

# Evolution of Indian Clothing Trade With The World and Various Trade Blocs and The Abolition of The Quota System

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**Abstract - Indian clothing trade today in the global context is much different from what it was when the Indian market was still subject to various boundations like the quota system, and the foreign trade policy was still underdeveloped. Since then, trade has been liberalized and the quotas done away with. The 12<sup>th</sup> Five Year Plan further encourages this exchange of goods and economy. Eleven Export Promotion Councils have been set up to represent all segments of textiles and clothing sector and promote their growth. Various trade blocs have come up globally, and India's liaison with them has grown over the years. In this paper, all these multifarious policy changes have been examined in detail. The growth of Indian trade volume over the years has been charted, and its progression been pitted against these various policy changes. The evolution of Indian clothing trade has been attributed to the way the global policy scenario has evolved. A recent decline in trade growth brought about due to the recession in the year 2012-13 gave way to numerous multilateral agreements between India and its trading partners. MERCOSUR, ANDEAN, NAFTA, EU, ASEAN, COMESA, SADC, ECOWAS, CEMAC, ECCAS and WAEMU are various trade blocs acting as India's trading partners. The trade between India and these trade blocs has been assessed, and the growth over the years charted to graphically present the change in clothing exports and imports over the years. The study proves that the abolition of quota led to substantial increase in the Indian clothing trade. The bilateral agreements signed in 2012-2013 led to growth in clothing trade in the year 2013-2014. The study also goes on to identify ASEAN, EU and NAFTA as India's major T&C trading partners.**

**Key words: India, Clothing Trade, Trade Blocs, Quota, Free Trade Agreements, EU, ASEAN, ANDEAN, MERCOSUR, NAFTA, COMESA, SADC, ECOWAS, CEMAC, ECCAS, WAEMU**

## 1. INTRODUCTION

The purpose of this study is to understand that the abolition of the quota system led to substantial increase in the Indian clothing trade volumes. The study further focuses on the bilateral agreements signed in the year 2012-2013, and how effective they have been in boosting clothing trade for India with its trade partners. This study aims at identifying the core

markets for Indian clothing trade versus the relatively lean markets. The growth in trade volume percentage-wise has also been assessed.

The textiles industry in India accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for nearly 11% share of the country's total exports basket. India is a major exporting country as far as textile sector is concerned and not dependent on import. Majority of import takes place for re-export or special requirement. In the global exports of clothing, India ranked as the ninth largest exporter as per WTO data – 2012, with China, EU and Hong Kong occupying first three slots. In the global exports of Textiles, India ranked as the third largest exporter, trailing China and EU (Government of India Ministry of Textiles (International Trade Section)). The Twelfth Plan hopes to make the manufacturing sector an engine of growth, capable of generating about 100 million work opportunities by 2022. In order to enhance the employment contribution of labour intensive sectors like textiles and clothing, government has put supportive policies in place. To generate greater overall employment, T&C sector is permitted to adjust its labour force in response to fluctuations in demand (12<sup>th</sup> Five Year Plan).

The Export & Import of Clothing during 2013-14 was as under:-

Export	2012-13	2013-14*	Growth in percentage
	US\$ Million	US\$ Million	US\$ Million
Clothing	13833	16843	21.76%
% Clothing Exports of overall exports	4.6%	5.38%	
India's overall exports	300400.68	312610.30	

Source: DGCI&S (2014)

Provisional

Import	2013 - 2014  (as per DoC (Department of Commerce) data)
Clothing Import	US\$ 522 million

### 1.1. Exports Scenario

Indian Clothing exports had witnessed a decline of 5.72 per cent in the year 2012-13 as the world emerged from the shadows of a grim recessionary period (2012-13). Therefore the year 2013-14 began with the challenge of controlling the damage to the Indian Clothing exports scenario, since it served as a means of providing gainful employment to millions of people in the country. To address this issue the Ministry of Textiles undertook a multipronged mitigation strategy. It stepped up its external economic engagement and negotiated a number of bilateral agreements to gain significant market access. Certain provisions in the Foreign Trade Policy and other policy initiatives enabled the sector to increase its market share in the global clothing trade basket (Government of India Ministry of Textiles (International Trade Section)).

These efforts by the Ministry of Textiles did not only manage to arrest the declining trend of clothing exports but recorded a significant growth during 2013-14. A growth of 21.76 per cent was registered in Clothing exports during FY 2013-14 in USD terms. Readymade Garments registered a growth of 16 per cent in USD terms (Government of India Ministry of Textiles (International Trade Section)).

