CHAPTER -I
MARKETING OF READYMADE GARMENTS

INTRODUCTION

Your clothes speak even before you do. 

Jacqueline Murray:

Apparel Industry or Indian clothing came into existence during the Second World War. The main production was for military uniforms. Since then its profile has undergone several commendable changes. Indian apparel industry has faced continuous qualitative and quantitative changes with the change in technology. These days Indian apparel products are known all across the world and Indian market has emerged as a strong destination for all types of high end textile products. Many elite fashion brands are getting their products out sourced from India.

Clothes are one of the basic requirements of every human being. In today’s world grooming is one of the most important matters of concern. In the early days people use to drape themselves to depict their culture and tradition but these days’ people wear clothes to reveal their social status, Class and confidence. In ancient times men use to wear skin of animals, bark of trees to protect themselves from heat, cold and wind. Clothes are epitome of culture and status. People indifferent parts of the world dress differently and dress as to keep their culture and tradition alive.

Clothing being the second skin of human body is considered as the most important factor of human life. Customer’s wardrobe conveys his or her personality quotes and in turn the clothes he wears daily conveys about his mood. (Subhani et al, 2011.)

Being touted as one of the oldest export business houses on the globe, the apparel industry has a long way to go (Dickerson 1999, USITC 2004). Also the growth of apparel sector is the most expeditious amongst all other manufacturing units (Ramaswamy and Gereffi 1998). Textile trade across globe has increased many fold during the past fifty years, from under $6 billion in 1962 to $353 billion in 2002 (Appelbaum 2005).
Apparel sector is very dynamic and is prone to lot many changes every new day. This is due to the changing lifestyle after the emergence of Liberalization and apparel industry has therefore has taken a big stride. Entry of Indian and global fashion designers has further stimulated the apparel industry. (Npcs, 2011)\textsuperscript{5}.

(Hatch & Roberts 1985)\textsuperscript{6}, (Wheatley et al)\textsuperscript{7} mentioned that both intrinsic and extrinsic cues of a product are considered by a consumer while framing the differentiation of a product and to form impression of the product quality and its value.

Apparels created by Indian designers is the major factor responsible for the growth of the apparel industry and will continue to bring wonders in the coming five years as reported by Fashion Design Council Of India (FDCI). This is again one of the key reasons that the designers, manufacturers and retailers are targeting the Indian retail market. The Indian textile industry is dramatically earning a smart money from foreign exchange of the country. It is also majorly a source of employment after agricultural industry. (Shetty, 2001)\textsuperscript{8}; (Rajput et al, 2012)\textsuperscript{9}.

Indian textile and garment industry is contributing tremendously to the Indian economy in terms of investment, employment and production. Textile industry is directly associated with rural economy and agricultural sector. Lot many of the households are directly or indirectly related to this sector quotes (Dhanabhakyam and Shanthi, 2008)\textsuperscript{10}. India is the world’s second largest producer of textiles and garments and. Indian textiles and garment industry is expected to reach US $ 221 billion by 2021. (Technopak’s Textile and Apparel Compendium). Growth and the overall of textiles and apparel industry have a direct bearing on the improvement and strengthening of the nation’s economy.\textsuperscript{8} Market size of Indian Textile industry in the year 2011 was US $ 89 billion; the compound annual growth rate of 10.1 percent is expected by 2021. The growing size of India’s population has resulted as a key driver of textile consumption. Therefore there is an increased demand in this sector. Forecast of the size of middle class from 50 million in 2011 to 550 million in the year 2025 has been made.\textsuperscript{11} In terms of output, investment and employment the Indian textile industry is quoted as one of the oldest and largest sectors in the country. Textile industry is tremendously contributing to the nation’s economy, 14 % to industrial production, 4% to GDP and 17% to country’s export earnings (IBEF)\textsuperscript{12}. The salient features of Indian textile industry include skilled and
unskilled personnel, cheap labour, good export potential and low import content. Textile industry is enjoying smart demand both in the domestic as well as global markets.

Apparel Industry of India holds a bright future and is expected to grow $220 billion by 2020. (Dushyant Karamchandani)\textsuperscript{13}. Growth of 11% CAGR is expected in the Indian domestic apparel market size and is expected to reach $140 billion by 2020. The global retail industry will reach upto the value of $1,222.7 billion in the year 2014 thus marking an increase of 13.4% since 2009. Dushyant Karamchandani further mentioned that higher disposable income and change in demographics are the key growth drivers of Indian modern retail. The projection of 16% is expected in the Indian textile industry by the year end as touted in a report by ASSOCHAM\textsuperscript{14}. The report also indicates that Indian textile industry is speeding up very fast in the global textile trade with around 64% of domestic demand.

Apparel category has emerged as one of the fastest growing category as there is desire to be in vogue and people are very fashion conscious. In the very beginning brand consciousness was there in men’s apparels but with the passage of time women are also becoming brand conscious. Females have adopted a gradual change in their buying habits instead of “buy and stitch” garments they have moved on to ready to wear apparels. As they find a large variety and convenient shopping in a retail store. (Deloitte)\textsuperscript{15}.

According to a research published by CARE\textsuperscript{16}, growth of 8% CAGR is expected from the Rs 2, 02,600 crore in FY12 to Rs 2, 74,600 crore in FY 16. Entry off new brands, policy reforms and revival in economy will revive the demand of apparels in FY14. Growing consumer class, changing fashion trends, increasing retail penetration, increasing share of the designer wear and rising urbanization has helped the apparel industry to grow splendidly. Removal of excise duty on branded garments will shower positive growth for Indian apparel industry and will revive the overall economy. The growth in domestic clothing sector is not self-initiating and is difficult in the current years but still there is possibility of growth up to US$ 100-200 billion by 2020 touted Rahul Mehta( President of CMAI)\textsuperscript{17}. Price of apparel are likely to come down because excise duty on branded garments had been removed, markets are improving further quoted Rahul. It is also quoted that the purchase of readymade garments has tremendously increased in both the rural as well as urban areas, NSSR report on
Household consumption of various goods and services in India (2007)\textsuperscript{18}. Indian textile Industry is known through the world for the reflection of its diversity and richness of culture which could be easily seen in its textile products in terms of the wide variety of the colors, variety and patterns. Thus Indian textile industry is spreading the richness of its culture all across the world.

