

# Strategies for Enhancing Competitiveness of Firms, Industry Sectors and Country

*Sujata Rao\**  
*K.J. Soumya\*\**

*Keywords : Small & Medium Enterprises, Sustainable Competitive Advantage, Competitive forces, Skill retention, Learning Organisation, Innovation, Technology Advances .*

## **Abstract**

*India traversed from a controlled economy till 1990 into a liberalized one since then. This big change attracted many foreign firms and MNCs into the Indian market and forced the domestic players to adopt strategies to guard their arena. Acquiring customers and access the markets which constitute future profitable growth from anywhere on the globe calls for enhancing competitiveness. Quality workforce, technology, pro-business environment are three basic aspects of the competitive strategy. A major precondition for competitiveness enhancement is the availability of skilled labour. Skills can be developed only through a commitment. We have all witnessed that rapid growth of the Newly Industrialising Economies (or NIEs), such as South Korea and Taiwan, which were supported by the availability of skilled and highly educated workforce. As Michael Porter suggests choosing a unique and valuable position rooted in systems of activities that are much more difficult to match would be essentially a strategy which can help in building up a sustainable competitive advantage. Indian companies with a vision, competency, total commitment, a change in mindset and a sense of urgency to face the competition in the years ahead will help them, their industry, and together the nation to build competency and continuous learning to result in innovativeness to sustain the pressure of the growing global competition.*

## **Introduction**

*“It is not the strongest species that survive, nor the most intelligent, but the ones who are most responsive to change” - Charles Darwin*

Strategies for enhancing competitiveness for India has become the need of the hour. Our country experienced controlled economy till 1990 and then a liberalized one. Lowering the tariff barriers (refer to appendix Table 1) in the domestic market has unleashed the growing competition. Government on removing the quantitative restriction on the imports has added pressure to the domestic companies. This big change led to a many overseas players get attracted to the Indian market This situation forced the domestic market to become competitive to earn sufficient foreign exchange to pay off our import requirements. The domestic players adopted strategies to guard their arena. Business houses have greater opportunities and at the same time face larger challenge to avail it.

The first world countries like America and Japan tackled the situation strategically. The services in the American economy went up after 1970. Lower cost of more competitive, and productive skilled or unskilled labour outside America caused to outsource the manufacturing activities. Focus on quality and excellence in manufacturing gave an edge to the Japanese to hold on their own, without their own physical resources, to emerge as an economic superpower .

When we examine the issues of India meeting the challenge of global competition it is the individual firms that matter. Managers have to check the stock of the domestic market strategies if the same would work for the extended global market. In the global village companies have to cater to newer and larger customers. To create the best value

for their customers business has to leverage global supply chain, suppliers, partners and locations. The challenge to acquire customers and access the markets which constitute future profitable growth from anywhere in the globe calls for enhancing competitiveness. Strategists are driven to formulate strategies to accessing material, financial and human resources from the best and most competitive parts of the globe.

Managers have to improve on all fronts like productivity, quality and speed in today's dynamic markets and technologies. Are the tools such as TQM, benchmarking and reengineering enough to sustain competition? As much the managers push to improve on all fronts they move further away from viable competitive positions. Michael Porter argues that though operational effectiveness is necessary for best performance, is not sufficient, as techniques are easy to imitate. Hence choosing a unique and valuable position rooted in systems of activities that are much more difficult to match would be essentially *a strategy* which can help in building up a sustainable competitive advantage.

Basically there are three aspects of the competitive strategy. First is quality workforce, second is technology, and third is pro-business environment. A major precondition for competitiveness enhancement is the availability of skilled labour. Skills can be developed only through a commitment. We have all witnessed that rapid growth of the Newly Industrialising Economies (or NIEs), such as South Korea and Taiwan, which were supported by the availability of skilled and highly educated workforce.

### ***Strategy for Enhancing Competitiveness***

Firms need strategy to sustain and grow profitability, revenues, market share and most importantly-acceptance. Standalone strategies are not enough. Competitive strategy is concerned with how a company competes in a particular business and gains a competitive advantage through a distinctive way of competing. Business firms need to consider the overall strategy if a company diversifies. It is concerned with the mix of businesses the company should compete in, and the ways in which strategies of individual units should be coordinated and integrated.

Competition is at the core of the success or failure of firms. Competition determines the appropriateness of a firm's activities that can contribute to its performance, such as innovations, a cohesive culture and good implementation. Competitive strategy helps to search for a favorable competitive position in an industry, aims to establish a profitable and sustainable position against the forces that determine industry competition. The ability of a company to capture the opportunity that an industry gives depends on its core competency.