### 1.2. Import Scenario

Indian clothing products imports during the Financial Year 2012-13 amounted to USD 403 million. In the Financial Year 2013-14 (Apr-Dec), Indian imports have been of the order of 522 million.

## 2. AGREEMENTS AND POLICIES

### 2.1. QUOTA

Prior to the liberalization of Textiles and Clothing trade, export from developing countries to developed countries was subject to selective quantitative restrictions to protect the

industry of the importing country. The General Agreement on Tariffs and Trade over a period of 47 years facilitated world trade with a view to bind tariffs and foster liberalization. But as world trade grew complex the General Agreement was found wanting and the Multifibre Arrangement (MFA) was drafted to carry forward liberalization of textiles and clothing trade more effectively. In 1994 the Multifibre Arrangement gave way to **the WTO Agreement on Textiles and Clothing (ATC), a ten year liberalization process that was undertaken to remove the existing quota in stages.** This liberalization reshaped trade across the globe in the global textiles and clothing markets. As a leading participant in this trade, India too was directly affected by these policy changes (Nordas, 2004).

In the liberalized post-quota period, India has emerged as a major sourcing destination for buyers all around the globe. A number of reputed buyers like Marks and Spencer, Haggard Clothing, Kellwood, Little Label, Castle etc., have opened their liaison offices in India (Government of India Ministry of Textiles (International Trade Section)).

### 2.2. EXPORT PROMOTION COUNCILS

There are eleven textiles Exports Promotion Councils representing all segments of the Textiles & Clothing sector, viz. readymade garments, cotton, silk, jute, wool, powerloom, handloom, handicrafts, carpets. These Councils work in close cooperation with the Ministry of Textiles and other Ministries to promote the growth of their respective sector in the global export markets. The Councils participate in textiles and clothing fairs and exhibitions in India and abroad as well as mount standalone shows in India and abroad to enhance the markets of their respective sectors. These councils are:-

- i) Apparel Export Promotion Council (AEPC)
- ii) The Cotton Textiles Export Promotion Council (Texprocil)
- iii) The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC)
- iv) Wool & Woollen Export Promotion Council (WWEPC)
- v) Wool Industry Export Promotion Organization (WOOLTEXPRO)
- vi) Indian Silk Export Promotion Council (ISEPC)

- vii) Carpet Export Promotion Council (CEPC)
- viii) Export Promotion Council for Handicrafts (EPCH)
- ix) Powerloom Development & Export Promotion Council (PDEXCIL)
- x) Handloom Export Promotion Council (HEPC)
- xi) Jute Product Development Export Promotion Council (JPDEPC)

During the year 2013-14, the EPCs continued export promotion activities of textiles exports. These included participation in overseas exhibitions/fairs, organization of Buyer-seller-Meets (BSMs) abroad and, sponsoring trade delegations for consolidating the existing markets and exploring new markets. Major textiles fairs like India International Garment Fair and Indian Handicrafts & Gifts Fair attracted large number of buyers from all over the world. The EPCs participated in all major fairs & exhibition world-wide, and Textiles Mega Shows were jointly put up in Japan, South Africa, Latin America etc., with the support of the Government (Government of India Ministry of Textiles (International Trade Section)).

### 2.3. FREE TRADE AGREEMENTS

#### ANDEAN

The ANDEAN Community is a trade bloc or an intergovernmental organization created by Bolivia, Peru, Colombia and Ecuador. Chile, Argentina, Brazil, Paraguay and Uruguay are associate members while Panama, Mexico and Spain are observers. The headquarters of CAN are located in Lima, Peru. It came into existence in 1969 with the signing of the Cartagena Agreement and was called the Andean Pact until 1996. The Andean Community and Mercosur comprise the two main trading blocs in South America (Latin America Trade Opportunities).

#### MERCOSUR

Also known as the Common Market of the South, Mercosur is a trade bloc agreement between Argentina, Brazil, Paraguay and Uruguay. It was established under the Treaty of Asuncion in March 1991 and was then expanded under the Treaty of OuroPreto in 1994, which set up a formal customs union. Its main objective is to enable the free movement of goods, capital, services and people among its member states.

It is headquartered in Montevideo and its official languages are Portuguese and Spanish. Bolivia, Chile, Colombia, Ecuador and Peru are its associate members and while they are able to join free-trade agreements, they do not receive the benefits of the customs union (Mercosur, Global Edge).

