

Globalization and India – CEN’s Trade with special reference to Men's Shirts

Toni Sharma, Nalin Bharti

IIT Patna

tonisharma@gmail.com

Abstract: Post globalisation, India's trade to the majority of the developed countries in the world has increased significantly, out of which a significant part of the trade happens with Central European Nations (Austria, Czech Republic, Germany, Hungary, Poland, Slovak Republic, Slovenia and Switzerland). Trade between these two entities is highly complementary. There is scarce commonality between what India exports to Central European Nations (CEN) and vice versa. India is one of the biggest exporter of textiles and apparel in the world of which one fourth of India's exports happens with European Union. Post MFA, India's exports to CEN has been increasing gradually, notwithstanding the fact that India is not one of the 'preferred' nations for EU. It's interesting to note that India shares a more than cordial relation with most of the Central European Nations which implies a possibility of increased trade. Another fact is that India's apparel exports to the CEN forms a very small percentage of the total apparel imports of CEN. This percentage share can be increased with the help of better understanding and collaboration between India and CEN, both at the macro as well as the micro level. Keeping in line with this, the research paper focuses on India's apparel exports in general and men's shirts in particular. Men's Shirts forms a significant part of total apparel exports of India but this product occupies the lowest rung in India's apparel export to CEN despite the fact that CEN imports men's shirts in huge volumes. Men's Shirts hold a peculiar position in that there is a lower level of variation in terms of textiles used, the value additions, etc. as compared to other apparel categories. This simplicity is helpful when initiating a research in a particular area which can then be extended to more complex products. This research paper involves analysis of the trade between India and CEN for the ten year period (2006-07 to 2015-16) from which the effects of globalisation processes can be seen from close quarters. The data reveals that the export of men's shirt from India to CEN is fairly correlated with the overall exports of India to CEN. The research reveals that India, being one of the favourite destination for global apparel sourcing for the entire world, can be used as a solution to the local problems of a few nations belonging to CEN which will act as a support amidst the turmoil facing Europe in the recent times.

Keywords: India, Central European Nations, textile and apparel trade, exports, globalisation, Men's shirts.

1 Introduction

There have been major changes in the way individuals and nations have been trading with each other. Post World War II there have been a number of changes in the global trade and today with the advent of technology and free flow of information, the international trade has grown multiple times. The globe also saw the formation of international organisations like World Trade Organisation, IMF and others through efforts of the pioneering nations to bring the world together on a single platform in order to increase and improve trade by way of discussions and building consensus around the basic as well as critical issues.

Textiles and apparel happens to be the saviour for most of the developed and developing nations post-World War II. While the developed nations went on to build heavy industries accompanied with cutting edge technology, the labour intensive textile and apparel industry gradually shifted from the developed nations to the underdeveloped nations.

Central Europe and India are currently attracting significant attention because of the technological advantages, cost effectiveness, market demand and availability of resources. Both India and the CEN have tided through rough waters and maintained comparatively steady growth rates in bygone decade. Their strategy of concentrating on trade diversification in terms of commodities as well as partners, has paid off well. The trade data reveals that currently India and CEN are not prominent trade partners with each other despite the fact that India exports to CEN chiefly comprises of primary goods (garments and textiles, fabrics, yarns and footwear, etc.) while CEN supply to India is predominantly machinery and equipment, iron and steel, auto-components equipment for energy sector, pharmaceutical products and gold. It is clearly evident that trade between India and CEN are highly complementary and research suggests that even more opportunities can be taken in the future to promote greater amounts of exports from India to CEN. A closer look at the structure of the respective economies, the policy framework of the governments and their plan for the future shows that both India and CEN can capitalise on the immense possibilities to augment the mutual trade and investment for the benefit of both the regions. CEN can focus on India's stronghold in the fields of textiles and apparel, which, if explored further, can boost India's exports to Central Europe (Deloitte, 2014).

2 Literature Review

Globalization is reflected in the interconnectedness of the people and nations of the world, its emergence largely due attributed to the huge reduction in the transportation and communication costs, and the thawing away of the sovereign barriers to the movement of goods, services, people, knowledge and capital across the national limits (Stiglitz, 2003). Globalisation is commonly referred to the

process by which national and regional economies, societies, and cultures have become integrated through the global network of trade, communication, immigration and transportation.

Globalization is the panacea, the potent force that brings with it the most desired social good for all parts of the globe, bringing down the anti-globalization movement. The developing and least developed nations may experience better levels of prosperity in terms of improved literacy rates, reduced child labor, and enrichment of women's lives (Bhagwati, 2004). Globalisation today includes the integration of economies, industries, markets, cultures and policy-making around the world. Related to globalization are innumerable theories, ideas and concepts and till date there has been no consensus on a singular meaning of globalization.

Rarely used till few decades ago, globalization has today become an often used term. Globalization is the phenomenon, the single most potent reason why we continue to increasingly live in one world while we become more and more interdependent (Giddens, 2009). Globalisation today not only includes trade, foreign direct investment, international capital flows but also culture, media, technology, socio-cultural, political, and even biological factors, e.g. climate change. Roland Robertson (1997) through his work on glocalisation emphasised on the cultural globalisation. He stated, "Globalisation is the compression of the world and the intensification of consciousness of the world as a whole. Glocalisation is the means through which a global product is transformed into another shape in order to meet the needs of local consumers".