1.1 The Problem

The word ‘Marketing’ means the process of creating customer’s interest in goods and services. Marketing is thus an ongoing process in the dynamic environment. Thus marketing focuses on the present rather than focusing on future. Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of goods and services to create exchanges that satisfy individual and organizational goals. (AMA)\textsuperscript{19}. Marketing enables companies to build strong customer values, develop sales techniques and start business communication.

The problem of this study is propelled by the need to empirically study the Marketing of readymade garments. The common notion about the customers is that an unsatisfied customer builds a negative image of the brand and hence leading in reduction of customer loyalty and thus affecting long term margin. Therefore companies have to put their best in order to market their product. On the other hand the garment sellers should adopt proper marketing strategies in place to handle the sales of garments.

Every consumer is surrounded by marketing in this world. Customers while sharing their marketing experience market the product or service. Customers decide what they want, need and desire thus all the key issues of marketing surrounds customers. New customers could be attracted through marketing activities, these activities focuses on superior value promises to the new customers and retaining current customers by delivering customer satisfaction. (Kotler et al. 2008)\textsuperscript{20}.

Clothing reveals culture, background, life style and profession of individual. Tienari et al. (2009)\textsuperscript{21} depicts that every individual carries and flaunts their individual style as per their background, culture and profession. Consumer’s inclination towards buying garments is dynamic and ever changing and in order to cater to the needs of consumers and satisfying them, it is important that marketers and retailers are selling their garments according to the target audience needs.
The problem with Marketing is that its failure may result in a destroyed relationship between the customer and its business organization. Marketing failure happens when customers perception do not meet the customer expectations (Ha and Jang, 2009). This research studied the garment customers’ perception towards the level of service recovery efforts and the decision of future buying intentions from the same store.

Organizations these days are more consumers oriented and mould all their marketing activities in order to satisfy and retain their customers as compared to make new customers. The reason behind this is that making new customers incurs huge cost as compared to retaining of old ones. There are studies which proved that the majority of businesses spend six times more than retaining the existing customers. This effort not only brings business from the old customers but the satisfied old customers fetch more customers through word of mouth publicity. (Reichheld, 1996.)

The process by which goods and services are exchanged and the values determined in terms of money prices is known as marketing. Marketing is not only the physical process of transferring goods and services from manufacturers or producers to the consumers but it is the process of discovering and translating consumer wants into products and services. Marketing also deals with identifying customer needs and satisfying these needs.

1.1.1 Marketing Concept

The philosophy urges organization to focus on their customer’s needs and delivering the desired satisfactions more effectively and efficiently than competitors. This concept focuses on selling satisfaction not merely on the selling of a product. Whole marketing activities operate around consumers who are the central point of marketing concept. He further quoted that organizational goals consists of being more effective than competitors in integrating marketing activities towards determining and satisfying the needs and wants of target markets. The key for marketing concept is based on four things: target markets, customer needs, integrated marketing and profitability. Marketing has five orientation concepts namely production concept, product concept, selling concept, marketing concept, societal marketing concept. These concepts dominated market times ago and are still being practiced by lot many firms depending upon the nature of products they manufacture.
American Marketing Association defines marketing as “the activity, set of institutions, and processes of creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large”\(^{25}\).

Most of the people connote marketing as a function peculiar to business firms. It is considered as the task of finding and stimulating buyers for the firm’s output. However marketing involves product development, pricing, distribution, and communication; and in more progressive firms, continuous attention to the changing needs of customers and the new development of new products, with product modifications and services to meet these needs. It is often believed that in order to achieve and maintain successful business relationship marketer should pay attention to the customer needs and wants which in turn is known as marketing concept. But (GöranSvensson)\(^{26}\) in his research article on “Revaluating the marketing concept” cites a generic deficiency in the usage of the marketing concept in marketing literature. It is also proposed that there is a necessity to extend the marketing concept towards the perspective of a holistic marketing channel context. Therefore, it is argued that the point of departure, in any marketing process of theory building, modeling, and development of conceptual frameworks in marketing, must be from the customer’s perspective and eventually from the ultimate consumer’s perspective.

### 1.1.2. Marketing Mix

Marketing mix is a “systematic and a balanced combination of the four inputs which constitute the core of a company’s marketing system – the product, the price structure, the promotional activities and the place or distribution system”\(^{2}\). The concept is popularly known as 4 P’s of marketing.

Chong (2003)\(^{27}\) mentioned single P of microeconomic theory gave rise to the concept of marketing mix. “Marketing mix” was first used by Borden (1965)\(^{28}\) based on Culliton’s (1948)\(^{29}\) description of a business executive as “mixer of ingredients”. Culliton further quoted that executive is one of creates mixer of ingredients and prepares, experiments with or invents ingredients no one else has tried. The concept of marketing concept was somehow similar to marketing mix based on the idea of action parameters presented in 1930s by Stackelberg (1939)\(^{30}\). Later theory was developed as parameter theory by Rasmussen (1995)\(^{31}\). Price, quality, service and advertising were the key four parameters of the theory. This concept was further applied to the concept of Product life
Cycle by Mickwitz (1959)\textsuperscript{32}. Marketing Mix developed by Boeden had 12 elements namely product planning; pricing; branding; channels of distribution; personal selling; advertising; promotions; packaging; display; servicing; physical handling; and fact finding and analysis. Frey mentioned that the marketing variables should be divided into two parts namely offerings (product, packaging, brand, price and service) and the methods and tools (distribution channels, personal selling, advertising, sales promotion and publicity). However Lazer and Kelly (1962)\textsuperscript{33} and Lazer, Culley and Staudt (1973)\textsuperscript{34} claimed that marketing mix should have three elements of marketing mix namely the goods and services mix, the distribution mix and the communication mix. McCarthy\textsuperscript{35} further analysed and developed the marketing mix as a combination of all of the factors at a marketing manager’s command to satisfy the target market. He regrouped 12 elements given by Borden into 4Ps, namely product, price, promotion and place at a marketing manager’s command to satisfy the target market. Number of researches contributed in developing new Ps in marketing mix. Fifth P “people” in marketing mix was proposed by Judd (1987)\textsuperscript{36}. Three new Ps were added to the original Ps by Booms and Bitner\textsuperscript{37} in the concept of marketing mix of services namely participants, physical evidence and process. Power and public opinion formation was further added to Ps concept by Kotler (1986)\textsuperscript{38}. The concept of 15 Ps was suggested by Baumgartner (1991)\textsuperscript{39}. However 3 Ps namely personnel, physical facilities were proposed by MaGrath (1986)\textsuperscript{40}. Addition of S (service) was proposed by Vignalis and Davis (1994)\textsuperscript{41} to make the marketing mix complete. Goldsmith (1999)\textsuperscript{42} designed eight Ps to be included in marketing mix namely product, price, place, promotion, participants, physical evidence, process and personalization. Chai Lee Goi\textsuperscript{43} further claimed that the concept of marketing mix is applies particularly to the marketing mix.

