Chapter V

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CHAPTER V
QUESTIONNAIRE DATA ANALYSIS

5.1 Selection of Exportable Items

From the survey, it is clear that with reference to the selection of Export items, Group A had shown preference to Garments, i.e. this means that Public and Co-operative Sectors leaned heavily on Garments because of the increasing demand and wider markets throughout the world; whereas Group A had least preference to Fabric.

Group B companies indicated highest preference to Fabric and least to Yarn.

Group C have shown surprisingly least preference to Yarn & highest to Garments.

Group D organisations being purely belonging to categories of Ministries, Banks, Institutions, DGFT, Councils, Embassies obviously indicated no preference to Yarn, Fabrics & Garments for Exports.

All the Group A,B,C companies average preference for Yarn was of the order 2; whereas for Fabrics it was of order 4 and for Garments 5.33. In short, this indicates the preference of companies the Garments as main export items.
5.2 Meaning of Quota

During survey, it observes that with reference to the term - Meaning of Quota, Group A had shown preference to the meaning as "Restrictions of quantity under Bilateral Agreement & MOU" that is this means that Public & Co-operative Sectors had stressed much on Restrictions of Quantity. They are not considering at all for the meaning as fixation of quantity under GATT; But there are 22.2% Group A organisations who are considering both the meanings.

Group B companies indicated similarly to A as highest preference of the first meaning and least to the second.

Group C had shown surprisingly least preference to Yarn to the first meaning and highest to both the meaning.

Group D organisations being more or less in theoretical approach had considered both the meanings in a wider sense.
All the Groups A, B, C, D organisations' average preference for the first meaning was of the order 5.25; whereas for the second meaning was of order 0.5 and for both the meanings 5.5. In short, this indicates the preference of meaning of Quota as both the terms stated as

a) Restrictions of quantity under Bilateral Agreement & MOU and

b) Fixation of maximum quantity allotted under GATT.
5.3 **Quota Allotment**

It indicates that Group A gave more preference to the allotment of quota depending on Multi Fibre Agreement and non-interference to the basis of past performance, entitlement, manufacturer-exporter entitlement, non-quota exporters entitlement and first come first save system.

Group B showed the preference to both the above in a greater scale and least to the second one.

Like Group B, Group C had indicated highest to the both and least to the second.

Surprisingly, Group D similar to Group B & C, had considered both first and second.

The average preference for all the Groups A, B, C and D for allotment of Quota depending on MFA was of the order 4.67 and for the allotment of quota on the basis of past performance entitlement, manufacturer-exporter entitlement, non-quota exporters entitlement and first come first serve basis system was of order 1.50; whereas for both the above was of order 6.25. In short, it indicates the preference of allotments of quota as
a) Allotment of quota depends on MFA (Multi Fibre Agreement)

b) On the basis of Past Performance entitlement, Manufacturer-Exporter Entitlement, Non-Quota Exporters Entitlement and First Come First Served System.
Variation of Quota distribution from country to country

Here, Group A had a highest preference to the reason for variation of quota distribution from country to country as the second answer: "depends on country categorisation like developing countries, under-developing countries and many times due to special status relation" and no preference to the "depending upon the trade agreement based on geographical and political factors".

Group B indicated similarly to A as the second one as the highest preference and least to the first.

Group C same as A & B indicated the highest preference as the second one and least to the first.

Similarly, Group D indicated the highest preference to the second and no preference to first. It indicated that all the Groups A, B, C, D organisations' average preference for the first answer was of the order 0.75; for the second answer was of the order 7.75; and for both first and second answer 2.75. In brief, the conclusion could be arrived for the reason for quota distribution varies from country to country as "Depends on country categorisation like Developing Countries, Under Developing Countries and many times due to special status relations".
5.5 Higher rate of Exports to Quota than Non-Quota

It observes that Group A had a highest preference for all the three answers.

1st answer: Quota countries are economically more sound having more purchasing power.

2nd answer: Cost of production is higher in quota countries due to higher wages and other inputs.

3rd answer: Markets off-take are better in quota countries.

Group A had no preference individual answer for first and second.

Group B companies indicated also the highest preference for all the answers together and least to the first and second answer.

Group C similar to A & B had a highest preference to all answers together but indicated no preference to the second answer.