Globalisation is reflected in rapid pace with which the global economy has been aggregating in the recent times, the amalgamation which has essentially led to the rise of liberal global financial markets and multinational corporations. (Barnett and Cavanagh, 1994). One of the most potent and also the most important factor is the drastic decrease in the communications costs which has led to the emergence of IT and other services outsourced to low cost countries and thereby bringing to life global work teams in the true sense. Castells (1996) averred that globalisation finds its essence in the shift of emphasis from post-industrialism to informationalism, the technological basis of economic activity and social organisation.

The globe has witnessed unprecedented levels of immigration around the world, the movement primarily characterised by flow from the developing nations to the developed ones, especially to USA and Europe. Giddens (1990, 1999, 2009) defined globalisation as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa. Giddens too primarily focused on the political, social and economic globalisation.

The world today is moving towards the free movement of factors of production in such a way so as to give rise to free markets which are characterised by its hyper competitiveness - for buying inputs from one big supplying market as well as for selling output to one big consuming market, both markets a part of one big free

market. One of the proponents of globalisation, Friedman (1999) opined that globalization is fuelled by the principle of free-market capitalism. The underlying implication was *laissez faire* — if you let the market forces rule and if you open your economy and embrace free trade and competition, your economy shall become more capable and thereby thrive in the highly competitive environment.

It may be noted that globalizing processes affect and are affected by business and work organization, economics, socio-cultural resources, and the natural environment. Dalby (2007) said, "If you want humongous changes in economic, political and social sphere of a nation, globalization is the means to that end. It represents a gamut of changes that the various aspects of the society undergo".

Interestingly, it has been seen that the academic and research community are divided on the premise that globalisation is good for the economy of a nation and the global markets as a whole. Not everyone is pro-globalisation and pro-free markets. Wallerstein (1989) showed through his analysis of the history of the capitalist world system that globalisation has brought about a skewed development in which economic and social disparities between sections of the world economy have increased rather than provided prosperity for all. Bhagwati (2008), although in favour of free trade went on to elaborate upon the adverse effects of preferential trade agreements being used by developed nations to thwart the opportunities which the developing nations had due to natural competencies. Being an avid proponent of free trade, Bhagwati (2002) cautioned the ill effects of providing unbridled free markets that had caused havoc in the developing nations by the entry of MNCs and financial conglomerates from the developed nations. Stiglitz (2003), in the same lines does not believe that globalization and technological changes are at the heart of differences in wealth in the U.S. While he promotes the idea that globalization and free markets are good for society if it is competitive, he states that the government needs to regulate it to be beneficial.

Most of the researches related to Europe have focused on EU 28 which comprises of nations at various development stages. Keeping in view a more focused approach, the countries lying in the middle of Europe have been considered. Central European Nations, also referred to as *Mittel Europa*, Middle Europe or Median Europe is a group of nations that lie in the middle of Europe. The term Central European Nations (CEN) is not a formal entity and it is more so based on the history and socio-cultural and economic factors. Out of the various predominant definitions of CEN, the countries which are included in most of the definitions are Germany, Poland, the Czech Republic, Austria, Slovakia, Slovenia, and Hungary. Some definitions include Switzerland and Croatia and then there are other definitions which include many more countries which are more of an outlier to middle Europe. For simplicity sake, the countries that have been included are Austria, Czech Republic, Germany, Hungary, Poland, Slovak Republic, Slovenia and Switzerland.



Image.source: map generated using website <http://map1.maploco.com>

Since the last few decades in particular, the textile and apparel trade has witnessed a continuous upswing which augurs well for those nations which rely heavily on apparel and textile exports. Verma (2002) studied India's competitive performance in the US and EU markets for textile and apparel categories that are important in Indian export basket, and has found that Indian exports to the EU and the US are, on the whole, export-competitive. Rapid industrialisation led to shift of textile and apparel industry from developed countries and to developing countries but the opportunity is mostly being grabbed by 'preferred' developing countries. India, as of now, is one of the restrained suppliers to EU. The disparity is evident from the fact that the total EU imports increased by 4.39% during 1990-2000, its imports from preferential suppliers grew by 8.95%, while that from restrained sources grew only by 4.9% (reflecting quota restraints).

The key findings by IBEF (2016) reveals that India is the 6th largest exporter of clothing in the world. It has abundant availability of raw materials (cotton, wool, silk and jute). It enjoys a comparative advantage in terms of skilled cheap manpower. All these factors are reflected in the growth of CAGR of 9.97% that Indian textile and clothing exports has witnessed in the bygone decade ending 2015. With the increased budgetary support of the Indian government in the areas of technology up-gradation, special economic zones, new Integrated Textile Parks, Mega Cluster Zones, faster clearance of import and export cargo, the textile and apparel exports is expected to increase to USD82 billion by 2021 and to USD65 billion by 2017 from USD41.4 billion in 2015 with a CAGR of 12.06%.

Wazir Advisors (2016) reveals that EU is one of the largest trading partners for India. India is one of the leading supplier of textile and apparel products to EU market. It has a share of 7.1% of the EU's total textile and apparel imports of US\$ 108 billion in 2014. India's exports to EU has increased from US\$ 7.3 billion in 2010 to US\$ 7.7 billion in 2014 at a CAGR of just 2%.

The removal of quantitative restrictions especially after 2002, India's textile and clothing exports grew at an impressive rate during 2002-2007 with growth in world trade in T&C. India's export of textiles and clothing has increased after 2004 when quantitative restrictions on textiles export stood discontinued. Data shows that in

spite of the fact that all quotas have been completely removed, Indian textiles exporters are still facing trade barriers from EU (Chaudhary, 2014).