1.1.3. Four Ps

Having described the concept of marketing mix, it is now important for the overall understanding of four Ps. Although different researchers have proposed different dimensions in marketing mix, there are certain dimensions upon which marketing mix has been generalized.

Neil Borden\textsuperscript{44} coined the term marketing mix for the ingredients that combine to capture and promote a brand or product’s unique selling points, those that differentiate it from its competitors. The ideas behind Borden’s model were refined over the years until
E. Jerome McCarthy reduced them to 4 elements called “The Four Ps.” This proposed classification has been used by marketing companies, branding agencies and web design companies throughout the world. The elements have been listed as follows:

- **Price** The first of the Four Ps of marketing is product. A product can be either a tangible good or an intangible service that fulfills a need or want of consumers. Whether you sell custom pallets and wood products or provide luxury accommodations, it’s imperative that you have a clear grasp of exactly what your product is and what makes it unique before you can successfully market it.

- **Price** - Once a concrete understanding of the product offering is established we can start making some pricing decisions. Price determinations will impact profit margins, supply, demand and marketing strategy. Similar (in concept) products and brands may need to be positioned differently based on varying price points, while price elasticity considerations may influence our next two Ps.

- **Promotion** - We’ve got a product and a price now it’s time to promote it. Promotion looks at the many ways marketing agencies disseminate relevant product information to consumers and differentiate a particular product or service. Promotion includes elements like: advertising, public relations, social media marketing, email marketing, search engine marketing, video marketing and more. Each touch point must be supported by a well positioned brand to truly maximize return on investment.

- **Place** - Often you will hear marketers saying that marketing is about putting the right product, at the right price, at the right place, at the right time. It’s critical then, to evaluate what the ideal locations are to convert potential clients into actual clients. Today, even in situations where the actual transaction doesn’t happen on the web, the initial place potential clients are engaged and converted is online.

#### 1.1.4. Indian Textile Industry

The textile industry is one of the largest growing industries in India and has a significant influence towards the national economy keeping the rapid and sustainable growth of GDP. Indian textile industry also contributes largely in the Indian economy in terms of output, foreign exchange earnings and employment generation. Indian textile industry reflects its richness and diversity in the world through its variety, colors and
patterns. As per the evidences provided by literary and archeological revelation textile industry Indian textile industry is famous for its textiles. Textile Industry contributes 14% to Indian industrial production, 4% to the GDP and around 17% to the total export earnings and is the largest foreign exchange earning sector in the country. Textile industry has reached to this stage of supremacy from the level of domestic small – scale industry. The industry provides direct employment to the workers but also provides scopes for other ancillary sectors.

Indian textile industry is widely comprehensive, integrating whole range of raw material to finished product that includes fiber manufacturing, spinning, knitting and weaving, and garment manufacture. Industry is collection of all the aspects namely: raw material, fabric production, apparel production and made up production.

1.1.5. Growth of Textile Industry in India

Textile industry is one of the major contributors to the total output of fast growing economy. Indian textile industry has emerged out as one of the major sources of foreign exchange earnings for India and contributes around 16 – 17% of the total export earnings. Thus signifies that the market size of India is growing at a very high pace. Thus, attracting foreign investors to invest in India and to get hold of a chunk of this expanding pie. With increasing demand of Indian products new players are jumping in the league to get hold of a chunk of this expanding pie and already existing textile mills are raising their capacity for increasing their supply. Hence the expansion process of the domestic industry is also not far behind.

Indian textile industry is going through a major change in its outlook after the expiry of Multi Fiber Agreement (MFA). MFA was introduced in the year 1974 as a short term measure directed towards providing a limited time period for the adjustment of developed countries in accordance with developing countries. India is an extensive labour market with availability of labor at cheap rates; therefore it enables textile industries to supply goods at a very low price. The basic idea behind MFA was to remove all sorts of quotas from the Apparel and textile industry so that a common stage for performance could be established. MFA was removed from the textile industry in year 2005.
Moreover after independence economic development of the country is being dominated by the growth of textile industry. It has contributed to the overall GDP, employment generation and export. It has also acquired a prominent place in the societal development of the country. The present section deals with the growth of Indian textile industry during the period from 1980-81 to 2009-10 which represents pre liberalization (1980-81 -1991-92) and post- liberalization (1992-93-2004-05) and post-MFA regime (2005-06-2009-10).

Union textiles Minister, Dr. K. S. Rao\textsuperscript{46} has said that this is the golden period for Indian textiles industry. He further mentioned that although the textile industry is facing certain challenges in terms of skilled manpower supply and fluctuation in prices of cotton and yarn. He further quoted that the industry should take initiatives on their own such as setting up of captive power plants, training facilities and R & D centre with the help of central and state government to mitigate the situation. He further wished that 24 hours work shifts should be permitted in the industry.

