

## ABSTRACT

The textile industry plays an important role in India in terms, especially of share in value-added, foreign exchange earnings, and employment. With the dismantling of quotas in 2004 under the mandate from the Agreement in Textile and Clothing of the WTO, there was anticipation about the future of the Indian textile and clothing exports. Both enormous trade benefits from the post-MFA free market and the threat of fierce competition were speculated. Against this backdrop, we exploit panel data ranging from 2005 to 2019 as an attempt to investigate firm-level determinants of exports in the Indian textile industry. The model has been tested with pooled OLS, fixed effects, and random effects. The results of the study showed that a higher level of compensation to employees could lead to better export performance. The study also explored the dependency of Indian textile exports on imports and found that there is a dependence on raw materials, stores and spares, and capital goods. The results of this analysis revealed another notable feature of gross fixed assets in the industry. It was found that poor investment decisions and innovation inefficiency might be reasons for the export sluggishness. Thus, the study strongly suggests investments especially in technology and low-scale manufacturing, thereby gradually reducing the reliance on imports.

**Keywords:** Indian textile industry, export competitiveness, Agreement on Textile and Clothing, dynamic panel data model, Fixed Effects