Khorana (2011) in her research reveals that other than the tariff barriers that are faced by Indian exports to CEN, non-tariff barriers (NTBs) also have been the major hurdle. NTBs are mostly related to technical regulations, compliance with higher than minimum specified chemical limits, testing and certification requirements, packing and labeling rules, framework to guarantee the health and safety of the consumer or protection of the environment. Such requirements raise prices of imports in a way that is equivalent to a tariff. These NTBs can be addressed through a collaborative review of regulatory divergence and similarities between the EU and India as partner countries in order to improve, harmonise, and make the regulatory environment more predictable.

EU has given GSP status to India. India and EU started negotiating a Broad-based Trade and Investment Agreement (BTIA) in 2007. Till date 15 rounds of negotiations have been completed. If the FTA between India and EU follows through the results shall be mutually beneficial. The study titled 'Trade Sustainability Impact Assessment for the FTA between the EU and the Republic of India' (by ECORYS Netherlands, CUTS and Centad) reveals that the impact of the EU-India FTA on the textiles and apparel sector in India will be significant in terms of increasing market share, investment in R&D, technology transfer, efficiency and production of economies of scale.

India's total share in EU's trade stands at a meager 1.5% that includes both imports and exports implying that freer trade with India is not going to pose as a potential threat to the EU economies. On the other hand, EU's share in India's economy stands at a robust figure of 25% imports and 21% exports. One of the facts that India has spread its attention to a larger geographical area over the decade has lead to a fall in the share of the EU since the early 1990s (Mohapatra, 2015).

At this juncture, India is continuously making efforts to build its bridges with the individual nations and at the same time it is forging ties with the major trading blocs. It is the time when India and CEN can come together and build mutually beneficial agreements/arrangements to create mutual benefits that are sustainable in the long run.

3 Methodology

The primary aim of the paper is to analyse the data available from various sources pertaining to overall trade between (a) India and CEN, (b) India and World and (c) CEN and World. Data was extracted, sorted and fine tuned, the sources being primarily from Ministry of Commerce and Industry, Ministry of Textiles, Director General Foreign Trade, Government of India and global institutions viz. World

Trade Organisation, World Bank and Europages to evaluate trends in exports of Men's or Boys' shirt (HS Code 6205) and analyse the various correlation including for example (i) growth of Men's or BOYS' shirt exports with growth of India's total exports and (ii) growth of Men's or Boys' shirt exports with growth of India's overall textile and apparel exports. The data related to overall export and import between India and CEN was also extracted for the 10 year period of 2006-07 to 2015-16 to see the correlation between the two.

Statistical correlation has been used to evaluate the various export-import data. One set of such correlations is amongst India's (a) Total Exports (b) Textile & Apparel exports and (c) Men's shirts exports. Another correlation that has been evaluated is the correlation between the trade patterns of the eight countries belonging to CEN. Further, the analysis includes the correlation between India's trade versus CEN's trade over the period 2006-07 to 2015-16. These analyses help illustrate the effects of globalisation at a product level/micro level and gauge how well globalisation upholds or does not uphold its spirit of providing local solutions to the global aspirations and challenges.

4 Findings

4.1 Global Trade (2005-15)

Globalisation despite its virtues and vices has led to dramatic changes in the world trade, bringing increased trading activities amongst most of the enterprising nations which includes developed as well as developing nations. The proof lies in the trade figures. As per statistical data from WTO (2005), the global merchandise trade in 2005 stood at US\$ 10.7 trillion which led to a high of US\$19.3 trillion in 2014 before dipping to US\$16.6 trillion in 2015. The trade in commercial services followed a somewhat similar trend in the period 2005-2016 wherein the trade figure stood at US\$ 2.5 trillion in 2005 reaching a high of US\$ 4.9 trillion in 2014 before taking a bow to US\$ 4.7 trillion in 2015. Globalisation seems to be one of the major factors which has led to a major adjustment in the commodity prices as it declined during 2005-15. The world energy prices dropped by 45% in 2015 alone.

Contrary to the prevalent apprehensions about the vagaries of globalisation, Asia has done well along with Europe and North America and they together accounted for 88% in total merchandise trade of WTO members over the past ten years. Further, noteworthy is the fact that the share of developing economies in merchandise exports increased from 33% in 2005 to 42% in 2015. It is also peculiar to note that the exports from developing nations to developed nations has decreased from 55% to 43% during the decade whereas the exports amongst developing

nations has increased from 41% to 52%. (One of the factors for this dramatic change is the emergence of innumerable regional trading agreements.)

4.2 India's foreign trade

India's total exports, as per Ministry of Commerce, Government of India, for the period FY2015-16 stood at approximately USD 262 billion exporting 10,378 commodities to 220 partners in the 12 month period. Region wise, the highest exports were made to North America (USD 56.7 bn) followed closely by European Union (USD 56 bn) with West Asia finishing third at USD 52.7 billion negating the belief that globalisation would lead to further inequality between the developing and developed nations and that post opening up of the economies, the developed nations will not let the goods and services of developing nations to enter their markets. The trade data clearly shows that India being a developing nation, the majority of its exports are to the developed nations. Country wise, the highest exports were made to USA (USD 50.5 bn) followed by UAE (USD 38.7 bn) and Hong Kong (USD 15.4 bn) at second and third position respectively. India being a developing nation, its overall exports has been growing at a CAGR of 10.93% from FY 2006-07 to FY 2015-16 where the export value in FY 2006-07 stood at USD 103 bn and in FY 2015-16 stood at USD 262 bn.

