Export Performance and Potential of Ready—to—Wear Garments to USA in Post—LTA Scenario

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I. Introduction

THE TEXTILE AND ready-to-wear garment industry in India has a unique place in the Indian economy owing to the fact that it is highest contributor of foreign exchange earnings. It contributes 4% of India’s GDP, more than 14% of the industrial output, accounts for nearly 12% share of the country’s total exports basket and 17 percent to the country’s export earnings, and provides employment to about 35 million people. The textiles sector is the second largest provider of employment after agriculture.

The Long Term Agreement (LTA) was signed in 1962 regarding international trade in cotton textiles which underwent several renewals and was subsequently replaced by the Multi fiber Agreement (MFA) in 1974. The quantitative restrictions of MFA finally abolished in January 1, 2005, also known as post-quota.

The thesis examines the effect of free trade in textile and RMG (readymade garments) after quotas abolition in 2005 on the ready-to-wear garments to USA, and tries to analyze the export potential of the Indian ready-to-wear garments industry to USA by examining the recent export performance of this industry.

II. The Study : Objective, Hypothesis and Methodology

2.1 The Objectives of the Study
i. To examine the recent trends in Indian industry of ready to wear garments in the background of the global developments.

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