#### ASEAN

The Association of South East Asian Nations (ASEAN) was first formed in 1967 by the Bangkok Declaration, but it wasn't until 1992 that it became an economic entity when the ASEAN Free Trade Area (AFTA) was established. It is a trade bloc supporting local manufacturing in all ASEAN countries. The AFTA now comprises of the ten countries of ASEAN, namely, Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam, Laos, Myanmar and Cambodia. AFTA's main objectives are to increase ASEAN's competitive edge as a production base in the world market through the elimination of tariffs and non-tariffs trade barriers (within ASEAN) and to attract more foreign direct investment (FDI) (Kwan & Qiu, 2010).

#### EU

The European Union was set up in 1950 by six founders, namely, Belgium, France, Germany, Italy, Luxembourg and the Netherlands with the aim to unite European countries economically and politically in order to secure lasting peace. The EU countries do not charge custom duties when trading with each other and have a joint control over food production. In 1986 the Single European Act was signed, enabling free-flow of trade across EU borders. The 'Schengen' Agreement enables people to travel without having their passports checked at the borders, and the Euro became the common currency of the EU (History of the European Union).

#### NAFTA

The North American Free Trade Agreement (NAFTA) is an agreement signed by Canada, Mexico and the United States, and came into action on 1 January 1994 to establish a trilateral trade bloc in North America. It has headquarters in Mexico City, Ottawa and Washington DC (North American Free Trade Agreement).

#### COMESA

Common Market for Eastern and Southern Africa (COMESA) was formed in 1994 to replace the former

Preferential Trade Area (PTA). It is an organization of free independent sovereign states which have agreed to cooperate in developing their natural and human resources for the good of all their people. It has 19 member states, population of over 389 million spread over a geographical area of 12 million sq. km. in the African Continent (Common Market for Eastern and Southern Africa).

#### SADC

Southern African Development Community (SADC) came into effect on 17 August 1992, emerging from The Southern African Development Coordinating Conference (SADCC). It is a regional economic community comprising 15 member states: Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. It aims at economic development and ensuring peace and security (Southern African Development Community).

#### ECOWAS

Economic Community of West African States (ECOWAS) was established on May 28 1975 via the Treaty of Lagos. It is a 15 member regional group, comprising of Benin, Burkina Faso, Cape Verde, Cote d' Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Sierra Leone, Senegal and Togo. Its mandate is to promote economic integration in all fields of activity of the member nations (Economic Community of West African States).

#### CEMAC

Central African Economic and Monetary Community (CEMAC) is made up of six states: Gabon, Cameroon, the Central African Republic (CAR), Chad, the Republic of the Congo and Equatorial Guinea. It was created in 1994 and became operational with the treaty's ratification in 1999, with the aim to promote cooperation and exchange among its members (International Democracy Watch).

#### ECCAS

Economic Community of Central African States (ECCAS) was established on October 18, 1983 for the promotion and strengthening of harmonious cooperation and a dynamic, balanced and self-sustaining development in all areas of economic and social activity in order to achieve collective self-reliance and raise the standard of living of the population. It

promotes peace and stability in Central Africa and supports the electoral process in the member states. It has ten member countries, namely, Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon, Sao Tome and Principe (United Nations, Economic Commission for Africa).

#### WAEMU

West African Economic and Monetary Union (WAEMU) aims at working toward greater regional integration with unified external tariffs. It has a common accounting system, periodic reviews of member countries' macroeconomic policies based on convergence criteria, a regional stock exchange, and the legal and regulatory framework for a regional banking system. It has eight member states: Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo (West African Economic and Monetary Union, Office of the United States Trade Representative).

### 3. OBJECTIVES

This research has the following objectives:

- (1) To map the growth and evolution of Indian clothing trade volumes with the world since 1990.
- (2) To map the substantial increase in Indian clothing trade volumes with the world due to the abolition of quota, or selective quantitative restrictions.
- (3) To map the growth and evolution of Indian clothing trade volumes with various trade blocs over the years.

### 4. DATA ANALYSIS

Spanning decades, various policy changes, both international and national, have affected Indian clothing trade. The ties connecting India to the world have evolved over the years. Be it abolition of the quota system, bilateral agreements, or the formation of various trade blocs, Indian clothing trade has matured into a multi-faceted phenomenon. The surge in trade volume enjoys complex relationships with the various factors affecting it and cannot be credited to one motivation alone.