4.3 CEN's foreign trade

CEN, although being a part of Europe has a somewhat different composition as compared with overall Europe. Within CEN also, the countries that have been chosen are diverse in that Germany and Switzerland are very strong economies as compared with other countries including the newly formed Slovenia and Slovakia. The total exports by CEN as per Ministry of Commerce, Government of India to the world stood at US\$ 3.95 trillion in 2006 and after reaching a high of US\$ 5.8 trillion in 2014 it dipped to US\$ 5.2 trillion. The trade data may not be very encouraging but these trade levels are despite the fact that the European Union has faced crisis after crisis in recent years. First it was the sovereign debt crisis, followed by bankruptcy and bailout measures of various sovereign states. Now the continent is reeling under an immigration and refugee crisis and Brexit has added to the list.

4.4 Global Textile Trade

The apparel industry is one of the first industries that ever came into being and it has guided all the other industries that came into existence thereafter. It's labour intensive industry which accommodates unskilled, semi-skilled and skilled labour force and requires comparatively very low levels of investments in machinery and equipments. This is one of the prime reasons why apparel manufacturing has been

the mainstay in almost all the developing countries. India has been one of the forerunners in this industry in the latter half of the 20th century. Post formation of WTO, there have been significant changes seen in the international trade and economic policies. With the abolition of quota and removal of Multi Fiber Agreement (MFA), apparel manufacturing countries were able to provide efficient solutions to the apparel needs of the competitive textile and clothing global market, China, Bangladesh and India being the forerunners in the post MFA era.

4.5 Indian Textile and Apparel Trade

With textile industry being the largest employer in India, it also contributes a significant portion (approx. 11%) of the total exports from India. India gained the market share in global textile trade primarily because of the fact that the textiles industry is labour intensive, requiring cheap labour with little prior experience. Due to this limited requirement of technical capabilities, textile trade currently employs about 40 million workers directly and further employs 60 million indirectly. India's overall textile exports during FY 2015-16 stood at US\$ 40 billion. India's Textile & Apparel exports as pre WTO has been growing at a CAGR of 7.58% from FY 2006-07 to FY 2015-16 where the export value in FY 2005-06 reached USD 18.4 bn and in FY 2015-16 stood at USD 35.5 bn. India's Textile & Apparel exports to Central European Nations has been experiencing rough waters as the export figures as per Ministry of Commerce, Government of India stood at USD 2.37 bn in FY 2014-15 which fell to USD 2.2 bn in FY 2015-16.

4.6 Men's Shirts exports to CEN

Men's shirts is one of the major product category in the apparel exports from India to the EU. Amongst the EU-28's Top 25 Imported T&A Commodities (ECORYS Netherlands, 2013) men's shirt occupies the fourth position. By virtue of being a men's product, the variations in this category is less than those demanded in women's wear. By focusing on men's shirts instead of any of the women's category the results of research shall be more accurate. The reason for higher accuracy has been illustrated by using the example of women's dress.

It may be noted that in case of India's exports of women's dress to the Western and Central European Nations, the growth rate of India's exports to Western European nations is more than exports to CEN. The underlying major reasons could be product related (fabric, value addition, quality, price, others) or it could be because of the trade relation that India has with the individual nations, or it could be a combination of both the factors. There could also be other factors which affect the trade between any two nations. The product related reasons could be that India can't make such women's wear (in terms of fabric, value addition, quality, price, others)

which is acceptable in CEN. In such a case the export volume will be low despite having good relation with CEN.

It may be noted that almost similar type of men's shirts are exported from India to different countries of CEN. In such a case, if Germany is buying men's shirts in large volume but same is not the case with Slovenia and Slovakia, the underlying reasons could be attributed more strongly to trade relations rather than the product itself.

India's Men's Shirtsⁱ exports (HS Code 6205) to the world has been growing at a CAGR of 4.48% from FY 2005-06 to FY 2015-16 where the export valueⁱⁱ in FY 2006-07 stood at USD 760.89 Mn and in FY 2015-16 stood at USD 1180.11 Mn. There is a sharp contrast seen in India's Men's Shirts (HS Code 6205) exports to Central European Nations which has been growing at a meager 0.93% (CAGR) in the period 2006-2016. The export value in FY 2006-07 stood at USD 92.29 Mn and barely grew to USD 100.31 Mn in FY 2015-16 which is not commensurate with the fact that India's overall exports to Central European Nations has been growing at a CAGR of 8.27% from FY 2006-07 to FY 2015-16 where the export value in FY 2006-07 stood at USD 5.22 bn and in FY 2015-16 stood at 10.67 bn. If the overall exports from India to CEN is growing at 8.27% then low exports of men's shirts to CEN is certainly because of factors other than trade relations.

5 Analysis

The broad framework for data collection upon which the research was based is as follows:

a) India vs. The World

INDIA	Total exports from India to the World →	WORLD
	Total exports from the World to India ←	
	Total textile and apparel exports from India to the World →	
	Total textile and apparel exports from the World to India ←	
	Total exports of men's shirts from India to the World →	
	Total exports of men's shirts from the World to India ←	

b) India vs. CEN

INDIA	Total exports from India to the CEN →	CEN
	Total exports from the CEN to India ←	
	Total textile and apparel exports from India to CEN →	
	Total textile and apparel exports from CEN to India (ZERO) ←	
	Total exports of men's shirts from India to CEN →	
	Total exports of men's shirts from CEN to India (ZERO) ←	

c) CEN vs. WORLD

CEN	Total exports from CEN to the World →	WORLD
	Total exports from the World to CEN ←	
	Total textile and apparel exports from CEN to World (ZERO) →	
	Total textile and apparel exports from the World to CEN ←	
	Total exports of men's shirts from CEN to the World (ZERO) →	
	Total exports of men's shirts from the World to CEN ←	

The above framework has been followed for the research, however, not all category of data was available at product/micro level. The data has been presented in the graph form as well as in table form.

