

Abstract of Doctoral Dissertation

Impact of Global Recession on the Export Performance of Apparel Industry in Tirupur¹

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I. Introduction

THE EXPORT SECTOR is one of the pivotal sectors for developed economies in the world and which has been profoundly adopted by developing countries like China, South Africa, Brazil, Indonesia, Pakistan and India since 1980s. Exports mean selling the home country's goods and services in other countries (Kumar, 2007). Economies throughout the world engage in international trade (export and import) to gain from it. Resource-rich countries and resource deficit countries are compelled to trade. Oil-rich countries like Iran, Saudi Arabia, Iraq, United Arab Emirates etc., have crude oil in abundance but lack fertile land and they export crude petroleum and import agricultural commodities. According to Adam Smith (1776), countries gain from trade when it is the cheapest producer (absolute advantage) of a good than any other country. The theory of absolute advantage suggests that countries should produce and export the surplus of goods in which they have the absolute advantage and import whatever else they need from other countries. David Ricardo (1817), Bertil Ohlin (1933) & Eli Heckscher (1919), Raymond Vernon (1966), Posner (1961) explained that trade is beneficial to all participating economies and for the world economy too.

The nations benefit in the form of foreign exchange earnings, employment generation, better utilization of resources, technology transfer, better quality in goods and services, increased revenue for the government, and improved standard of living. Significantly, the export sector earns foreign exchange, the quantum of which gives an economy a strategic advantage or disadvantage. In fact, foreign exchange is essential for the import of any items especially, during crises like war or epidemic as the countries need to

1 The Thesis was submitted to Anna University, Chennai in November 2013, for the award of Ph. D Degree awarded in April 2014, under the supervision of Prof. Dr. R.Saravanan, Director, Sri Krishna College of Technology, School of Management, Kovaiipudhur, Coimbatore, Tamil Nadu 641042, INDIA

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- The exporters expect subsidy and information pertaining to product and market. Therefore, it is suggested to the Government of India that during these turbulent times of financial crisis, it is natural that the exporters expect more monetary rewards, exporters shall be given monetary incentives based on turnover. It is suggested to the Director General of Foreign Trade (DGFT) that since the exporters expect more and authentic information about product, technology and market, the existing institutional framework could be reworked to meet the changing need and expectations of apparel exporters.
- It is suggested to the Reserve Bank of India (RBI) that as the exchange rate has a positive (equilibrium) relation with exports, the fluctuation in the exchange rate and abnormal appreciations shall be curtailed in order to instill confidence in the minds of apparel exporters.

V. Conclusion

The study has found that the firms that were established before 1995 have shown better performance than the other group. Apart from the period of establishment, age-group of promoters, markets diversified, and brand ownership has a significant relationship with export performance. Among the internal factors, product quality, portfolio of products, and product-related factors have strongly influenced the export performance. In the external factors, logistics and banking service costs have a strong impact on the export performance of apparel exporters Tirupur. The secondary data analysis showed the extent to which the global recession has negatively affected the export performance of apparel exporters in Tirupur. It was also found that there is a long-run equilibrium (cointegration) relationship between apparel exports from Tirupur, textile imports by the EU and the USA. This also confirmed that apparel exporters had experienced the impact of the recession. It is suggested that there is a strong need to concentrate on premium products and also market diversification. The government shall consider giving soft loans, subsidies based on export performance, and dissemination of information related to the product, market and technology. Hence, researchers to find ways and means of reducing pollution through appropriate technology.

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