#### 4.1. GROWTH AND EVOLUTION OF INDIAN CLOTHING TRADE VOLUMES WITH THE WORLD SINCE 1990

TABLE 1: India Clothing Exports & Imports to the World

YEAR	EXPORTS (In USD million)	IMPORTS (In USD million)
	CLOTHING	CLOTHING
1990	2530	2
1991	2527	2
1992	3099	4
1993	2970	3
1994	3701	4
1995	4110	6
1996	4217	9
1997	4343	9
1998	4782	13
1999	5153	19
2000	5965	22
2001	5488	44
2002	5832	27
2003	6315	43
2004	6926	40
2005	8739	62
2006	9564	88
2007	9930	127
2008	10968	170
2009	12005	155
2010	11229	236
2011	14672	364
2012	13833	403
2013	16843	522

SOURCE: WTO DATABASE



SOURCE: WTO DATABASE

4.1.1. INDIAN T&C TRADE GROWTH FROM 1990 TO 2013 IN THREE PHASES (1990-1994, 1995-2005, 2005-2013)

1990 - 1994

The Indian Clothing Exports industry grew by 46.3 per cent from 1990 to 1994 with a compound annual growth rate (CAGR) of 7.9 per cent. In 1994 the Clothing exports stood at USD 3.7 billion. The imports industry on the other hand was thus. The Clothing Imports industry grew by 100 per cent from 1990 to 1994 with a compound annual growth rate (CAGR) of 14.87 per cent. In 1994 the Clothing imports stood at USD 0.004 billion.

1995 - 2005

It may be noted that from 1995 to 2005 the Indian Clothing Exports industry grew by 68.5 per cent expanding annually at a compound annual growth rate (CAGR) of 5.4 per cent. Clothing imports grew by 566.66 per cent at a compound annual growth rate (CAGR) of 21 per cent.

2005-2013

From 2005 to 2013, Clothing exports grew by 92.73 per cent, growing at a compound annual growth rate (CAGR) of 7.56 per cent. In the year 2013-2014, Clothing exports stood at USD 16.84 billion (International Trade Statistics WTO, 2014). In this same period, Clothing imports grew by 741.93 per cent, growing at a compound annual growth rate (CAGR) of 26.7 per cent. In the year 2013-2014 Clothing imports volume was USD 0.522 billion.



SOURCE: WTO DATABASE

4.1.2. INDIA TO WORLD, ANNUAL TRADE GROWTH FROM 1990 TO 2013

The growth in Clothing exports and imports have been calculated for every year.

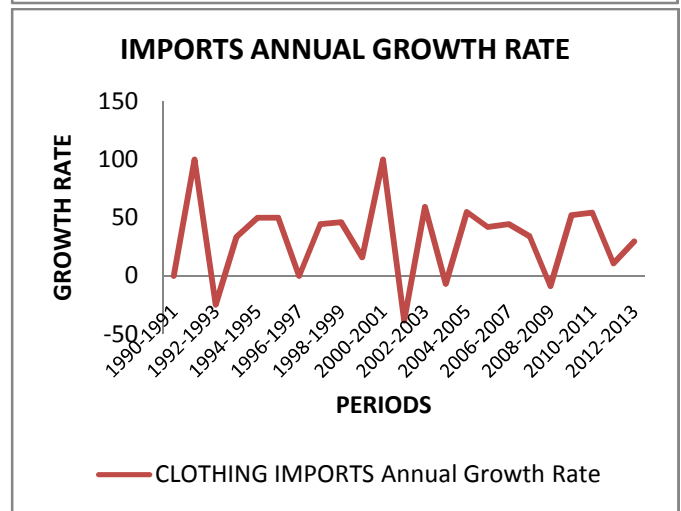
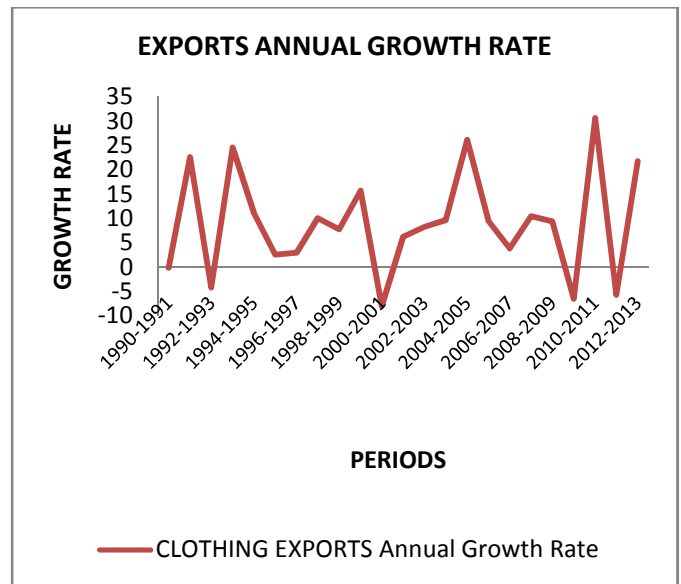
TABLE 2: India To World Clothing Trade Growth Every Year (in percentage)