5.1 India's overall exports and imports to the world



Figure 1

India's overall merchandise trade - EXPORTS & IMPORTS

[Source: World Trade Organisation]

It can be seen that India's overall exports to the world and import from the world have been steadily increasing marked by few downfalls in between. It may be noted here that the export and import figures have a very high correlation of 99%. This reflects one of the objectives of globalisation, that is, increased exports as well as imports for each country.

5.2 Overall exports of India to (a) CEN and (b) World

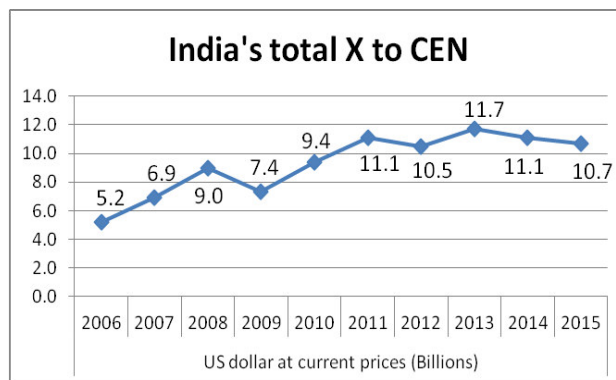


Figure 2a:

India's total exports to CEN

[Source: Ministry of Commerce, Government of India]

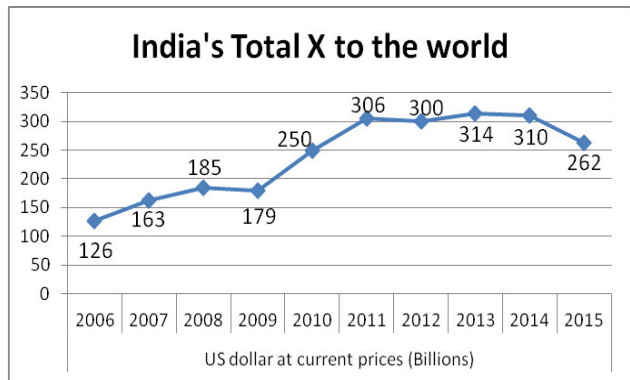


Figure 2b:
 India's total exports to the world
 [Source: Ministry of Commerce, Government of India]

It is evident that the exports from India to CEN over the 10-year period has seen an overall increase coupled with few dips in the volume. Similar trend can be seen in the figures pertaining to India's overall exports to the world. When the value of India's total exports to CEN is correlated with the value of India's overall exports to the world the value comes to a reasonably high figure of 96% correlation.

5.3 Apparel and Textiles exports of India to the world



Figure 3:
 India's total Textiles & Apparel exports to the world
 [Source: World Trade Organisation]

It can be clearly seen the exports of Textiles & Apparel from India to the rest of the world has increased gradually and has doubled in a time span of 10 years with a CAGR of 6.78%.

5.4 Exports of men's shirts (HS Code 6205) from India to the world

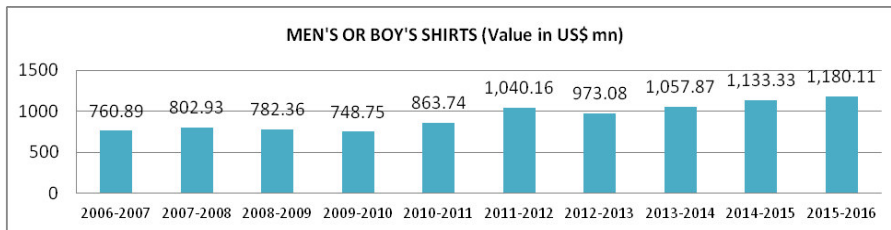


Figure 4:
 Exports of men's shirts (HS Code 6205) to the world
 [Source: Ministry of Commerce, Government of India]

The exports of Men's Shirts from India to the rest of the world has increased gradually with a CAGR of 4.5%, somewhat lesser than that of India's overall exports which increased with a CAGR of 8.15%.

5.5 Exports of men's shirts (HS Code 6205) from India to CEN

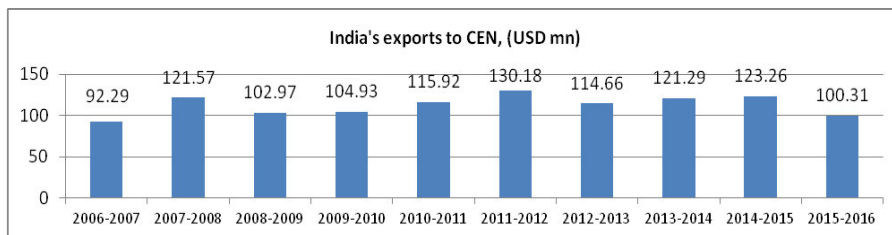


Figure 5:
 Exports of men's shirts (HS Code 6205) to CEN
 [Source: Ministry of Commerce, Government of India]

The exports of Men's Shirts from India to the CEN has witnessed a miniscule increase with a CAGR of 0.84%. It is a matter of concern to the Indian exporters as the imports by CEN from the rest of the world has increased at a CAGR of 2.53% in the corresponding period. Another matter of concern for CEN here is that textile and apparel exports from India to the rest of the world has been steadily increasing whereas CEN has not been capitalizing on the sourcing opportunity currently existing in India.