Confederation of Indian Textile Industry Chairman Prem Malik quoted that the textile industry is confident of achieving good growth and exports to cross $40 billion in the current fiscal\textsuperscript{47}. Ms. Zohra Chatterji, Secretary, Textiles, Government of India, touted that due to the governmental schemes like Technology Upgradation Fund Scheme (TUFS), with an additional allocation of Rs 11,952 crores as per the 12\textsuperscript{th} Five Year Plan will propel investments of more than Rs 2 lakh crores. Integrated Skill Development Scheme (ISDS) has also been launched by Ministry of Textiles with the objective of training 10 million people by 2022 in the textile industry. Ms. Chatterji got delighted to see FICCI work diligently in Technical Textiles industry, which is growing at a robust growth rate of 20\% and expected to reach 1.58 Lakh crores by 2016 – 17.

1.1.6. Readymade Garments

Clothes are an epitome of a culture. They not only reflect the creative genius of the designers but also depict the styles of dressing which symbolize their culture and status. The fashion and popular styles thus spread like across boundaries. It is therefore that the Textile industry including readymade garments occupies a distant and unique position in the Indian economy. Its predominant presence in the Indian economy can be felt by increasing number of Apparel retail openings and thus employing a large number of manpower. Over the past several years, the readymade garment industry steadied into
the robotic approach. The reason for this growth is because of the changing lifestyle of people as they do not have enough time to get the tailor made fabrics. The changing lifestyle forced readymade garment manufacturers to modernise and revise their sizing systems in terms of varied sizes.

Fitting issues for customers all over the world has a great impact on the buying behavior of customers. Women and teenagers in particular, these days are more concerned regarding accurate fitting of readymade garments. Not to talk of yanky lads who step into the try rooms more often. Moreover people of any gender, age and region are more concerned about the cuts and styles of fabrics. Clothes are not only for body protection and covering, but also have social and emotional aspects attached to them. For example - a petite girl wearing clean and proper fitted clothes that are not too tight and loose would look more flattering then another petite woman who wears tight fitting non-clean dress.

India has a lucrative garment industry. An extremely well organized sector, garment manufacturers, exporters, suppliers, stockiest and wholesalers are the gateway to an extremely enterprising clothing and apparel industry in India. There are numerous garments exporters, garments manufacturers; readymade garments exporters etc. in both the small scale as well as large scale sector. Readymade garment is a part of the textile industry that consists of yarn, thread, fiber, woolen textiles, silk textiles fabrics, made-ups, and readymade garments. Readymade garment industry contributes to about half of India's textile exports. The global apparel industry is among the most advanced, and yet the most fragmented of all retail sectors. The industry is expected to touch US$ 220 billion by 2020\textsuperscript{48}. The present structure of the readymade garment industry is woven in such a complex form that the flaws can be identified clearly. It is highly fragmented and a large part of it is unorganized. Both the domestic and international markets have their own issues of concern. The products are poorly classified and the distribution systems ill-defined, making strategies and data difficult to evaluate. Readymade garment is really becoming a big business. With the quota regime on textiles and clothing set to go in approaching years, the garment industry should get greater access to international market. The domestic market too presents immense opportunities with consumer spending on the rise and organized retailing growth.
Trade in textile and clothing industry has substantially changed internationally during the last twenty – five years. Developed countries rely on developing countries for exporting clothing. Readymade garment industry is relatively labour intensive whereas textile production is relatively capital extensive. Indian market is full of cheap labor due to which India started the process of industrialization by concentrating on labor intensive products such as clothing.

1.1.7. Contribution of Readymade Garments in Indian Economy

From time immemorial, the textile industry has remained an important facet of the Indian economy. It probably dates back to 3000 BC, when mordant dyes and printing blocks were used. India was blessed with a diversity of fibres, and hand looms were used for weaving cloth. Organic dyes were used that were eco-friendly. Indian textiles became famous throughout the world (Chandra, 2006) for finesse, quality, and design.

(Zala, 2011). During pre-historic times, Indian textiles were exported to China, South-East Asia, and Portugal. Some of the exported items included embroidered bedspreads, wall hangings, and quilts of cotton or jute with wild silk embroidery (Zala, 2011). In fact, the textile industry played a prominent role in the industrial development of India. The manually operated textile looms served as a model for developing the first textile machines in newly industrialised economies (Zala, 2011).

When Britain colonised India, the country became dependent upon T&C manufactured in the Western world. By 1880, India transformed from a leading textile-exporting country to a textile-importing one. But after Independence, textile capabilities were enhanced and the productbase was diversified, helping the sector emerge once again as a global player in the international market of T&C products (Chandra, 2006).

At present, the Indian T&C sector holds a significant position in the nation’s economy. The sector provides direct employment to more than 35 million people (Ministry of Textiles, 2011-12) and indirect employment o more than 50 million (Tiwari, 2008). T&C contribution to industrial production, GDP, and export earnings stand at 14 percent, 4 percent, and 17 percent respectively. The sector accounts for 26 percent of manufacturing output and 18 percent of industrial employment (Tiwari, 2008).

Readymade Garments are the most significant item in the basket of goods exported in the textile sector by India. India contributes 3.6 % share in the total world
export of apparel and it is one of the top ten export of apparel and it is one of the top ten export items of India. The export performance during the last three years has been as under:

**Table 1.1: Contributions of Readymade Garments in Indian Exports**

<table>
<thead>
<tr>
<th>Year</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>US$ 10.93 Billion</td>
</tr>
<tr>
<td>2012-13</td>
<td>US$ 10.71 Billion</td>
</tr>
<tr>
<td>2013-14</td>
<td>US$ 5.3 Billion (April – September)</td>
</tr>
</tbody>
</table>

Since 2005 Indian readymade garment showed a noticeable increase but Indian apparel’s experienced a decline in India’s Apparel exports in 2009-2010. The trend continued during 2010-2011 (April – September) reflecting a decline of 6.6%. Readymade garment is a sector contributing maximum ally to the growth of economy by contributing largely to the exports in the textile sector. It is in view thereof that an ambitious target of US $ 21.5 Billion has been fixed for 2013-14. The year wise projections are as follows:

**Table 1.2: Yearly Projection of Readymade Garments in exports of Textiles**

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10702.62</td>
<td>11237.75</td>
<td>13642.47</td>
<td>16854.9</td>
<td>21494</td>
</tr>
<tr>
<td>%</td>
<td>5%</td>
<td>21%</td>
<td>24%</td>
<td>28%</td>
<td></td>
</tr>
</tbody>
</table>