Group D like others had remarked the highest preference to all and least to second.
All the Groups A, B, C and D organisations average preference to the first answer was of the order 0.75, for the second answer was of order 1, third 2.50 whereas for all the answers together was of the order 7. In short, it indicates the preference for all the answers in combine against the reason for higher rate of exports to Quota than Non-Quota.
5.6 Consideration of Quota countries as best for Exports

From the survey, it is clear that with reference to the consideration of quota countries as best for exports, Group A had shown preference to USA that is it means that Public Sector & Co-operative Sectors leaned heavily on USA because of increasing demand and wider markets: whereas Group A had no preference to Norway, Finland and Canada.

Group B companies indicated highest preference to USA and least to Norway, Finland and Canada.

Group C showed highest preference to USA similar to others and least to EEC.

Group D had showed highest preference to USA and least to Norway, Finland & Canada.

All groups A,B,C,D organisations average preference for EEC was of the order 3, for USA was of the order 7.5 and for Norway, Finland and Canada 0.75. In short, this indicates the preference for consideration of Quota countries as best for Exports is USA.
During survey, it indicated that with reference to the selection quota items, Group A had shown preference to the items Cotton Fabrics and Garments/Made-ups in Cotton & Synthetics. It means that those products had a wider demands throughout and world. This had a least preference to Yarn.

Group B considered highest preference to all the products together:
- Cotton Yarn
- Cotton Fabrics
- Garments/Made-ups in Cotton & Synthetics
- least to Cotton Yarn.

Group C indicated highest preference to all products together and no preference to Cotton Yarn & Cotton Fabrics.

Group D showed highest preference to all the preference and least to Cotton Yarn & Cotton Fabrics.

The average preference for all the groups A,B,C,D for the product Cotton yarn was of the order 1, for Cotton Fabrics was of the order 1.5, for Garments/Made-ups in Cotton & Synthetics 6.50. In short, it indicates the preference of the companies for quota items is for all the products together.
During investigation, it observed that with reference to the benefits for exports to quota countries, Group A had indicated the highest preference to "allotment on Past Performance Quota" whereas showed no preference to "better price realisation". It means that to export to quota countries, one can earn PPQ (Past Performance Quota) and can utilise in a wider scale for future shipments.

Group B indicated highest to PPQ and least to "Better Price Realisation". It means B Companies did not bother for the direct benefit better price realisation. They believe in for other indirect benefits.

Group C again indicated highest preference to PPQ and least to "better price realisation".

Group D indicated highest both PPQ and others all in together but least to Better Price realisation.
The average preference for all the groups A, B, C and D for PPQ was of the order 5, for Duty Draw Back Benefits on major items was of the order 2, for better price realisation was of the order 0.75 and for all the benefits in together 3.5. In short, this indicates the preference of benefits is PPQ as a main one.
5.9 Meaning of Non-Quota

During survey, it indicated that Group A had shown highest preference for both the two answers to the meaning of Non-Quota as stated under:

a) Countries outside the purview of Bilateral Agreement.
b) Non-restriction of quantity for exports.
c) Both.

But this Group A had least preference to the second meaning.

Group B had also indicated above both answers for the meaning as highest preference and least one to the first.

Group C had indicated similarly to the highest preference for both the answers and least to individual answer.

The average preference for all the Groups A, B, C & D organisations for the first answer was of the order 2; second one 2.75 and for both was of the order 6.5. This means both the answers have a proper meaning of Non-Quota.
5.10 Export Benefits to Non-Quota countries

During investigation, it observed that with reference to the benefits for exports to Non-Quota countries, Group A had indicated the highest preference all the three answers in combine as stated below:

a) Non-Quota entitlement quota is given as an incentive.

b) Duty Drawback benefits on major items.

c) Exploring markets those are not touched either partially or fully.

But Group A had no preference for the above first and second answer separately.

Group B indicated similarly to A for the highest preference and least to the first are and no preference individually for second and third.

Group C similarly behave like others with a slight change in no preference. They had no preference for any of the answers separately.
Group D showed highest to all, no to third and least to both first and second.

The average preference for all the groups A, B, C, D. First was of order 0.75, second 0.25, third 0.50 and fourth 9.75 which reveals that all the combine benefits are available for export to non-quota countries.
5.11 *Lower rate of Exports to Non-Quota countries*

It observes that Group A had a highest preference for "Barter arrangements" and no preference to "Absence of marketing techniques".

Group B companies indicated also the highest preference to "Barter Arrangement" but least to first two answers.

Group C companies similar to A & B had highest preference to the above but no preference to second and fourth.