5.6 (a) Total exports from CEN to the World and (b) Total import from the World to CEN

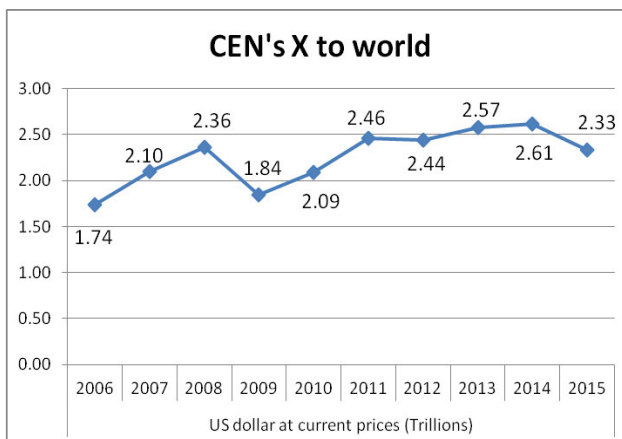


Figure 6a:
 Total exports from CEN to the World
 [Source: Ministry of Commerce, Government of India]

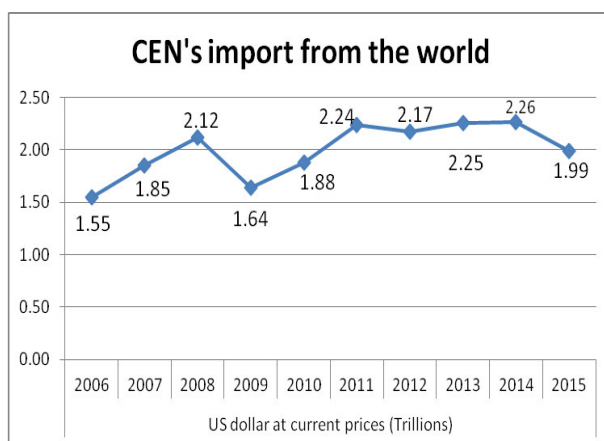


Figure 6b
 CEN's total import from the world
 [Source: Ministry of Commerce, Government of India]

It is evident that the exports from CEN to the World over the 10-year period has seen an overall increase coupled with few dips in the volume strikingly similar to the export pattern of India in the corresponding period thereby indicating towards

the gradual unification towards a unified world market. It can also be seen that there is striking similarity in the export and import growth rate of CEN. While CEN exports grew with a CAGR of 2.99%, the imports grew at a CAGR of 2.49% thereby recording an overall increase in net exports. The export and import of CEN have a very high correlation of 98.8%. It can be safely assumed that CEN faces a balanced trade environment when it comes to exporting or importing.

5.7 (a) Total exports from CEN to India and (b) Total exports from India to CEN

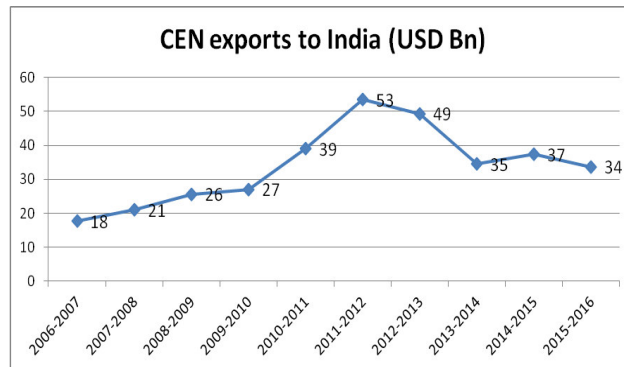


Figure 7a:
 Total exports from CEN to India
 [Source: World Trade Organisation]

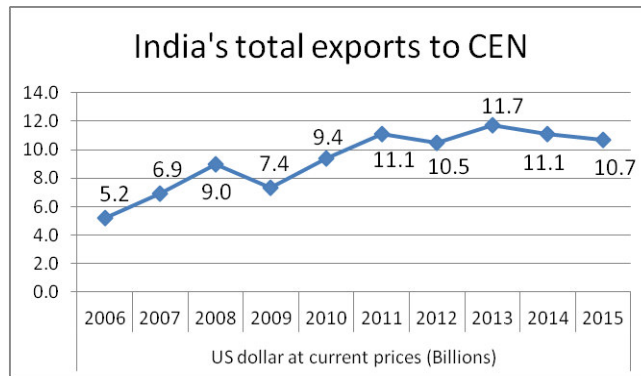


Figure 7b:
 Total exports from India to CEN
 [Source: World Trade Organisation]

It is evident that the exports from CEN to India over the 10-year period has seen an overall increase though exports to India has been gradually on the decline since 2011-12. During the same period, India's exports to CEN has been on the rise, though gradual, the trade figures post 2011-12 haven't declined so drastically. The overall growth of exports from CEN to India in the 10-year period (CAGR - 6.57%) is similar to India's exports to CEN (CAGR-7.48%). The graph clearly shows that the correlation between the exports and import from India to CEN is low as it stands at the level of 77.28%.