Moreover, the Indian textile industry has comparative advantages over its competitors for the following reasons:

1. Rich tradition in textiles and historic operation experience
2. Large and increasing internal market
3. Strong raw material base
4. Production along the entire textile value chain
5. More stable and low-risk economy
6. Easy availability of raw materials like cotton, silk, jute, and wool
7. Suitable climatic conditions
**Export Scenario**

India exports a wide range of T&C products comprising of readymade garments, cotton textiles, handloom textiles, man-made fibre textiles, wool and woolen products, silk, jute, handicrafts and carpets. Approximately two-thirds of Indian T&C products are exported to the US and the EU and the rest to China, UAE, Sri Lanka, Saudi Arabia and others (Ministry of Textiles, 2012-13). The export volume of India has consistently increased over the years, particularly after the discontinuation of textiles exports quota in 2004 (Ministry of Textiles, 2012-13). Table 1.3 depicts a robust growth in the export of Indian T&C products with an exception in 2008-09. The financial meltdown in the US, Japan, and Western Europe affected the trade of Indian T&C products. And after recession, the export volume has surged impressively. The WTO data (2012) ranks India as the sixth largest exporter of clothing, and the third largest exporter of textiles (Ministry of Textiles, 2012-13).

**Import Scenario**

The major T&C items that India imports are man-made filaments, impregnated textile fabric, and man-made staple fibre. The total value of T&C imports by India reached US$4.09bn in 2011-12 (Ministry of Textiles, 2012-13). While the imports of T&C items have increased by 21.69 percent, the sector’s share of imports out of total imports has decreased by 0.07 percent in 2010-11 compared to the past year (Ministry of Textiles, 20112-13). India imports various T&C items from China, Taiwan, Republic of Korea and other developing countries.

**Environmental Standards and Trade in T&C Sector**

T&C sector plays a crucial role in the economic lives of developing countries. For instance, in Cambodia, it contributes 12 percent to the nation’s GDP; in Pakistan, its share is approximately 15 percent of the nation’s GDP (Keane and Willem, 2008)\(^5^3\).

It is one of the major sources of foreign exchange in many developing countries. In Cambodia, Bangladesh, Pakistan, and Sri Lanka, T&C exports account for more than 50 percent of total manufacturing exports (Keane and Willem, 2008). This sector is also one of the major employment providers in many developing countries like Bangladesh and Pakistan. For example, in Bangladesh, it accounts for 75 percent of total employment in the manufacturing sector (Keane and Willem, 2008).

Despite such impressive facts, trade of T&C items has been historically distorted
by protectionism and favouritism. The Multi-Fibre Agreement (MFA) from 1974 till 1994 restricted the free flow of T&C items from developing countries to developed ones. The quota system limited imports into the developed countries. Then the Agreement on Textiles and Clothing (ATC) came into force in 1995-2005 that gradually phased out the quota system (Keane and Willem, 2008). But T&C items from developing countries continue to face trade barriers under labour, social, and environmental norms. The EU and US impose higher tariffs for textiles compared to other manufacturing products (Keane and Willem, 2008).

Over the years, environmental trade barriers (ETBs) have emerged as one of the non-tariff measures (NTMs). ETBs not only cover environment but also health and safety of animals and plants (Kumar and Chaturvedi, eds., 2007). As such, textile industries in the developing world have to take into account effluents, pollutants, bio-hazards, chemicals and pesticides that potentially affect health and safety of plants and animals. If environmental standards set by the developed world are not met, then T&C products from the developing world face trade barriers. And to meet such standards, industries require significant funds for upgradation. For example, the Bangladesh shrimp industry requires US$17.6mn to satisfy EU and US hygiene requirements (Kumar and Chaturvedi, eds., 2007).

The textile industry in Bangladesh is one of the leading manufacturing industries contributing significantly to the nation’s economy. Despite being an engine of economic growth, the industry has been heavily polluting the environment. Effluents are discharged into the river basin, thereby contaminating it with alkali, chlorine dye, detergents and others (Kumar and Chaturvedi, eds., 2007). A vast majority of the textile units in India cater to domestic requirements, and so the industries need not meet stringent environmental standards with regard to pollution (Kumar and Chaturvedi, eds., 2007). But environmental degradation is a matter of grave concern for the country and so keeping the rivers clean must be one of the top priorities of the government of Bangladesh.

The bulk of readymade garments of Bangladesh are exported to the European market. The EU is particularly concerned about the dyes and chemicals used in the manufacture of garments. For instance, Germany bans the use of azo-dyes in apparels and garments. Even though such prohibited chemicals and dyes are not used in
readymade garments of Bangladesh, it faces myriad challenges and incurs huge cost in obtaining certification of clearance from abroad as the country does not have testing facilities (Kumar and Chaturvedi, eds., 2007).

Pakistan too has similar issues with its T&C industries. The use of certain azo-dyes containing carcinogenic amines in dyeing of textiles and garments are prohibited in the Western world, to which Pakistan exports substantial amount of its T&C products. Similarly, there are certain pesticides that are banned in the cultivation of cotton, the principal raw material for making yarn used in clothing and textile industries. Textile manufacturers cannot control the use of harmful pesticides in cotton cultivation. This needs to be governed by Pakistan’s local and national-level policies. But because of use of such pesticides in cotton cultivation, the textiles and apparel manufactured out of it get banned from entering the European market. And the number of pesticides that are prohibited is increasing with the increase of voluntary eco-labelling schemes (Kumar and Chaturvedi, eds., 2007).

Azo-dyes were extensively used as colouring agents in the Indian T&C sector. With the subsequent ban on azo-dyes by European countries, the government of India banned 112 harmful azo-dyes (Mangalam, 2008). In fact, the use of azo-dyes has been banned in the Indian textile industry since 1997. However, this initiative has proven to be expensive for Indian textile industries. Azo-free dyeing has increased the cost of textile production in India by 15-20 percent (Mangalam, 2008).

**Impact of Environmental Standards on Indian T&C Sector**

Environmental standards have been initiated to protect the environment. This is reflected in Environmental Product Information Schemes (EPIS) or eco-labels. Eco-labels inform consumers and policy makers about environmental characteristics of products and services. Eco-labelling began with the introduction of the German Blue Angel in the late 1970s. Third-party eco-labellingschemes came into existence in the late 1980s and 1990s.