### **Learning**

In a *Learning Organisation* people continually expand their capacity to create the results they want, new and unrestrained patterns of thinking are nurtured, collective ambition is set free, people are continually learning how to learn together.

Organizations cannot learn until their members begin to learn. The building of a learning organization requires five core discipline. First - *individual learning*, continually clarifying and deepening the individual's personal vision, focusing his or her energies, developing patience and seeing reality objectively. Second *conceptual models*, determines how one thinks and acts. Third is *team learning* is vital because teams, not individuals, are the fundamental learning units in modern organizations. "Unless teams can learn, the organization cannot learn." Fourth a *shared vision* begins with an individual vision, and an individual vision is tacit knowledge that a person holds as a truth. Hence the organizational vision should not only be created by the leader but a goal which must be created through interaction with the individuals in the enterprise or organization. Fifth is *systems thinking* which is a conceptual framework, a body of knowledge and tools that has been developed contrasted against linear and mechanical thinking where the

primacy of the whole is acknowledged. (*Umayma Yamut Nasser Escwa: June 2002*). *All these skills can be developed only through a commitment.*

Organizations that truly excel will be the ones that discover how to tap people's commitment and capacity to learn at all levels in the enterprise/organization. Human resources are at the heart of the enterprise's competitive advantage. While most organizations have access to virtually the same information and technology, it is the people within those organizations and their interaction who make the real difference.

Only an enterprise/organization with a commitment to learning can attract and retain the talent it needs in order to thrive in a rapidly changing world. Learning leads to new knowledge, and entrepreneurs of various kinds use that knowledge to formulate innovative ideas and projects. Thus the long-term ability to remain competitive and create wealth and employment as inseparable goals can be achieved only by companies as learning organizations. A learning-region approach to economic development, provides a dynamic basis for innovation and creativity, which are the hallmark of economic sustainability in the post-industrial economy.

### **Innovation**

Innovations are learning results. The constant changing conditions of the international markets, forces the stiff competition that firms and nations have to face. As a result, *Innovation* is becoming an important instrument for coping with the evolving new international environment. Innovation is the key to *competitive advantage* and an important driving force for growth, both for individual firms and for the national economy. The ability to learn and readiness to change are the essential ingredient for successful innovation.

An achieving enterprise is one that is capable of enhancing its business performance and growth by continuously increasing its competitiveness. A firm's ability to innovate directly affects its competitiveness and performance. In other words in the absence of innovation, a firm is unlikely to attain positive results. *Thus Innovation Is essentially the successful commercial exploitation of new ideas.*

Diffusion of Innovation is the way innovation spreads in the market, without it, innovation cannot have an economic impact, and will not benefit the economy at large. It helps to spread new products, services and new techniques. It also helps improve productivity and standards of living of the economy. The firm's surrounding environment, affects its innovative capacity and performance.

### **Technology**

*Technology Advances* have expanded production potential, product range variety, and increased outward expansion opportunities. It helped lower the cost and risk levels thus reducing the manufacturing capital requirements. Scheduling flexible production systems provides smaller production runs which uses just in time inventory which takes care not to carry excess inventory. Manufacturers can now have expanded range and variety of product of improved quality. Manufacturing industries in the developed countries are shifting from mass production of standardized goods to production of specialized goods, narrowly skilled workers to more versatile labourers, unvarying high-volume technology to flexible intelligent machinery.

Survival in a dynamic environments entails the capacity to learn. The pace at which organizations learn may in the future become the only source of a *sustainable competitive advantage*. The rapid pace of development in Information Technology has created new business opportunities especially to *Small Units*.

### **Coming Together**

“View business organizations as ‘organisms’ not ‘mechanisms’”. Tighten the loose end of the business network of suppliers, distributors, outsourcing firms, service providers, technology providers, government organizations, venture capital firms, media, allied industries and a host of others more than the traditional value chain of customers and suppliers. Characterized by participants that depend on each other for sustenance and survival. *When small fish is swallowed it does not exist any more but when a drop of water mixes with similar other drop the bigger drop is more concentrated and strong.*

Firms should help build the health of the overall ecosystem that they operate in to enhance internal capabilities, since members of a network share a common fate. Competitions will exist between ecosystems and not individual firms.

