capital also facilitates capital intensive, automation and high tech, virtually in all the countries.

Therefore, before entering into the EU market, India needs to make a honest SWOT analysis (Strengths, Weaknesses, Opportunities and Threats). In order to facilitate this, the thesis also covered the structure of Indian economy and the changes which have been brought about during the plan period. This structural aspect of the economy has been dealt with special reference to India's foreign trade. India has been facing foreign exchange crisis since independence and despite all monetary and fixed measures we have not been able to attain a favourable balance of payments position. Even a number of doses of devaluation have not succeeded in overcoming the foreign exchange crisis.

It is a world wide phenomenon that the rate of growth of economies is lesser than the growth of nations' foreign trade. Thus, there is a constant increase in the percentage of gross national products going into foreign trade. However, in the case of India's trade relations this growth is relatively low and the rate of increase in exports is somewhat slower than that of imports. Like other countries India too had certain items of exports including textile. The weakness and problems of the Indian textile industries and then constant efforts made by the government to improve and protect this industry, as it is a major export earner for the nation have also been dealt with, at appropriate place.

While identifying the weakness and threats abroad, it was opined by the
researcher that the quality is the most vital issue to be addressed by the Indian exporters. They have to give up the attitude of compromising the quality issue. They have to develop a strategy of a well studied segmentation of European Union market and then developed various grades of products so as to beat the consumers expectations and ensure their satisfaction.

Further considering the approach of the competitors Indian exporters necessarily need to address the cost issue as well. The researcher feels that the government need to streamline and lessen the procedural work and delays, facilitate the availability of raw material of international standards of cost and between the two economic entities i.e. India and EU is highly erratic. Infact the detail of 90's is the period of restructuring consolidation and development of the union itself. While the Indian exporters took time to give up their skepticism, to understand the newer policies of EU and finally, to consolidate and strengthen their trade relations.

The project has also covered the details of export of textile products to EU nations. It is heartening to note that India is flaring well in the export of textile items. They are successfully competing with the European textile industry which
poses itself to be the producer of very high quality goods suitable for the consumers of European market, while Indian produces are fighting neck to neck. However, being a labour intensive industry, India has an obvious advantage when compared to the goods produced within EU itself but when compared to neighbouring competitors, India still need to go far.

In this project the researcher has also attempted to give certain suggestions to increase Indian export to EU with special reference to textile products.

The first suggestions is ofcourse the production and supply of high quality goods at competitive prices. The products should be developed in various grades providing auction of cost-quality combination to the customers of different segments.

While collecting the primary data and relevant information it has repeatedly been noticed by the researcher that Indian exporters are often reluctant to venture into newer and smaller market like Netherlands, Belgium etc. They also do not seem willing to honour small orders. This approach create hindrance in developing newer relations and customers. Thus, this is suggested that Indian exporters should try to honour smaller projects and should keep on identifying the new market and customers continuously. This should further be coupled with the publicity and sales promotional efforts pertaining to their produces. In this process they should also take care with regard to proper packaging and delivering schedules.
To cap it all it is also suggested that the government should also play a parental role with the exporter of the nation by providing them the single window support in terms of facilitating research based data pertaining to the EU market, supply of raw material, electricity, transportation, insurance and banking services at nominal possible prices. The researcher feels that the said suggestions if taken care of by the exporters, their exports would grow at a much faster rate and they would not only be able to penetrate the market but also rule the market. This would initiate the era of trade surpluses and such availability of foreign earning would further put the nation on the trajectory of growth and development.