The major objectives of eco-labelling schemes are as follows:

i. Inform consumers about products with fewer adverse environmental impacts

ii. Push manufacturers to produce environmentally sound products
iii. Make eco-labelling an instrument of environmental policy.

In 1989, the Nordic Council of Ministers established an official Nordic eco-labelling scheme called White Swan. The scheme was initially adopted by Denmark, Finland, Iceland, Norway, and Sweden (Scheer et al., 2008). The product criteria for White Swan are based upon the product’s lifespan. The eco-labelling scheme covers paper and household chemicals, among others.

But Sto (2011) argues that over the years, a variety of eco-labels has emerged, which in spite of promoting environmental protection hasresulted in trade barriers to producers and products outside Organisation for Economic Cooperation and Development (OECD). With growing number of eco-labels in OECD countries, Indian T&C sector faces possible technical barriers to trade due to non-compliance to such environmental standards. For example, in 1993, the German textile Industry introduced two eco-labels namely, MarkenzeichenSchastoffgeprüftTextilien (MST) that focused on lower content of pollutants and MarkenzeichenUnweltschoneTextilien (MUT) that focused on norms for production process (Kumar and Chaturvedi, eds., 2007). Germany of late has introduced Eco-Tex Standard 100 that lists out criteria to examine whether textile has been produced taking into account environmental consideration or not (Kumar and Chaturvedi, eds., 2007).

Nordic Swan. Gandhi (2006) writes that non-state actors or NGOs have varied interests in designing voluntary eco-labels. Their interests can be influenced by industry groups, manufacturing associations and non-profit environmental activists. The standards they set are not scrutinised and their transparency and accountability are not examined. And yet they play an influential role in guiding consumers about the environmental standards in textiles, leather and other goods (Gandhi, 2006). India has officially protested at the WTO Committee on Trade and Environment (CTE) against the voluntary ecolabels that restrict Indian T&C items from entering the EU market. These labels are unfair as they could favour their own producers and are based on disguised restrictions on trade (Gandhi, 2006). Moreover, given the fact that majority of Indian T&C exporters consist of small and medium enterprises (SMEs), they simply cannot afford to comply with NGO environmental standards because of high cost of compliance. And if they fail to comply with standards, Indian T&C articles face barriers to trade.
Indian T&C sector faces 14 types of non-tariff measures and accounts for 16.5 percent of the total NTM cases. The sector faces non-tariff measures in the name of labour, environment, minimum import price, customs, and rules of origin. EU, USA and Mexico impose the maximum number of restrictions on Indian T&C (Saini, 2009). Even giant retail stores in the US like Wal Mart and JC Penny impose restrictions on the ground of labour norms and environmental protection.

1.1.8 Government Policies

The Multi Fibre Arrangement (MFA) governed the world trade in textiles and garments from 1974 through 2004, imposing quotas on the amount developing countries could export to developed countries. It expired on 1 January 2005. The MFA was introduced in 1974 as a short-term measure intended to allow developed countries to adjust to imports from the developing world. Developing countries have an absolute advantage in textile production because it is labor intensive and they have low labor costs. According to a World Bank/International Monetary Fund (IMF) study, the system has cost the developing world 27 million jobs and $40 billion a year in lost exports. However, the Arrangement was not negative for all developing countries. For example the European Union (EU) imposed no restrictions or duties on imports from the very poorest countries, such as Bangladesh, leading to a massive expansion of the industry there.

At the General Agreement on Tariffs and Trade (GATT) Uruguay Round, it was decided to bring the textile trade under the jurisdiction of the World Trade Organization. The Agreement on Textiles and Clothing provided for the gradual dismantling of the quotas that existed under the MFA. This process was completed on 1 January 2005. However, large tariffs remain in place on many textile products. Bangladesh was expected to suffer the most from the ending of the MFA, as it was expected to face more competition, particularly from China. However, this was not the case. It turns out that even in the face of other economic giants; Bangladesh’s labor is “cheaper than anywhere else in the world.” While some smaller factories were documented making pay cuts and layoffs, most downsizing was essentially speculative – the orders for goods kept coming even after the MFA expired. In fact, Bangladesh's exports increased in value by about $500 million in 2006.
However, poorer countries within the developed world, such as Greece and Portugal, are expected to lose out.

During early 2005, textile and clothing exports from China to the West grew by 100% or more in many items, leading the US and EU to cite China's WTO accession agreement allowing them to restrict the rate of growth to 7.5% per year until 2008. In June, China agreed with the EU to limit the rate to 10% for 3 years. No such agreement was reached with the US, which imposed its own import growth quotas of 7.5% instead.

When the EU announced their new quotas to replace the lapsed MFA, Chinese manufacturers accelerated their shipping of the goods intended for the European market. This used up a full year's quota almost immediately. As a result, 75 million items of imported Chinese garments were held in European ports in August 2005. A diplomatic resolution was reached at the beginning of September 2005 during Tony Blair's visit to China; putting an end to a situation the UK press had dubbed "Bra Wars".

The MFA was a global quota agreement that regulated international trade in textiles and apparel from 1974-1995. The MFA was managed under the auspices of the General Agreement of Tariffs and Trade (GATT) in Geneva, Switzerland. As a condition of the successor organization to the GATT, the world Trade Organization (WTO), the MFA was terminated on January 1, 1995. Upon the termination, the agreement was generally phased out until all quotas were eliminated by 2005. The MFA was a high profile exception to the principles of free trade and the operation of the GATT. As such, the MFA was supposed to be a temporary measure. However, the agreement was renewed four times and become a political pariah for all those involved. Although the agreement was meant as a tool for the regulation of global trade in textile and apparel, the politics supporting the agreement was meant as a tool for the regulation of global trade in textile and apparel, the politics supporting the agreement ultimately unraveled the agreement.