5.8 Export data of the top 10 commodities from (a) CEN to the world (b) CEN to India from 2006-2016

S.N.	Commodity	Value (USD Mn)
1	Manufactures	18,937,960
2	Machinery & transport equipment	10,102,632
3	Transport equipment	4,375,741
4	Chemicals	3,401,876
5	Automotive products	3,329,774
6	Agricultural products	1,532,276
7	Office and telecom equipment	1,478,713
8	Pharmaceuticals	1,382,859
9	Fuels and mining products	1,320,716
10	Food	1,302,935

S.N.	Commodity	Value (USD Mn)
1	Pearls and precious stones	41,223
2	Nuclear Reactor	10,057
3	Electrical machines	3,962
4	Optical, measuring instruments	2,927
5	Organic chemicals	2,221
6	Road vehicles	2,176
7	Plastics	1,690
8	Project goods	1,354
9	Iron and Steel	1,056
10	Miscellaneous	965

Table 1a
Top 10 Commodity-wise exports from CEN to the world

Table 1b:
Top 10 Commodity-wise exports from CEN to India

[Source: DGCIS, Ministry of Commerce, Government of India]

It is peculiar to see that the top 10 commodity being exported by CEN to the rest of the world has nothing in common with the top 10 commodities being exported by CEN to India.

5.9 Country-wise exports from Central European Nations to India over the 10-year period

The countries belonging to CEN are geographically located adjacent to each other and their factors of production carry greater commonality as compared with those of far of countries like countries in Asia. Given below are the graphic representation of the country wise exports to India.

(Figures in USD Mn)

SN	Country	YEAR									
		200 6-07	200 7-08	200 8-09	200 9-10	201 0-11	201 1-12	201 2-13	201 3-14	201 4-15	201 5-16
1	AUSTRIA	457	586	702	789	817	108 1	929	829	816	827
2	CZECH REPUBLIC	354	448	492	562	677	719	644	518	518	508
3	GERMANY	755 3	988 5	120 06	103 18	118 91	156 01	143 26	129 32	127 88	120 88
4	HUNGARY	117	114	190	195	343	437	263	220	240	243
5	POLAND	117	189	266	387	386	624	863	623	636	570
6	SLOVAK REP.	20	44	46	40	88	88	63	53	137	65
7	SLOVENIA	36	58	75	118	92	157	118	118	105	89
8	SWITZERL AND	914 4	975 8	118 70	146 98	248 02	347 59	321 67	193 11	221 33	192 99
CEN (Total)		177 97	210 81	256 47	271 09	390 96	534 67	493 73	346 04	373 72	336 88

Table 2:
Country-wise exports from Central European Nations to India
[Source: Ministry of Commerce, Government of India]

The correlation of the exports **from** individual countries of CEN to India **with** the overall exports from CEN to India has been calculated and tabulated to illustrate the variation in correlation.

Austria	Czech Republic	Germany	Hungary	Poland	Slovak Republic	Slovenia	Switzerland
0.937	0.887	0.925	0.892	0.853	0.614	0.842	0.994

Table 3

Correlation between 'Country wise exports to India' and 'Exports by CEN to India'

It may also be seen that the newly formed countries are the ones which have not exported as much to India as CEN as a unit has exported to India.

The data collected, compiled and analysed so far has lead to the formation of the correlation table as given below which reveals the various virtues and shortfalls of the globalisation processes that are currently operating in the India and CEN trade. The correlation between 'total exports from India to CEN' and 'total exports from CEN to India' over the ten year period stands at 0.773 which is very low as compared with other correlations given below.

S.N.	Correlation between		Correlation value (R square)
(i)	India's exports of men's shirts to the world	India's exports of men's shirts to CEN	0.842
(ii)	India's exports of men's shirts to the world	India's exports of Textiles and Apparel to the World	0.981
(iii)	India's Textile and Apparel Exports to the world	India's overall exports to the world	0.919
(iv)	India's Men's Shirts exports to the world	India's overall exports to the world	0.873
(v)	CEN total exports to the world	CEN total exports to India	0.633
(vi)	CEN - total imports	CEN - total imports from India	0.904

Table 4

Correlation table

The key correlations between various important global trade aspects of India, CEN and the World which have been calculated and tabulated above illustrate the following:

(i) The somewhat low correlation (R square = 0.842) between 'India's exports of men's shirts to the world' and 'India's exports of men's shirts to CEN' reveals the fact

that India as a sourcing hub has not been optimally used by CEN for sourcing of Men's shirts.

(ii) India's exports of Men's shirts is highly correlated with the textile and apparel exports of India to the world which shows that India's policy towards textile and apparel in general and men's shirts in particular is balanced.

(iii) India's Textile and Apparel Exports to the world has a slightly lower correlation with India's overall exports to the world reflecting the unequal growth in exports of textile and apparel when compared with export growth of agricultural and industrial products and exports of services.

(iv) India's men's shirts exports performance shows a serious shortfall when compared with India's overall exports.

(v) A correlation of 0.633 shows a clear cut gap between the exports from CEN to the world and exports from CEN to India. This may be because of lack of strategic ties between India and CEN and other related reasons. India happens to be one of the biggest consuming nation in the world and the entire world is concentrating on India as an exports destination which CEN has not yet capitalized on so far.

(vi) The correlation between total imports by CEN from the world and imports by CEN from India seems high in that the imports of CEN have increased nearly as much as imports of CEN have increased from India, but looking at various other correlations, there seems many such opportunities which CEN can grab hold of for a rapid economic growth and better integration with world trade.