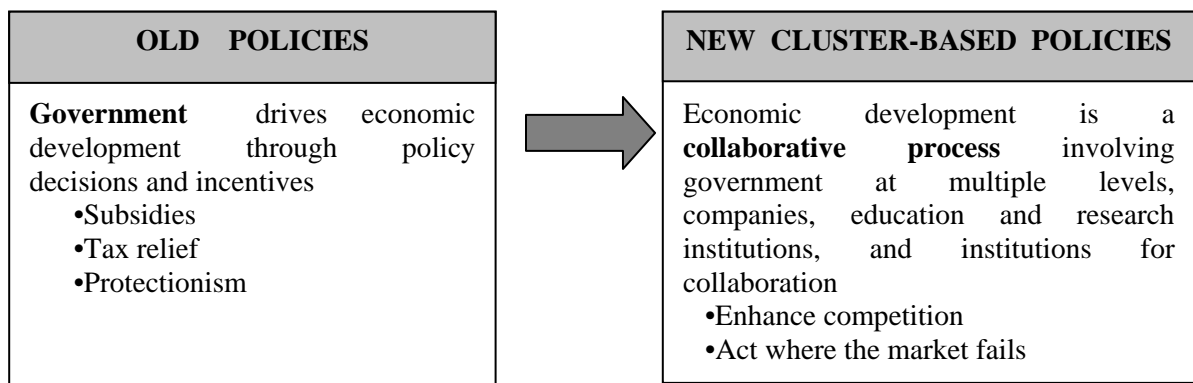
### Clusters as a source of competitive advantage –

*Clusters* are industrial development block or competence block or industrial agglomeration of producers, customers and competitors that promotes efficiency, increases, specialization and is a source of competitive advantage. Dense connections are established between firms and industries through flows of knowledge, goods and services. Different levels of clusters exist – national (mega) clusters, e.g. Forest industry clusters, regional clusters, national, cross-border and local clusters.

Clusters matter for the below reasons :

- Rivalry – Ongoing performance comparisons between firms from the same industry improves productivity and innovation.
- Detailed labor division makes positive specialization effects possible.
- There are a lot of positive externalities between firms like information spill overs.
  - Access to specific knowledge and information
  - Rapid diffusion of best practices
- There are synergies between firms as well as readymade infrastructure to start new businesses.
- Along with higher world market shares, firms can utilise scale effect of R&D, production, marketing etc.

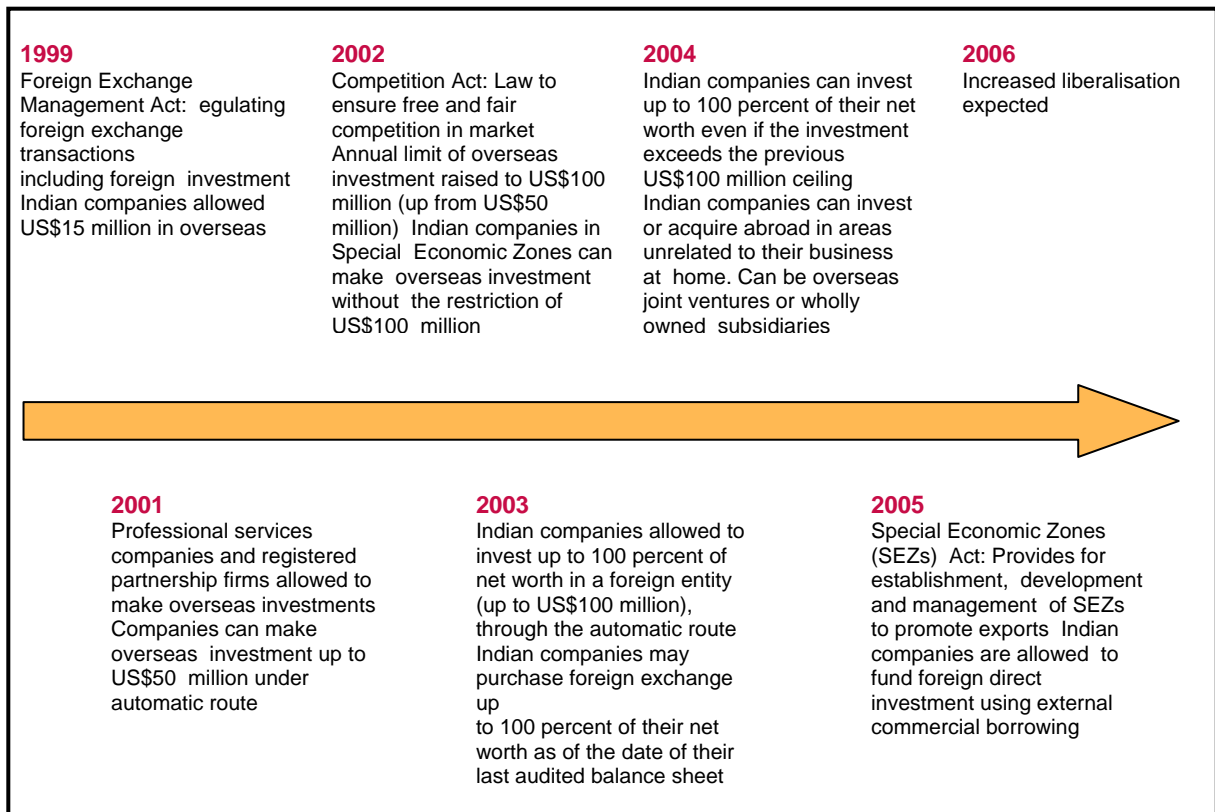
For economic development responsibilities have to be shifted.