1.1.9 Agreement on Textiles and Clothing

The Agreement on Textiles and Clothing (ATC) and all restrictions thereunder terminated on January 1, 2005. The expiry of the ten-year transition period of ATC implementation means that trade in textile and clothing products is no longer subject to quotas under a special regime outside normal WTO/GATT rules but is now governed by the general rules and disciplines embodied in the multilateral trading system.\textsuperscript{62}
Article 1

1. This Agreement sets out provisions to be applied by Members during a transition period for the integration of the textiles and clothing sector into GATT 1994.

2. Members agree to use the provisions of paragraph 18 of Article 2 and paragraph 6(b) of Article 6 in such a way as to permit meaningful increases in access possibilities for small suppliers and the development of commercially significant trading opportunities for new entrants in the field of textiles and clothing trade.

3. Members shall have due regard to the situation of those Members which have not accepted the Protocols extending the Arrangement Regarding International Trade in Textiles (referred to in this Agreement as the “MFA”) since 1986 and, to the extent possible, shall afford them special treatment in applying the provisions of this Agreement.

4. Members agree that the particular interests of the cotton-producing exporting Members should, in consultation with them, be reflected in the implementation of the provisions of this Agreement.

5. In order to facilitate the integration of the textiles and clothing sector into GATT 1994, Members should allow for continuous autonomous industrial adjustment and increased competition in their markets.

6. Unless otherwise provided in this Agreement, its provisions shall not affect the rights and obligations of Members under the provisions of the WTO Agreement and the Multilateral Trade Agreements.

7. The textile and clothing products to which this Agreement applies are set out in the Annex.

Article 2

1. All quantitative restrictions within bilateral agreements maintained under Article 4 or notified under Article 7 or 8 of the MFA in force on the day before the entry into force of the WTO Agreement shall, within 60 days following such entry into force, be notified in detail, including the restraint levels, growth rates and flexibility provisions, by the Members maintaining such restrictions to the Textiles Monitoring Body provided for in Article 8 (referred to in this Agreement
as the “TMB”). Members agree that as of the date of entry into force of the WTO Agreement, all such restrictions maintained between GATT 1947 contracting parties, and in place on the day before such entry into force, shall be governed by the provisions of this Agreement.

2. The TMB shall circulate these notifications to all Members for their information. It is open to any Member to bring to the attention of the TMB, within 60 days of the circulation of the notifications, any observations it deems appropriate with regard to such notifications. Such observations shall be circulated to the other Members for their information. The TMB may make recommendations, as appropriate, to the Members concerned.

3. When the 12-month period of restrictions to be notified under paragraph 1 does not coincide with the 12-month period immediately preceding the date of entry into force of the WTO Agreement, the Members concerned should mutually agree on arrangements to bring the period of restrictions into line with the agreement year and to establish notional base levels of such restrictions in order to implement the provisions of this Article. Concerned Members agree to enter into consultations promptly upon request with a view to reaching such mutual agreement. Any such arrangements shall take into account, inter alia, seasonal patterns of shipments in recent years. The results of these consultations shall be notified to the TMB, which shall make such recommendations as it deems appropriate to the Members concerned.

4. The restrictions notified under paragraph 1 shall be deemed to constitute the totality of such restrictions applied by the respective Members on the day before the entry into force of the WTO Agreement. No new restrictions in terms of products or Members shall be introduced except under the provisions of this Agreement or relevant GATT 1994 provisions.

5. Restrictions not notified within 60 days of the date of entry into force of the WTO Agreement shall be terminated forthwith.

6. Any unilateral measure taken under Article 3 of the MFA prior to the date of entry into force of the WTO Agreement may remain in effect for the duration specified therein, but not exceeding 12 months, if it has been reviewed by the Textiles Surveillance Body (referred to in this Agreement as the “TSB”)

21
established under the MFA. Should the TSB not have had the opportunity to review any such unilateral measure, it shall be reviewed by the TMB in accordance with the rules and procedures governing Article 3 measures under the MFA. Any measure applied under an MFA Article 4 agreement prior to the date of entry into force of the WTO Agreement that is the subject of a dispute which the TSB has not had the opportunity to review shall also be reviewed by the TMB in accordance with the MFA rules and procedures applicable for such a review.

7. On the date of entry into force of the WTO Agreement, each Member shall integrate into GATT 1994 products which accounted for not less than 16 per cent of the total volume of the Member’s 1990 imports of the products in the Annex, in terms of HS lines or categories. The products to be integrated shall encompass products from each of the following four groups: tops and yarns, fabrics, made-up textile products, and clothing.

8. Full details of the actions to be taken pursuant to paragraph 6 shall be notified by the Members concerned according to the following:

a) Members maintaining restrictions falling under paragraph 1 undertake, notwithstanding the date of entry into force of the WTO Agreement, to notify such details to the GATT Secretariat not later than the date determined by the Ministerial Decision of 15 April 1994. The GATT Secretariat shall promptly circulate these notifications to the other participants for information. These notifications will be made available to the TMB, when established, for the purposes of paragraph 21;

b) Members which have, pursuant to paragraph 1 of Article 6, retained the right to use the provisions of Article 6, shall notify such details to the TMB not later than 60 days following the date of entry into force of the WTO Agreement, or, in the case of those Members covered by paragraph 3 of Article 1, not later than at the end of the 12th month that the WTO Agreement is in effect. The TMB shall circulate these notifications to the other Members for information and review them as provided in paragraph 21.

9. The remaining products, i.e. the products not integrated into GATT 1994 under paragraph 6, shall be integrated, in terms of HS lines or categories, in three stages, as follows:
a) On the first day of the 37th month that the WTO Agreement is in effect, products which accounted for not less than 17 per cent of the total volume of the Member’s 1990 imports of the products in the Annex. The products to be integrated by the Members shall encompass products from each of the following four groups: tops and yarns, fabrics, made-up textile products, and clothing;

b) The first day of the 85th month that the WTO Agreement is in effect, products which accounted for not less than 18 per cent of the total volume of the Member’s 1990 imports of the products in the Annex. The products to be integrated by the Members shall encompass products from each of the following four groups: tops and yarns, fabrics, made-up textile products, and clothing;

c) On the first day of the 121st month that the WTO Agreement is in effect, the textiles and clothing sector shall stand integrated into GATT 1994, all restrictions under this Agreement having been eliminated.