6 Results

The study clearly shows that the trade patterns of individual countries of CEN are similar to that of India though India is situated far away from CEN. The data also reveals that there is very low level of commonality between the major commodities that are exported from India to CEN and the major commodities exported from CEN to India. This shows that countries make and sell those products which it can produce efficiently and they procure the other products which other countries can produce cheaper, thereby validating the argument of trade dynamism through globalisation.

The research also makes it amply evident that local problems like cost cutting, efficient sourcing, faster lead-times, survival amidst fierce global competition, etc. are addressed by global solutions, in this case India has been already providing optimal solutions to apparel requirements of CEN which the newer formed countries have yet to take advantage of. This research is limited to one specific product category with the intent that it may lead to further researches that may include other textile products with higher levels of diversity or it may be extended to other sectors

of the economy too. Thereafter, upon compilation of the researches, it will bring more clarity on how globalisation is taking its effect on the international trade between India and CEN.

References

- [1] Bagchi, K.: Sixty Years of European Integration. *Economic & Political Weekly*, MAY 13, 2017, vol. LII no 19, 2017.
- [2] Barnett, R.J and Cavanagh, J.: *Global Dreams: Imperial Corporations and the new World Order*, New York, Simon & Schuster, 1994.
- [3] Bhagwati, J.: *Free Trade Today*. Oxford, Princeton: Princeton University Press, 2002.
- [4] Bhagwati, J.: *In Defense of Globalization*. Oxford, New York: Oxford University Press, 2004.
- [5] Bhagwati, J.: *Termites in the Trading System*. Oxford, New York: Oxford University Press, 2008.
- [6] Castells, M: *The rise of the network society*. Oxford, UK: Blackwell, 1996.
- [7] Chakraborty, D., Julien C. and Animesh K.: *EU- India Bilateral Trade and Investment Agreement: A Review of Issues*. Working Paper No: EC-12-16, Indian Institute of Foreign Trade, New Delhi and Kolkata, 2012.
- [8] Chaudhary, A. & Khatoon, S.: *A Comparative Analysis of Indo-EU Textiles Trade Relations between the Pre and Post MFA (Multi -Fibre Agreement) Phase-Out Period*, 2014
- [9] Dalby, S.: *Globalisation, Geography and Environmental Security*. In *Globalisation theory and practice*. (eds) Eleonore Kofman and Gillian Youngs, Continuum, London- New York, 2007.
- [10] Deloitte: *Trade & Investment Relations between India and Central Europe - A Study of opportunities*, 2014.
- [11] DGCI&S: *Monthly Statistics of the Foreign Trade of India*, The Directorate General of Commercial Intelligence and Statistics Ministry of Commerce, Government of India, 2017.
- [12] ECORYS Netherlands, CUTS and Centad: *Trade Sustainability Impact Assessment for the FTA between the EU and the Republic of India*, 2013.
- [13] Friedman, L. T.: *The Lexus and the Olive Tree*. Anchor Books, New York, 1999.
- [14] Giddens, A.: *Sociology*. (sixth edition), Polity Press, UK and USA, 2009.

- [15] Khorana, S.: Barriers to Exporting to the EU- Evidence from Textiles and Leather Goods Firms in India, 2011.
- [16] Ministry of Textiles, Government of India: Annual Report, 2016.
- [17] Ministry of Textiles, Government of India: Clothing and Textile Exports, 2015.
- [18] Ministry of Textiles, Government of India: Existing and Prospective FTAs and their Impact on Indian Textiles Exports, a report prepared by Wazir Advisors, 2016.
- [19] Mohapatra, D.R.: Trade and Investment Flows Between India and the European Union - Issues and Challenges, 2015.
- [20] Robertson, R.:Glocalisation: Time-space and homogeneity-heterogeneity. In M. Featherstone, S. Lash & R. Robertson (Eds.), *Global modernities* Thousand Oaks, CA: Sage, 1997, pp 25-44.
- [21] Stiglitz, J.: *Globalization and its Discontents* 1st edition, W. W. Norton & Company, 2003.
- [22] Stiglitz, J.: *The Price of Inequality* 1st edition ; W. W. Norton & Company, New York, 2012.
- [23] IBEF: Textile and Apparel, presentation prepared by TechSci, January 2016
- [24] Verma, S.: Export Competitiveness of Indian Textile and Garment Industry, Working Paper No. 94, ICRIER, 2002.
- [25] Wallerstein, I.: *The Modern World-System III: The Second Era of Great Expansion of the Capitalist World Economy*. New York: Academic Press, 1989.
- [26] World Bank: Statistical Data, 2015.
- [27] World Trade Organisation: Statistical Data, 2005
- [28] World Trade Organisation: Statistical Data, 2016.
- [29] World Trade Organization: Trade Profiles, 2016

ⁱ The reason for taking Men's Shirts is that the level of variation in terms of textiles used and the value additions are limited as compared with most of women's products - blouses, dresses, skirts, T-shirts. In the beginning, it makes more sense to take up a research based on a product which has lesser levels of complexities. Once a research has been done, based on the learning and feedback, it would subsequently help in constructing the framework for the research based on products having a higher level of complexity.

ⁱⁱ Men's or Boys' Shirts exports data is taken from Ministry of Commerce, Government of India which is in the form of volume (quantity in pieces) and value in terms of US dollars. The data was culled out for each year falling in the aforementioned 10-year period using the HS Code 6205 for Men's or Boys' Shirts and values were taken and illustrated in the form of graphs and charts to gauge the trade patterns between India and CEN.