Policies are required to enhance creation of new Clusters . The preconditions for a Cluster's Emergence it takes

1. Time
2. Critical Mass
3. Entrepreneur and dedicated people
4. Demanding International Customer
5. Rivalry and cooperation
6. Advanced Supplier
7. Flexible Organisation and Management
8. Continuous Knowledge Development
9. National Pride

Key Indian capital control policies for strengthening the cluster formation to enhance its competitiveness. The surge in Indian M&A has not occurred within a vacuum. A combination of economic, political and institutional factors have created a more conducive environment for overseas acquisitions.



Source: International Monetary Fund Annual Reports on Exchange Arrangements and Exchange Restrictions, 1996-2005

Enhancing productivity through product and service innovations remains the *key strategy*. Clusters are important to stay competitive and create value in today's global digital economy. Emphasis to new elements within clusters and clustering are services, (high value-added) related industries and managing networking among them. Asia and emerging markets are the major challengers. Clustering will help ecosystems to move from pioneering to expansion to

authority to renewal . It will help to invest outside as well as inside. Cooperate intensely with your most fierce competitors. It will help to decide on strategy at a network level where this cluster can be a Keystone Organization, a Dominator or a Niche player .

## Industry

Industry on their own cannot contribute to grow in literacy. The sources of *competitive advantage* for India's IT industry are the availability of large English-speaking educated work force and the time difference between India the software service provider and the US and Europe the service recipient. India's English speaking labour pool with a strong quantitative aptitude provide an early advantage in learning and reproducing programming languages that are written in English. (Shushant Mohapatra:May 2003) . Competitive strategy must grow out of a sophisticated understanding of the rules of competition that determine an industry's attractiveness.

1. Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it.
2. Value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price.

The two basic types of competitive advantage cost leadership and differentiation can be used. Competitive advantage in one industry can be strongly enhanced by interrelationships with business units competing in related industries, if these interrelationships can actually be achieved. Interrelationships among business units are the principal means by which a diversified firm creates value, and thus provide the underpinnings for corporate strategy. Michael E. Porter(1998) describes how interrelationships among business units can be identified and translated into a corporate strategy, as well as how interrelationships can be achieved in practice despite the organizational impediment to doing so that are present in many diversified firms.

Industry must cope with and, ideally, change those rules in the firm's favour. In any industry, whether it is domestic or international or produces a product or a service, the rules of competition are embodied in five competitive forces: the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers, and the rivalry among the existing competitors. The collective strength of these five competitive forces can be derived by the network created which collectively can become the ability of firms in an industry to earn, on average, rates of return on investment in excess of the cost of capital.

The presence in an economy of a number of innovative, strongly performing firms will act as a seed for the creation of a virtuous circle at the macroeconomic level. Culture plays a key role in the development of a firm's capacity to innovate. The cultural dimension of innovation relates to family values educational philosophy, curriculum, Governance concept and practices. Innovative firms of every Industry are characterized by such good performance that they are capable eventually of :

- (a)Creating an enabling economic environment
- (b) Stimulating recovery of depressed economy.

## University-Industry Relationship

Government should make University – Industry Law to increase university industry cooperation with regard to research and technology development activities, The existing project collaborations between academicians and companies are important and for this grant allocations to the management companies from the national budget be allowed.

Universities need to change their attitude towards joint projects and must develop innovative alternatives. Example: Integrated national and international projects, where several universities, private companies and public bodies are encouraged to form project groups.

## Research & Development

Simultaneous and synchronous actions are needed at all levels in:

1. Creation of a market for innovative products and services includes demanding markets and public policy to play a significant role in e.g. eHealth, Pharmaceuticals, Energy, Environment, Security, Electronic Entertainment and Content, Transport and Logistics.
2. Providing sufficient resources for R&D and innovation maximising leveraging effect through Supporting excellence generously, Smart use of R&D grants and fiscal incentives, Tapping the potential of philanthropy, Enhancing science-industry collaboration, Increasing the productivity of R&D, directing funds into research and innovation.
3. Improving the structural mobility calls for mobility of human resources, improve science-industry-government mobility, financial mobility, Strengthening VC market Organisational mobility, Technology platforms show the way, Clusters and regional agglomerations.
4. Building positive attitudes and culture towards entrepreneurship and risk taking.
5. Globally competitive intellectual property right system.

