CHAPTER 2

REVIEW OF LITERATURE
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Major studies conducted by various researchers are as discussed below:

Bagchi (1997) critically examined the removal of quota between 1995-2005 in four phases is not as beneficial as it is projected by developed world. The first two phases are composed of goods which are not of high importance and already almost free. These two phases are not of high importance. The other two phases are of high importance.

Chandra (1998) in his article wrote on challenges ahead of Indian textile and clothing industry in post quota regime. It put special emphasis on production capabilities and efficiencies as most essential elements to fight global competition. It suggests various strategic decisions Indian textile manufacturers have to make to survive the competitiveness in post quota regime.

Simpson and Shetty (2001) did a vast study on India’s textile industry. The purpose of study is to analyze India’s textile and apparel industry, its structural problems, market access barriers, and measurements taken by government of India to enhance the industry’s competitiveness in the post Multi-fibre Agreement (MFA) era. The study also assesses India’s textile and apparel market potential and trade and investment opportunities for U.S. firms as India steps into a more free and transparent trade regime. For the purpose of study exploratory study is done in which in-depth interviews are done with various government officials in Textile Export Promotion Council, Ministry of
textile, Cotton Council of India, Apparel Export Promotion Council (AEPC), Federation of Karnataka Chamber of Commerce and Industry, Handloom Export Promotion Council, Madras Chamber of Commerce and Industry, The South India Textile and Research Association, and almost all top executives of India’s large textile mills.

Verma (2001) in his article emphasized on the impact on the Indian textile and clothing industry after quota elimination. It says that Indian textile and clothing exporters have to bring in necessary changes in their methods of production, management style, capacities, marketing skills and productivity level in order to remain competitive in international market. Also it put special emphasis on the size of Indian textile units when compared to its counterpart in China.

Verma (2002) did a comprehensive study with objective to evaluate the export competitiveness of Indian textile and clothing sector. Because Indian textile and clothing sector is predominantly cotton based, the study is focused on cotton textile and clothing and look at the entire value chain from fiber to garment and retail distribution. The scope of study covers the products in Indian export basket which have shown a promising growth in value. The Study concludes that Indian exports to US and EU are export competitive as a whole. Sector wise analysis of export performance of Indian textile and clothing sectors to US and EU reveal that so far apparel or clothing and made-up is concerned; quota is the major constraint in the growth, while it is not true in case of yarn exports. Indian textile and clothing sector has tremendous potential and only a portion of which is explored till now and this shortcoming is due to policy constraints.
Meenakshi (2003) did a comprehensive study on the opportunities that would be provided by WTO to Indian Textile industry. This paper gives a lot emphasis on new capacity installation to take the benefits to the fullest extent in India has to be a true gainer in competition to other nations. Since India's own consumption per capita is also on the rise with the rise of income and consumption habits, the profit margins available to Indian textile and clothing producers will be more. But in export market, the prices will be driven by international factors and profits will be under pressure. So the exporters might have to go for strategy of partial exports and partial domestic sale.

Pandey (2003) in his article expected that Indian textile exporter would be benefited with quota elimination. It discusses on various sectors of textile and clothing. Also he expects that hosiery industry will be one of the gainer and small scale exporters will be more competitive due to small size and controlled cost and lower overheads.

Uraiwan (2004) had worked extensively on the knitwear/hosiery products development process to understand the complexities underlying in it; because a well defined development process assist the organization to determine its future direction, plan for rapid changes, create new product line with profits and plan for technology adaptation and implementation. The goal of this research was to propose an optimal product development process for a knitwear/hosiery company by examining the process used by major US Sweater Company and comparing its process to established processes.
Vivek (2004) in his article had said that JC Penny a leading retail chain of US looks India for sourcing its garments in woven and hosiery. He is of opinion that India will be fulfilling its major need of Hosiery and woven garments in cotton while China will be good for synthetic fabrics and its garments.

Chugan (2005) emphasized that Indian textile Industry has to change to be more competitive in the long run. This paper emphasis that merely cost competence is not enough to maintain the lead while Indian companied has to have a global competitive view.

Chugan (2005) in his study emphasized on the role of HR in this booming sector. To maintain its edge over its competitors India has to bring in high productivity per employee. India's productivity is far below than China and Pakistan which are the major competitors. With high productivity, another area is innovativeness to bring in new products and process, where HR plays the prominent role.

Trivedi (2005) in his article concluded that the textile is one sector where India has high ambitions and can achieve robust growth through moderate human skills. India has skilled labour and does better in this sector as compared to others. This will also Increase the employment and the social structure will be better off.

Thomas (2005) in his article wrote on why in the competitive scenario wholesalers like Nike are shy from keeping long inventories and stocks. So pressure is on garment
companies to deliver the goods in time. India has bottleneck in infrastructure, which hinders the time receipt of raw material and delivery of finished goods. This would cause rapid airfreight and would squeeze the margins. Government has to invest heavily in Infrastructure to keep the pace of growth of garment industry intact and take the benefits to fullest extent.