Group D like others showed highest preference to "Barter Arrangement" but no preference to a second answer.

All the groups A, B, C and D organisations average preference to the first answer was of the order 2, second 0.75, third 7.5, fourth 1.25. In short, it indicates that "Barter arrangement" is the reason for low rate of exports to Non-Quota Countries.
5.12 Quota items for Quota countries considered best for Exports

It had indicated Group A had highest preference to the third answer and no preference to the first one among the three answers as stated below:

a. Cotton Yarn
b. Cotton Fabrics
c. Garments/Made-ups

Group B had highest preference to third and least both to first and second.

Group C had highest to third answer and no preference to first one.

Group D showed highest to third and no to second.

The average preference for all the Groups, Cotton Yarn was of order 1, Cotton Fabrics 1 and Garments/Made-ups to 9.75. It indicates that Garments/Made-up exports are the main quota items for quota countries considered best for exports.
In Group A, the highest preference is for Man-Made Garments/Made-ups with Man-Made Fabrics coming second. No preference at all for Man-Made Yarn.

Whereas in Group B, highest preference is for Man-Made yarn followed by Man-Made Garments/Made-ups coming second. Last preference being given to export of Man-Made Fabrics.

Same is the case in Groups C and D with Man-Made Yarn carrying the highest preference for Exports followed by Man-Made Garments/Made-Ups in the second place and Man-Made Fabrics in the third rank although in Group C, the second and third ranking are neck to neck. Surprisingly, Man-Made Fabrics occupy the second rank in all the four Groups and they have the least scare in Groups B, C and D.

The Table also reveals that the Groups A, B, C & D organisations average was of the order of 6.66 for Man-Made yarn.

For Man-Made Fabrics, it was 1.75 and for Man-Made Garments/Made-Ups, it was of the order of 3.75.

In other words, the indications are for Man-Made yarn as most preferred item of export over a cross section of organisations.
Man-Made Fabrics appear as the most preferred item of export in Group A, B and C.

Man-Made Yarn occupies the second rank in A, B and C.

Man-Made Garments/Made-ups come third in ranking and that too only in Group D.

Surprisingly, there is Nil preference for Man-Made Garments/Made-ups in Groups A, B and C and nil preference for Man-Made Yarn and Man-Made Fabrics in Group D. The table reveals exclusive preference for Man-Made Garments/Made-ups by Group D organisations with no interest whatsoever for Man-Made yarn and Man-made Fabrics.

With regard to averages, it is of the order of 2.666 for Man-Made Yarn.

For Man-Made Fabrics, it is 8.666 and for Man-Made Garments/Made-Ups there is no average as these are solely preferred by Group D.
Above figures reveal that Man-Made Fabrics, a non-quota item are the most popularly preferred item of export by different categories of Group organisations in A, B and C.
5.15 **Export Preference of Quota or Non-Quota Products**

Here again, Man-Made Fabrics appear as the most preferred item of export in Groups A, B and C.

Man-Made yarn again occupy the second rank in A, B and C.

Man-Made Garments/Made-ups come third and that too only in Group D.

Once again, Groups A, B and C have no preferences for Man-Made Garments/Made-ups and Group D has no preference for Man-Made yarn and Man-Made Fabrics.

As regards averages, it is of the order of 3.666 for Man-Made yarn.

For Man-Made Fabrics, it is 7.666 and

No average for Man-Made Garments/Made-Ups exclusively preferred by Group D organisations.

In other words, Man-Made Fabrics, a non-quota item is the most popularly preferred item of export by Groups A, B and C.
5.16 Major items moving to Quota & Non-Quota

The PIE CHART reveals

(a) Garments are the most preferred item of export with 25 points to quota countries and it points to non-quota countries, making a total of 46.

(b) Second preference is for yarn with non-quota countries scoring 23 points and quota countries was of the order of 27.

(c) Fabrics come third in ranking with a score of 13 to quota countries and 5 to non-quota countries making a total of 18 points.

In other words, Garments are the most popular item of import from India in global markets.
Export Figure Percentage to Quota & Non-quota Countries

The PIE DIAGRAM reveals export value percentages:

(a) 75% to 100% exports in terms of value is provided by Non-quota and Quota countries to Group C organisations with higher realisation from Non-quota countries.

(b) 50% to 75% of export value to organisations in Group B.

(c) Less than 25% export value to organisations in Group C.

(d) Group D not considered as organisations here are not engaged in Foreign Trade Business.