Putting R&D and innovation as a pillar of strategy is correct, but accelerating the transition from resource based society to a knowledge-based society requires mobilisation of a broad range of actions beyond R&D and innovation.

## Increase Local Industry Competitiveness

In accordance with the objectives enshrined in the project "Strategies and Preparedness on Trade and Globalisation in India for Textiles and Clothing Sector", the Textiles Committee as a Tier-I partner has organised inception workshops at various textile clusters of the country to sensitise the industry on the nuances of the globalisation and to seek their support for taking ahead the capacity building effort of the Ministry of Commerce and Industry of the Government of India, the United Nations Conference on Trade and Development (UNCTAD) and Ministry of Textiles, Government of India.

The industry and the trading community, by and large, are not aware of the emerging trade issues under WTO. As a result, there is a stumbling block in reaping opportunities under the WTO rules and regulations. Expansion of the domestic market by developing our internal competitiveness by way of technology, infrastructure, supply chain management, adopting good manufacturing practices, enhancing distribution channels, dissemination of information, analysis of competitors' strategy, understanding the pulse of the consumers, supporting the niche products and niche market are absent in the decentralised and fragmented textile industry.

The Mundra SEZ constructed by Central & State Govt. would provide integrated infrastructure encompassing all infrastructure to business, living, learning as well as recreation facilities so as to make sufficient facilities for catering the need of the export houses. With the existing facilities and planned developments, the SEZ is really and truly poised at the threshold to take a giant leap of port infrastructure and service provider and can take the country to international port infrastructure.

The major benefits to the cluster would be:

- The product competes in high quality/high price market segments.
- SME could rely on the supply of high quality inputs from inside the region.
- Easy access to specialised suppliers, services and human resources from India or rest of the world.
- The inputs to units in SEZ from India (Domestic tariff area) will be considered as export to the units of India. So, cost to Mundra SEZ units will be much less than its cost to other clusters in India. The exports by SEZ units to India will be cheaper as product ion cost will be less in Mundra SEZ.
- Information flow .
- Flexibility and fast change reaction due to extreme specialization.
- Facilitates faster innovation adoption
- Lower logistic cost of time, freight and insurance
- Availability of cheap power and water
- Availability of trained labour in Kutch region CEPT & other facilities.

In view of the globalisation of the trade, the Special Economic Zone (SEZ) will play a crucial role in coming year for accelerating the economic growth through export in coming time. Hence Textile & Clothing fraternity should avail the facilities offered for strengthening the sector (Source:SEZINDIA.nic.in)

The country's textile exports has registered a phenomenal growth in market share in the US and European Union.( refer to Annexure Table:3, Table:4 ) Apart from India, only China succeeded in these markets during the last year. The Indian textile industry's share in the American market, the Minister said, has increased by 26 percent. In the EU, it recorded a 20 percent growth. (Source: Business Lines, 16.02.2006).

US Imports in textile and clothing from India & China refer Annexure Table 2. It has been proved that cluster based intervention is the appropriate framework to assist the Small and Medium Enterprises (SMEs) in improving their competitiveness in the textile sector. As a step towards the cluster development activities, allocation of an amount of Rs. 50 crores has been made in the budget for developing 100 clusters.(Source : Krishna Kumar Nair; Field officer : Textiles Committee, Mumbai)

Textile Centre Infrastructure Development Scheme (TCIDS), Hi-tech weaving parks etc. and several state governments and other bodies have adopted cluster based development approach for the development of the industrial clusters. The Scheme for Integrated Textile Parks (SITP) was launched in 2005 and 7 parks has been completed so far and 10 parks have been identified for development. In the present budget, Rs.189 crores has been allocated for integrated textile parks. In order to lend a helping hand to the handloom sector, the budget enhanced interest subsidy on term loans from Rs.200 to Rs.240 crores and introduced a novel scheme similar to the TUFS at an allocation of Rs. 241 crores.

The additional allocation of Rs.535 crore to the Rs. 250 billion Technology Upgradation Fund Scheme (TUFS) ( refer to Appendix Table:5 ) is to help the industry to increase capacities at a lower finance cost In view of the large employment generation and the export earnings, the government has assured its commitment to nurture the textile industry, which is dominated by the decentralised sector to prepare for the postquota regime. Right from textile manufacturing to garment production units to Indian retailers acquiring the international award clearly portrays the growth of the Indian Textile Industry and their sustainability strategies adoption.