PERIOD	EXPORTS (in %)	IMPORTS (in %)
	CLOTHING	CLOTHING
1990-1991	-0.11858	0
1991-1992	22.63554	100
1992-1993	-4.16263	-25
1993-1994	24.61279	33.33333
1994-1995	11.05107	50
1995-1996	2.603406	50
1996-1997	2.987906	0
1997-1998	10.10822	44.44444
1998-1999	7.75826	46.15385
1999-2000	15.75781	15.78947
2000-2001	-7.99665	100
2001-2002	6.268222	-38.6364
2002-2003	8.281893	59.25926
2003-2004	9.675376	-6.97674
2004-2005	26.17673	55
2005-2006	9.440439	41.93548
2006-2007	3.826851	44.31818
2007-2008	10.45317	33.85827
2008-2009	9.454778	-8.82353
2009-2010	-6.46397	52.25806
2010-2011	30.66168	54.23729
2011-2012	-5.71838	10.71429
2012-2013	21.75956	29.52854

4.2.1. UNTIL 1994

Up until the end of 1994 clothing trade was still governed by the norms of the MFA. Trade between India and the rest of the world was subject to various quotas, this limited the growth of the Clothing industry.

It was after this, in 1995 that the WTO Agreement on Textiles and Clothing came into effect as an effort to liberalize T&C world trade (International Trade Statistics WTO, 2013).



4.2 AFFECT OF ABOLITION OF QUOTA ON INDIAN CLOTHING TRADE

4.2.2. 1995-2005

This was a ten year time period when the ATC was implemented in 3 stages of 3 years, 4 years and 3 years. As the restrictions were done away with and more and more commodities were integrated into GATT 1994, trade volume expanded as the world became a free market to trade in.

1995-1998

On 1 January 1995 Stage I of the ATC came into effect. During Stage I of the ATC from 1995 to 1998, the Indian Clothing Exports industry grew by 5.7 per cent at a compound annual growth rate (CAGR) of 1.85 per cent. By the end of 1997, the Clothing exports volume stood at USD

4.3 billion. The Indian Clothing imports on the other hand grew by 50 per cent. By the end of 1997, the clothing imports stood at USD 9million.

*1998-2002*

Stage II of ATC came into effect on 1 January 1998. During Stage II of the ATC from 1998 to 2002, the Indian Clothing Exports industry expanded by 14.7 per cent, growing at a compound annual growth rate (CAGR) of 3.5 per cent. Clothing imports grew by 238.46 per cent, a compound annual growth rate (CAGR) of 35.63 per cent. By the end of Stage II, the Clothing exports volume stood at USD 5.48 billion; Clothing imports at USD 44 million.

*2002-2005*

Stage III of ATC came into effect on 1 January 2002. During Stage III of the ATC from 2002 to 2005, the Indian Clothing Exports industry expanded by 18.8 per cent, growing at a compound annual growth rate (CAGR) of 5.9 per cent. Clothing imports had grown by 48.15 per cent at a compound annual growth rate (CAGR) of 14 per cent. At the end of Stage III of the ATC on 1 January 2005 when it was terminated, India's Clothing exports volume stood at USD 7 billion; clothing imports at USD 40 million.

The Indian Clothing Exports industry grew from USD 3.7 billion to USD 7 billion; clothing imports grew from USD 4 million to USD 40 million (International Trade Statistics WTO, 2013).

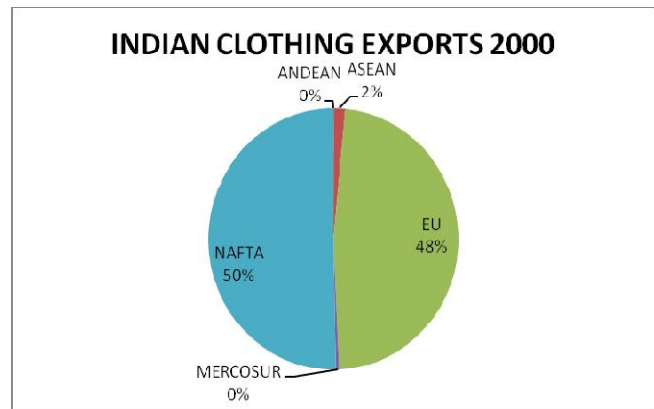
4.2.3. 2005-2013

On 1 January 2005 the ATC was terminated and all the remaining products were integrated for their trade to be henceforth governed by the rules of the GATT. Liberalized, Clothing trade no longer suffered from the quotas that had pre-existed.