In other words, Group C organisations have consolidated their business in Non-quota countries which reveals a progressive trend.
The PIE DIAGRAM reveals export quantity percentages

(a) Organisations in Group C score 75% to 100% in terms of quantity exported to non-quota and quota countries. Surprisingly, there are more exports to quota countries.

(b) Organisations in Group B score 50% to 75% in terms of quantity exported and where again exports to quota countries are more.

(c) Organisations in Group C score less than 25% in terms of quantity exported but here the non-quota countries have taken more quantity than quota countries.

(d) Group D of course is not engaged in Foreign Trade Business.

To sum up, the non-quota countries have occupied the first place as purchasers from India in terms of quantum.
5.19 First Moving Exportable Product for Non-Quota Countries

The PIE CHART shows:

(a) Dyed yarn is a fast moving new export item for 24 organisations in Groups A, B, C and D to non-quota countries.

(b) Knitted Garments is the fast moving new export item for 8 organisations in A, B, C and D to non-quota countries.

(c) Jacquard Furnishings, Veg. Fibres, Fabrics, Garments are the fast moving export items for 5 organisations in A, B, C & D to non-quota countries.

(d) Together 8 organisations in A, B, C and D share in the export of all above mentioned new items to non-quota countries.

The study reveals potential of non-quota countries to India's Textile Exports.
5.20 **Consideration of Non-Quota countries best for exports**

It is obvious from the Diagram that non-quota countries have been the best purchasers of India's Textile products. The reasons being

(a) No quantitative constraints on imports from India.

(b) Exporters do not have to buy quotas from the market and to sell at a premium price.

(c) Quota countries have asked India to slip to non-quota countries to avoid quota premium on prices.

(d) There are less tariff barriers in non-quota countries.

(e) Quality parameters are not unduly extracting as in quota countries which are mainly USA, EEC and few others.

(f) Business can be forecast much more easily and concluded without waiting for quota
announcements by quota countries and disbursement of quota by councils.

(g) Entry is easy in non-quota exports to new comers.

(h) There are benefits on non-quota exports to exporters to avail quota sanctions to quota countries.
It is again obvious that beneficial sector is the non-quota countries for India's Textile Exports. Benefits for exports are mainly in:

(a) Ease of entry into a non-quota country.

(b) Competitive pricing.

(c) Less tariff and procedural hassles.

(d) Less barriers to consolidating business in non-quota countries.

(e) Quota benefits in the ensuing year to export to the U.S.A., E.E.C. and others.
5.22 Consideration of Quota countries best for exports:

A study of the exporters from the close section of export organisations in Groups A, B, C and D shows that

a) 25 Respondents have prepared exporting their Textile products to the non-quota countries.

b) Only 10 Respondents prepared exporting to quota countries.

c) 10 other respondents have a mixed bag of exports to non-quota and quota countries.

It is therefore obvious that non-quota countries have been the best International Sectors for Indian Textile Exports.

5.23 Consideration for exporting to Quota countries

Quota countries seem to have preference only for 10 export organisations in India. The reasons could be that

a) These ten exports are well-entrenched in the quota markets.
b) Quota benefits outweigh non-quota export considerations.

c) They are large organisations who can absorb adverse fluctuations in business trends.

d) They have their own offices abroad in quota countries to take care of their interests in the markets.

e) They have ISO 9000 certification and satisfy other parameters of International Quality Standards.

f) They may be exporting on reciprocal basis to quota countries.
5.24 Justification for exports to non-quota countries

The study has revealed that out of 45 respondents from a cross section of export organisations in Groups A, B, C and D, 25 of them have preferred to export to non-quota countries and 10 others also export to non-quota countries as well as quota countries. Obviously, it must be beneficial to prefer non-quota countries over quota countries.

5.25 Justification for abolition of Quota System:

(i) It is against spirit of WTO.

(ii) It is an artificial barrier

(iii) Curbs Free Flow of Internal Trade.

(iv) Diversified countries are biased in allocating quotas.

(v) Creates blackmarketing in Quota premium in India.
5.26 Suggestions for increasing exports to Non-Quota countries

(1) Concentrate on Garments as this is showing increasing trend.

(2) Out of 45 respondents, 35 have suggested Garments for export to Non-quota countries. Ten others have given a Mixed Bag including Garments.

(3) As per study, Garments being the most preferred item of export from India, this study is fundamentally on export of Garments.