## National Economic Growth

It is inevitable for countries of the world who wish to compete in the global market has a key role to play in ensuring productive, efficient, innovative and responsive markets. Competitive forces drive firms to innovate, to develop more efficient production, processes and to adjust their products in response to changing consumer demand. Policies to stimulate competition are a key driver for improving the micro and macroeconomic performance of an economy.

To ensure consumers availability of 'goods' and 'services' of acceptable quality as much demanded at an affordable price, production quality equilibrium is vital. This important aspect forces the country for competitive law. Countries having a Modern Competition Law has risen from 35 in 1995 to around 100 as on date (Competition Law & Policy: University Grants Commission - <http://www.ugc.ac.in/policy/comlow.html> ).

In line with the international trend and to cope with changing realities, India has reviewed the Monopolies and Restrictive Trade Practices Act, 1969 and has enacted the Competition Act, 2002 (the Act) with many innovative features w.e.f.14.1.03. In exercise of the power conferred under Section 7(1) of the Competition Act, 2002, the Central Government has established the Competition Commission of India (CCI) with effect from 14th October, 2003. Individuals can access the details regarding Commission's jurisdiction, powers and its present activities from the CCI website.

The CCI imparts training on competition issues, competition advocacy, and creating awareness. In order to create awareness and to build strong competition culture of competition law and competition issues, CCI has already taken up the matter with over 144 universities and several professional and management institutes to incorporate the Competition Act as a part of curriculum in various graduate and post graduate courses at the schools of management/ law and other relevant institutes. This would also enable the students to take up professional practice in the field of competition law and policy.

The Commission has also set up Competition Commission Advisory Committee on Academic Curriculum and has also evolved a model course curriculum. ([www.competition-commission-india.nic.in](http://www.competition-commission-india.nic.in))

A committee was constituted by the Indian Government in 1999 to examine MRTP Act, 1969 for curbing monopolies to promoting competition and to suggest a modern competition law in line with international developments to suit Indian conditions. As a sequel to the Report of the Committee, the Competition Act, 2002 was enacted and notified in January, 2003.

The Competition Act 2002 provides for establishment of a Commission to prevent practices having adverse effect on competition etc. The duties of the commission are :

- To eliminate practices having adverse effect on competition
- To promote and sustain competition
- To protect interests of consumers, etc.

Achieving innovation is in part responsible for economic growth. Active Manufacturing SMEs in terms of innovation were most likely to create jobs. Innovative SMEs are more competitive, and the growth of innovative firms makes the local economy more competitive, generating external revenue from sales outside the region, creating jobs and helping to upgrade the skills level of the population.

Any country value Small and Medium Enterprises (SMEs) for several reasons. One for their potential to create employment and to generate foreign currencies through export, and their potential to grow into larger enterprises (LEs). The rapid growth of wide area networks (WAN) in recent years has opened up a new avenue for SMEs to market products and services and disseminate information about them to potential customers. The SMEs that will survive in the digital age will need to rethink new ways of creating value and will require new architectures. E-

Business can be seen as a means to implement competitive strategies in startup companies, small businesses and large corporations ( Applegate, Holsapple, Kalakota, Radermacher and Whinston, 1996). For example, it aids a company to increase cash flows, enhance customer relations and decrease inventory.

SMEs should consider that discontinuities might quickly change some core competencies into core rigidities and need to be developed rapidly to take advantage of new opportunities (Prahalad, 1998). These enterprises are also important as domestic producers of cheap import substitution consumer goods especially for low-income groups, and as supporting industries producing components, tools, and spare parts for LEs. Moreover, when economic crisis hit the country the SMEs were found to have been weathering the crisis better than LEs, because their greater flexibility allowed them to adjust production processes during the crisis, although many had been hit hard too. Many argue that being less reliant on formal markets and formal credit, SME are able to respond more better. Eg: The Asian Crisis of 1997.

Financials of SMEs play a major role in their performance, outlook and creditworthiness. The contribution of the promoter-entrepreneur in the success of SMEs, distinguishes SMEs from the large corporates irrespective of industry performance. SMEs perform well or bad due to the contribution of the man running the show. However, the biggest challenge with most of the SMEs is to create a strong second line and management backup system, especially in case of single-promoter-driven enterprise. The SMEs can derive from SME Rating Agency (SMERA) rating its strengths that could be highlight in its rating reports. With the help of such report companies have also successfully tapped the capital market for raising resources says Mr. Rajesh Dubey , CEO - SMERA.