4.3 INDIAN CLOTHING TRADE WITH VARIOUS TRADE BLOCS

4.3.1. MARKET SHARES IN 2000

In the year 2000, majority of the Clothing exports went to NAFTA which occupied 50 per cent of the total exports, 48 per cent went to EU, 2 per cent went to ASEAN while no clothing was exported to either ANDEAN or MERCOSUR (International Trade Statistics WTO, 2013).



SOURCE: WTO DATABASE

Clothing imports on the other hand saw EU as the major player, comprising 62 per cent of the total market share, after that ASEAN stood at 28 per cent and NAFTA at 10 per cent.



SOURCE: WTO DATABASE

4.3.2. EVOLUTION IN TRADE VOLUMES AND MARKET SHARES FROM 2000-2013

We split the period between 2000 and 2013 into three periods, 2000-2002, 2002-2005 and 2005-2013. We do so in order to examine the change in Indian clothing trade with the various trade blocs in accordance with the changes in the quota restrictions. The first phase, 2000-2002 falls while Stage II of ATC is still in effect (data prior to the year 2000 is unavailable and hence could not be analyzed). The second phase, 2002-2005 witnesses Stage III of ATC. The third phase, 2005-2013 is the post ATC period.

*2000-2002*

From 2000 to 2002, trade volumes changed thus:

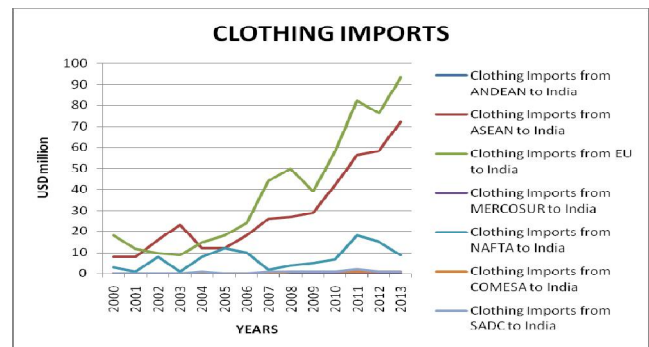
- Clothing exports from India to the ANDEAN Community surged from USD 2 million to USD 4 million. There were no imports from ANDEAN to India.
- Clothing exports to MERCOSUR stood at USD 21 million, and increased by USD 8 million in 2002.
- Clothing trade volume to NAFTA increased from USD 2445 million to USD 2536 million. Clothing imports marginally expanded from USD 3 million to USD 8 million.
- Clothing exports to the European Union expanded from USD 2321 million to USD 2595 million. Clothing imports from USD 18 million fell to USD 10 million.
- India's clothing trade with the ASEAN trade bloc did not see much difference during this period. From USD 72 million (clothing exports) to USD 97 million. And from USD 8 million to USD 16 million (clothing imports).
- No clothing exports and imports took place between India and COMESA.
- India did not import or export clothing to SADC.

- Of this total trade volume, India was exporting Clothing worth USD 62million to the ANDEAN Community in the year 2013-2014.
- With MERCOSUR the statistics were thus. Clothing exports from India stood at USD 197 million with no imports.
- With NAFTA the figures were thus. India was exporting clothing to the value of USD 4065million, and importing clothing worth USD 9million.
- Clothing exports to the EU stood at USD 6151million in the year 2011-12 while imports had surged to USD 93million in in the year 2012-13.
- Indian clothing exports to the ASEAN trade bloc had transcended to a massive USD 202million. Imports from these nations amounted to USD 72million (clothing) (International Trade Statistics WTO, 2013).
- India was importing clothing worth USD 1 million from COMESA.
- India was importing clothing worth USD 1 million from SADC.

