



COMPETITIVENESS OF INDIAN TEXTILE INDUSTRY UNDER WTO REGIME

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ABSTRACT

Global textiles trade had been restricted for almost fifty years by quotas, in their various forms and under different regimes. On January 1, 1995, MFA was replaced by WTO Agreement on textile and Clothing (ATC), with a commitment to a 10 years transitional process for the ultimate removal of these quotas and fully integrating the sector into WTO rules by Jan. 1 2005. With dismantling of the quota system in January 2005, the structure of worldwide trade in textiles also marked a significant turnaround after this period, as all the textile and clothing products can be traded globally without quota-restrictions. The dismantling of the quota regime symbolizes both an opportunity as well as a threat. It can be an opportunity for the reason that markets will no longer be restricted and, also the domestic market will be exposed to competition. Continued existence and success in such turbulent times depends a lot on competitiveness of the concerned industry. Thus, winds of change blowing in the domestic & international market prompted a need to carryout an extensive study to ascertain the impact of WTO Agreement (Textile & Clothing) on the Indian Textile Industry. The core objective of this research paper is to evaluate the overall competitiveness of the textile Industry. Porter's four diamond model has been incorporated with five forces of porter to analyze the industry thoroughly. The study aims at drawing the suitable strategies to improve the competitiveness of Indian Textile Industry under the changed scenario).