*Fostering an innovation-friendly environment in the county will manure a healthy sustainable competitive Industry for a prosperous emerging nation .*

All India Association of Industries (AIAI) , an apex industry association established in the year 1956 by a team of dedicated businesspersons with the primary task of fostering sustained industrial development in the country. AIAI's primary goal has been to serve the many needs of India's industrial and business communities. The opening up the economy has resulted into dynamic growth and greater competitiveness of corporate India. Thus, AIAI's chief mission is to foster a free, healthy and competitive business environment in India. AIAI has set up specific Councils to understand the impact of globalization & liberalization on respective sector/segment of industry and make valuable suggestions to the concerned authorities.

AIAI actively promotes and fosters interests of industrial and business houses through seminars and workshops at the state and national levels. These events are aimed at promoting trade, investment, technological advancement, manpower development and business opportunities in India. Through these events, it addresses problems pertaining to industry and trade on specific subjects. It represents and constantly endeavors to promote large, medium and small-scale industries involved in almost all major manufacturing fields including engineering, cotton, textiles, rayon, chemicals, pharmaceuticals, metals, rubber, sugar, plastics, paper and many other sectors. (<http://www.aiaionline.org/About.html>)

Governments be called upon to develop new policies that promote an innovative culture and a learning environment. They need to develop new policies that help to build the innovational capacity of SMEs, giving particular attention to the capacity of women entrepreneurs. At the regional level, Governments and private sector representatives need to combine their efforts in order to enhance the capacity of SMEs for innovation and promote an environment that encourages innovation , devise national strategies for innovation and establish mechanism to implement them. Regional and international organizations and donors be called upon to extend technical assistance and support to the countries of the region.

## Conclusion

There should be total commitment, a change in mindset and a sense of urgency to face the competition in the years ahead. An organizational culture , strong performing innovative firms whose each cycle expand the performance capability thus building a performing economy enabling environment for good performance. Indian companies have to combining vision and competency to sustain in the global competition where productivity is decisive to competitiveness.

## References

- Competition Commission of India: An Overview of the Competition Act, 2002* September, 2004
- N.Vittal: *Can India Meet the Challenges of Global Competition; Inaugural Address in IIIE CEO's Conference, Cochin, 10.05.2001*
- Strategic Orientation, Management Characteristics, and Performance: A Study of Spanish SMEs* by Antonio Aragón-Sánchez and Gregorio Sánchez-Marín *Journal of Small Business Management* 2005 43(3), pp. 287–308
- Shushant Mohapatra: *Sustaining Economic Development: Contributions from and Challenges to India's Software Industry: May 2003*
- Ayyar, S.R.S. (1994). "New Emerging Challenges and Opportunities for Small and Medium Enterprises through Technological Upgradation and Better Financial Management" in *Small Industry Bulletin for Asia and Pacific, No. 29, United Nations, New York, pp. 38-40*
- Financial Services Forecast, June 2005, www.eiu.com , The Economist Intelligence Unit Limited .*
- Aradhana Aggarwal : *Liberalisation, Technology Policies and Acquisition of Technology Capabilities: A study of Indian Industry;*
- Accenture Report: India goes global; How cross-border acquisitions are powering growth.*
- Review on Joint Business Partnership for Promoting competitiveness : FICCI –Ministry for Commerce & Industry and UNIDO; December 2005*
- G.Srinivasan - Chief General Manager : *Policy Package for Stepping up Credit to Small and Medium Enterprises --Announcements made by the Union Finance Minister ; RBI/2005-06/131RPCD.PLNFS. BC.No.31/ 06.02.31/ 2005-06: 19<sup>th</sup> August 2005*
- RBI/2005-06/131: RPCD.PLNFS. BC.No.31/ 06.02.31/ 2005-06; August 19, 2005*
- The Survival Strategies of SMEs in the Digital Age:*
- Casey G. Cegielski, Brian J. Reithel and Carl M. Rebman. *Emerging Information Technologies: DEVELOPING A TIMELY IT STRATEGY, Communication of The ACM: August 2005/vol 48. No.8*
- NGA Center for Best Practices- May 8, 2006 : *ENHANCING COMPETITIVENESS – A Review of Recent State Economic Development Initiatives - 2005*
- Hans Lehmann. *European International Freight Forwarders: Information as a Strategic Product: Journal of cases on Information Technology; Jan-Mar 2006; 8, 1; ABI/INFORM Global pg63*
- Umayma Yamut Nasser Escwa: *EGM on Enhancing Competitiveness Through The Promotion of Innovative Approaches in SMEs, MANAMA, June 2002.*
- Charles Harvie and Hyun-Hoon Lee(November 2003), " *Export-Led Industrialisation And Growth: Korea's Economic Miracle, 1962–1989* ", *Australian Economic History Review, Vol. 43, No. 3 , ISSN 0004-8992.*
- Michael E. Porter: *Competitive Strategy , Techniques for Analyzing Industries and Competitors ( 1998).* .
- Michael E. Porter : *Competitive Advantage, Creating and Sustaining Superior Performance (1998)*
- Michael E. Porter and Mark R. Kramer: "The Competitive Advantage of Corporate Philanthropy" *Harvard Business Review, December 2002*