2002-2005

From 2002 to 2005, trade volumes changed thus:

- Clothing exports from India to the ANDEAN Community grew to USD 6 million.
- In the other South American trade bloc, MERCOSUR, clothing exports from India stood at USD 25 million.
- India was importing clothing worth USD 12 million from NAFTA in 2005, and exporting clothing worth USD 3805 million.
- Clothing exports to the EU surged to USD 4440 million. Clothing imports on the other hand remained unchanged at USD 18 million from the year 2000.
- Indian clothing exports to the ASEAN nations stood at USD 122 million, while imports were valued at USD 12 million.
- No clothing trade took place with COMESA and SADC



SOURCE: WTO DATABASE



SOURCE: WTO DATABASE

2005-2013

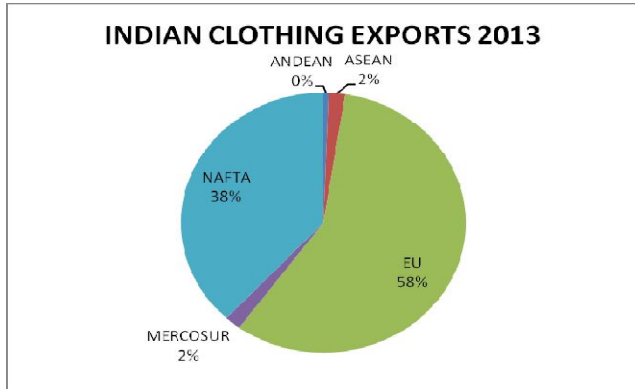
From 2005 to 2013, trade volumes changed thus:

4.3.3. MARKET SHARES IN 2013

The market shares of these various trading partners may be reviewed to reveal how Indian trade with the world had

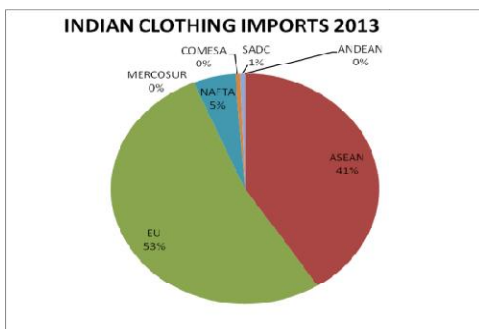


changed since 2000. In the year 2013-2014, the statistics were such. Of the total Indian clothing exports, 58 per cent went to EU, 38 per cent to NAFTA, 2 per cent to MERCOSUR, and 2 per cent to ASEAN (International Trade Statistics WTO, 2013).



SOURCE: WTO DATABASE

The imports scenario was slightly different. 53 per cent of the total clothing imports came from EU, 41 per cent from ASEAN, 5 per cent from NAFTA, and 1 per cent from SADC (International Trade Statistics WTO, 2013).



SOURCE: WTO DATABASE

## 5. RESULTS

### 5.1. OBJECTIVE 1:

*To map the growth and evolution of Indian clothing trade volumes with the world since 1990.*

1990-2013

India's clothing trade growth with the world seen from the year 1990 to 2013 may be put thus.

- Clothing exports surged from USD 2.53 billion in 1990 to USD 16.843 billion in 2013, expanding by 565.73 per cent, at a compound annual growth rate (CAGR) of 8.2 per cent.

- While clothing imports changed from USD 2 million in 1990 to USD 522 million in 2013, growing by 26000 per cent at a compound annual growth rate (CAGR) of 26 per cent.

Mapping and analyzing the percentage growth in clothing imports and exports every year reveals the following results:

- In the Indian Clothing exports market, the maximum growth rate in a year has been 30.6 per cent, seen in the years 2010 to 2011.
- In the Indian Clothing exports market, the minimum growth rate in a year has been -7.9 per cent, i.e., trade declined by 7.9 per cent from the year 2000 to the year 2001.
- In the Indian Clothing imports market, the maximum growth rate in a year has been 100 per cent, seen in the years 1991 to 1992, and 2000 to 2001.
- In the Indian Clothing imports market, the minimum growth rate in a year has been -38.6 per cent, i.e., trade declined by 38.6 per cent from the year 2001 to the year 2002.

### 5.2. OBJECTIVE 2:

*To map the substantial increase in Indian clothing trade volumes with the world due to the abolition of quota, or selective quantitative restrictions.*

The abolition of the quota began in 1995 when ATC was put into action and went on till 2005.

- From 1995 to 2005, Clothing exports grew by 68.5 per cent, growing at a compound annual growth rate (CAGR) of 5.36 per cent. In this same period, Clothing imports grew by 566.6 per cent, growing at a compound annual growth rate (CAGR) of 20.9 per cent.
- From 2005 to 2013, Clothing exports grew by 92.73 per cent, growing at a compound annual growth rate (CAGR) of 7.56 per cent. In this same period, Clothing imports grew by 741.93 per cent, growing at a compound annual growth rate (CAGR) of 26.7 per cent.