Adhikari (2006) did study for UNDP regional centre Colombo. It was expected that the effect of quota elimination would not be same for all the countries. It has shown mixed results so far. Moreover countries that have lost out the most had seen their exports decline earlier which mean that their dismal performance merely be ascribed to the quota phase out. Several countries that had been expected to loose out in the post quota world not only managed to hold on to their past gains but also achieved significant growth in their export earnings. This is mainly because of the re-imposition of quota on T&C exports from China not only by developed countries but also by some developing countries, which were making use of temporary safeguards measures as agreed to by China during the process of its accession to WTO. Most analysts predicted that the situation will not remain same after the phasing out of safeguard which will expire in 2008. At the same time the entry of Vietnam into the WTO from 11th January 2007, which enables the county to compete in global T&C market without any quantitative restrictions on T&C exports, means that the competitive pressure is likely to be intense for the small and marginal players. Therefore the real adjustment challenges are yet to begin after December 2008.
**Chaudhry (2006)** did a very comprehensive study on the productivity of Indian Textile sector and various related sectors. Very technical formulas are used to analyze the competitiveness of Indian Textile Industry.

**Chugan (2006)** in his article discussed in detail the opportunities available to various sectors of Indian Textiles in the post quota era. Also, it emphasizes the weaker link, competition from China and the schemes run by government to support Indian textile Industry.

**Elsayeed, Kulich, Lake & Megahed (2006)** gave deep insight into the success factors of Guangdong textile cluster of China. Also it discusses the national diamond analysis which describes the competitive advantage and weakness in context of firm strategy, rivalry and strength in the related and supporting industries and limited demand conditions. Also it discusses the trade relations between China and Hong Kong and role of Chinese Diaspora and its role in success of Guangdong textile cluster. Also, it put emphasis on China – H.K relations as win-win situation for both. Then it discusses the cluster analysis.

**Jayaswal and Sayed (2006)** in his article presented how Pakistan has done excellent and dominating the home furnishing and bed linen section in US and EU. India Bed linen is no more preferred in US. Pakistan is completely dominating the US markets. If Indian companies become more competitive in quality, price and deliveries, it will not be preferred destination for EU and US.
Kumar (2006) did study of various sectors of Indian and Chinese textiles. This paper concludes and highlights the various areas where India has efficiency over china and how India should more capitalize on it. Also it gives equally weightage to Chinese advantages and how India can win over its weaker areas to be more competitive in long run.

Singh and Kathuria (2006) in his article discussed in details the problems faced by Indian garment exporters in post quota regime. The study focuses on the analysis of problems of garment exporters located in Ludhiana and Delhi. It highlights the factors which are hindrance in the growth of garment exports from the region and important determinants in increasing the exports share from the region.

Texprocil (2007) in his article concluded that if India has to keep maintaining its edge in hosiery and garment sector, it has to keep in control thru various measures. The various measures Indicated are raw material, Methodology, Labor wages, Power cost and utilities that need to be kept in check to keep the cost lower. This paper presents a comparative study of Indian textile industry with other nations like China, Bangladesh, Vietnam, Egypt and Pakistan and elaborates the competitiveness of Indian textile and various sectors in Textiles. It also puts lots of emphasis on the areas where India in loosing its edge and has to keep a close monitoring on it to remain competitive. It concludes that Vietnam and Egypt are coming up fast and can prove to be tough competitor in near future due to high productivity and low steam cost.
Shen (2008) examined major changes in China’s textile and clothing industries, studies their reactions to quota elimination, and explore the current status of China’s textile and clothing industry. Fourteen in-depth interviews were conducted at the end of 2005 and beginning of 2006 in China. Four themes were found. The study tends to examines: (a) overall status of China’s Textile and Clothing Industries, (b) advantages and disadvantages of different textile and clothing manufacturers in China, (c) main challenges and problems faced by China’s textile and clothing companies, (d) corresponding strategies for the textile and clothing manufacturing companies in China to address new challenges. There is a unique feature of this study. This study was conducted in end of 2005 and beginning of 2006, when the fresh agreement on quota between China and EU and China and US were reached and in place for next 3 years. So, all interviewers were able to present their view on what happened during the year 2005. If we look at the limitation part of the study, we find that the sample size was comparatively small. Looking at the size of Chinese textile and clothing industry, sample size of 14 is fairly small. Also, it is not exclusively for clothing or hosiery industry. China is more competitive in clothing than in textile. Impact of increasing cost of energy is more on textile than in clothing because the requirement of energy is more in textile than in clothing. Another limitation of the study is the language used to conduct the interview. The language used was Chinese and after it all data and information was translated into English for publication purpose. During interviews lots of information is received which is not translated and it misses some important information. This is because of difference of two languages. Also, it is still very difficult to conduct any interview in China.
Zhang and Hathcoe (2008) wrote on factor influencing apparel imports from China. This paper gives detailed insight into the factors which are determinant of apparel and textile exports from China to US. The Study examines the impact of quota phase out effect on apparel trade between US and China poert 2005 quota elimination. To achieve the four critical variables ï¿½ Quota price, tariffs, labor cost, and freight cost, associated with US import volumes are identified and studied. The study is based on Factors Proportions Trade Theory which is also known as Heckscher-Ohlin theory is considering two factors of production, labor and capital which are used to produce two commodities. The two commodities differ in labour/capital ration employed to produce them. China has comparatively large abundance of labour and scarcity of capital while US have shortage of labour and abundance of capital. Based on the theory of factors proportion, a country should specialize in production and export of commodity for which it has easily available resources.

Bedi (2009) in his article had prepared detailed report on Indian textile industry covering various sector of textile industry. This is one of the most comprehensive reports coveting all aspects of textile industry, performance and hindrances in the growth of it.

Venkatachalam and Palanivelu (2010) did detailed study on marketing strategies adopted by garment exporters in Tirupur. In this paper the authors highlight the problems of garment industries and propose solution to overcome these problems.
None of the studies given above is concentrated on Ludhiana hosiery industry. So there is gap in the information available on it. Therefore the need for study is felt.