## Websites:

<http://www.ugc.ac.in/policy/comlow.html>

<http://www.aiaionline.org/About.html>

<http://rbidocs.rbi.org.in/sec14/65472.pdf>

[http://www.citiindia.com/industry\\_overview/national/growth\\_in\\_ind\\_textiles.html](http://www.citiindia.com/industry_overview/national/growth_in_ind_textiles.html)  
[www.competition-commission-india.nic.in](http://www.competition-commission-india.nic.in)  
<http://textilescommittee.nic.in/Newsletter-Issue2-P1.pdf>

### Appendix:

**Table 1:** Average Applied (MFN) rates of the Indian Industry 1993-94 to 2001-02  
 1 At 6-digit level 4

Year	Simple average tariff rate	Import weighted tariff rates	Peak tariff rates
1993-94	83.72		85
1994-95	55.83		65
1995-96	51.75	46.96	50
1996-97	40.39	35.89	42
1997-98	35.44	31.41	45
1998-99	35.91	28.31	45
1999-00	36.49	30.41	44
2000-01	34.08	29.36	38.5
2001-02	30.82	27.09	35
2004-05	n.a.	n.a.	20

Source : Mehta (2003)

**Table 2:**

#### US Import from China (T & C) in Value Terms

Name of Country		Share %		Increase %	Up to Sept. 2005	
		2003	2004		% Share	% Increase
China	Value	15	17.2	24.3	15.2	58.06
	Volume	15	17.7	17.9	25.8	57.8
India	Value	4.3	4.6	13.4	5.3	25.3
	Volume	5.1	5.3	10.4	5.8	18.6

(Source: OTEXA)

Table 3: **India Competing with Leading Exporters of Textile**

Sr. No.	Countries	Value (US \$ Billion) 2004	Annual Percentage changes			
			2000 <sub>a</sub>	2002 <sub>b</sub>	2003 <sub>b</sub>	2004 <sub>b</sub>
1	EU 25	71.29	6	3	14	10
2	China	33.43	20	22	31	24
3	Hong Kong	14.30	2	2	5	9
4	USA	11.99	2	2	2	10
5	South Korea	10.84	-4	0	-2	1
6	Taiwan	10.04	-4	-4	-2	8
7	Japan	7.14	0	-3	7	11
8	India	6.85	6	12	14	n/a

Table 4: **India Competing with Leading Exporters of Clothing**

Sr. No.	Countries	Value (US \$ Billion) 2004	Annual Percentage changes			
			2000 <sub>a</sub>	2002 <sub>b</sub>	2003 <sub>b</sub>	2004 <sub>b</sub>
1	EU 25	74.92	9	6	18	9
2	China	61.86	14	13	26	19
3	Hong Kong	25.10	1	-4	3	8
4	Turkey	11.19	14	21	24	12
5	Mexico	7.20	-4	-3	-5	-2
6	India	6.67	7	10	10	n/a
7	USA	5.06	-12	-14	-8	-9

(a = average b= over previous year Source : WTO )

Table: 5 Disbursement of TUFs as on 31.3.2005

Sr. No.	Industry Segment	Disbursed amount (Rs. In Crores)	Percentage
1	Spinning	2132.85	30.66
2	Composite Upgradation	1670.48	24.02
3	Processing of Fibres, Yarn, Fabrics, Garments & made-ups	1021.74	14.89
4	Weaving	595.81	8.57
5	Knitting	404.99	5.82
6	Garment Manufacturing	312.20	4.49
7	Synthetic Filament Yarn Texturising, Crimping & Twisting	369.09	5.31
8	Fabric Embroidery	156.86	2.26
9	Made-up manufacturing	83.43	1.20
10	Independent Weaving Preparatory	29.22	0.42
11	Jute Industry	33.77	0.49
12	Cotton Ginning & Pressing	39.30	0.57
13	Non-Wovens	11.01	0.16
14	Technical Textiles	40.45	0.58
15	Silk Reeling & Twisting	26.74	0.38
16	Wool Scouring & Combing	2.12	0.03
17	Manufacture of Viscose Filament yarn	19.99	0.29
18	Others	5.76	0.08
	Total	6955.81	100.00

Source :Implications of Union Budget 2006-07 on Textile Sector: S. Krishnakumar

\*\*\*\*\*