Hence we can conclude that the abolition of selective quantitative restrictions led to a substantial increase in Indian clothing trade volumes with the world.

### 5.3. OBJECTIVE 3:

*To map the growth and evolution of Indian clothing trade volumes with various trade blocs over the years.*

India's trade with its various trading partners may be summarised thus. Since the data is only available from the year 2000, the statistics from 2000 to 2013 reveal the following:

- MERCOSUR
  - Clothing exports increased from USD 21 million in 2000 to USD 197 million in 2013. Growing by 838.1 per cent, at a compound annual growth rate (CAGR) of 17.3 per cent.
  - No clothing has ever been imported from this region till date and the revenue remains nil.
- ANDEAN
  - Clothing exports increased from USD 2 million in 2000 to USD 62 million in 2013. Growing by 3000 per cent, at a compound annual growth rate (CAGR) of 27.8 per cent.
  - No clothing imports have ever taken place with this trade bloc.
- NAFTA
  - Clothing exports surged from USD 2.5 billion in 2000 to USD 4.06 billion in 2013. Growing by 62.4 per cent, at a compound annual growth rate (CAGR) of 3.5 per cent.
  - Clothing imports went from USD 3 million in 2000 to USD 9 million in 2013. Growing by 200 per cent, at a compound annual growth rate (CAGR) of 8.16 per cent.
- EUROPEAN UNION
  - Clothing exports went from USD 2.3 billion in 2000 to USD 6.15 billion in 2013. Growing by 167.4 per cent, at a compound annual growth rate (CAGR) of 7.3 per cent.
  - Clothing imports surged from USD 18 million in 2000 to USD 93 million in 2013. Growing by 416.6 per cent, at a compound annual growth rate (CAGR) of 12.4 per cent.
- ASEAN

- Clothing exports surged from USD 72 million in 2000 to USD 202 million in 2013. Growing by 180.5 per cent, at a compound annual growth rate (CAGR) of per 7.6 cent.
- Clothing imports increased from USD 8 million in 2000 to USD 72 million in 2013. Growing by 800 per cent, at a compound annual growth rate (CAGR) of 16.9 per cent.

- COMESA
  - No clothing has ever been exported to this trade bloc from India.
  - Clothing imports increased from nil in 2000 to USD 1 million in 2013.
- SADC
  - No clothing has ever been exported to this trade bloc from India.
  - Clothing imports surged marginally from nil in 2000 to USD 1 million in 2013.
- ECOWAS
  - No significant trade activity with this trade bloc.
- CEMAC
  - No significant trade activity with this trade bloc.
- ECCAS
  - No significant trade activity with this trade bloc.
- WAEMU
  - No significant trade activity with this trade bloc.

### 6. CONCLUSION

The study shows how the Indian clothing trade with the world has evolved over the years, aided by multifarious policy changes. The abolition of the quota system and the riddance of selective quantitative restrictions paved way for India to trade freely with likely contenders. The Agreement on Textiles and Clothing from 1995 to 2005 liberalized trade from all shackles. There are eleven export promotion councils, set up to represent all segments of textiles and clothing sector viz. readymade garments, cotton, silk, jute, wool, powerloom, handloom, handicrafts, carpets. These Councils work closely with the Ministry of Textiles and other Ministries to promote the growth of their respective sector in the global export markets.

This study brings various inferences to the fore:

- In the clothing exports arena, NAFTA and the European Union are the major markets.
- In the clothing imports arena, ASEAN and the European Union are the major markets, while NAFTA is a minor but important market.
- MERCOSUR and ANDEAN being South American trade blocs, it can be said that India virtually imports no Clothing from South America.
- COMESA, SADC, ECOWAS, CEMAC, ECCAS and WAEMU are all trade blocs from the continent of Africa. From the data analysis it can be concluded that India does not export clothing to Africa.
- India imports virtually no clothing from ECOWAS, CEMAC, ECCAS and WAEMU.
- The data reveals that India exercises no Clothing trade with ECOWAS, CEMAC, ECCAS and WAEMU.
- In the Indian Clothing exports market the growth rate has been fluctuating in the range of 30.6 per cent to -7.9 per cent.
- In the Indian Clothing imports market the growth rate has been fluctuating in the range of 100 per cent to -38.6 per cent.

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