10. Members which have notified, pursuant to paragraph 1 of Article 6, their intention not to retain the right to use the provisions of Article 6 shall, for the purposes of this Agreement, be deemed to have integrated their textiles and clothing products into GATT 1994. Such Members shall, therefore, be exempted from complying with the provisions of paragraphs 6 to 8 and 11.

11. Nothing in this Agreement shall prevent a Member which has submitted an integration programme pursuant to paragraph 6 or 8 from integrating products into GATT 1994 earlier than provided for in such a programme. However, any such integration of products shall take effect at the beginning of an agreement year, and details shall be notified to the TMB at least three months prior thereto for circulation to all Members.

12. The respective programmes of integration, in pursuance of paragraph 8, shall be notified in detail to the TMB at least 12 months before their coming into effect, and circulated by the TMB to all Members.

13. The base levels of the restrictions on the remaining products, mentioned in paragraph 8, shall be the restraint levels referred to in paragraph 1.
14. During Stage 1 of this Agreement (from the date of entry into force of the WTO Agreement to the 36th month that it is in effect, inclusive) the level of each restriction under MFA bilateral agreements in force for the 12-month period prior to the date of entry into force of the WTO Agreement shall be increased annually by not less than the growth rate established for the respective restrictions, increased by 16 per cent.

15. Except where the Council for Trade in Goods or the Dispute Settlement Body decides otherwise under paragraph 12 of Article 8, the level of each remaining restriction shall be increased annually during subsequent stages of this Agreement by not less than the following:

a) for Stage 2 (from the 37th to the 84th month that the WTO Agreement is in effect, inclusive), the growth rate for the respective restrictions during Stage 1, increased by 25 per cent;

b) for Stage 3 (from the 85th to the 120th month that the WTO Agreement is in effect, inclusive), the growth rate for the respective restrictions during Stage 2, increased by 27 per cent.

16. Nothing in this Agreement shall prevent a Member from eliminating any restriction maintained pursuant to this Article, effective at the beginning of any agreement year during the transition period, provided the exporting Member concerned and the TMB are notified at least three months prior to the elimination coming into effect. The period for prior notification may be shortened to 30 days with the agreement of the restrained Member. The TMB shall circulate such notifications to all Members. In considering the elimination of restrictions as envisaged in this paragraph, the Members concerned shall take into account the treatment of similar exports from other Members.

17. Flexibility provisions, i.e. swing, carryover and carry forward, applicable to all restrictions maintained pursuant to this Article, shall be the same as those provided for in MFA bilateral agreements for the 12-month period prior to the entry into force of the WTO Agreement. No quantitative limits shall be placed or maintained on the combined use of swing, carryover and carry forward.

18. Administrative arrangements, as deemed necessary in relation to the implementation of any provision of this Article, shall be a matter for agreement
between the Members concerned. Any such arrangements shall be notified to the TMB.

19. As regards those Members whose exports are subject to restrictions on the day before the entry into force of the WTO Agreement and whose restrictions represent 1.2 per cent or less of the total volume of the restrictions applied by an importing Member as of 31 December 1991 and notified under this Article, meaningful improvement in access for their exports shall be provided, at the entry into force of the WTO Agreement and for the duration of this Agreement, through advancement by one stage of the growth rates set out in paragraphs 13 and 14, or through at least equivalent changes as may be mutually agreed with respect to a different mix of base levels, growth and flexibility provisions. Such improvements shall be notified to the TMB.

20. In any case, during the duration of this Agreement, in which a safeguard measure is initiated by a Member under Article XIX of GATT 1994 in respect of a particular product during a period of one year immediately following the integration of that product into GATT 1994 in accordance with the provisions of this Article, the provisions of Article XIX, as interpreted by the Agreement on Safeguards, will apply, save as set out in paragraph 20.

21. Where such a measure is applied using non-tariff means, the importing Member concerned shall apply the measure in a manner as set forth in paragraph 2(d) of Article XIII of GATT 1994 at the request of any exporting Member whose exports of such products were subject to restrictions under this Agreement at any time in the one-year period immediately prior to the initiation of the safeguard measure. The exporting Member concerned shall administer such a measure. The applicable level shall not reduce the relevant exports below the level of a recent representative period, which shall normally be the average of exports from the Member concerned in the last three representative years for which statistics are available. Furthermore, when the safeguard measure is applied for more than one year, the applicable level shall be progressively liberalized at regular intervals during the period of application. In such cases the exporting Member concerned shall not exercise the right of suspending substantially equivalent concessions or other obligations under paragraph 3(a) of Article XIX of GATT 1994.
22. The TMB shall keep under review the implementation of this Article. It shall, at the request of any Member, review any particular matter with reference to the implementation of the provisions of this Article. It shall make appropriate recommendations or findings within 30 days to the Member or Members concerned, after inviting the participation of such Members.

Article 3

1. Within 60 days following the date of entry into force of the WTO Agreement, Members maintaining restrictions on textile and clothing products (other than restrictions maintained under the MFA and covered by the provisions of Article 2), whether consistent with GATT 1994 or not, shall (a) notify them in detail to the TMB, or (b) provide to the TMB notifications with respect to them which have been submitted to any other WTO body. The notifications should, wherever applicable, provide information with respect to any GATT 1994 justification for the restrictions, including GATT 1994 provisions on which they are based.

2. Members maintaining restrictions falling under paragraph 1, except those justified under a GATT 1994 provision, shall either:

a) bring them into conformity with GATT 1994 within one year following the entry into force of the WTO Agreement, and notify this action to the TMB for its information; or

b) phase them out progressively according to a programme to be presented to the TMB by the Member maintaining the restrictions not later than six months after the date of entry into force of the WTO Agreement. This programme shall provide for all restrictions to be phased out within a period not exceeding the duration of this Agreement. The TMB may make recommendations to the Member concerned with respect to such a programme.

3. During the duration of this Agreement, Members shall provide to the TMB, for its information, notifications submitted to any other WTO bodies with respect to any new restrictions or changes in existing restrictions on textile and clothing products, taken under any GATT 1994 provision, within 60 days of their coming into effect.
4. It shall be open to any Member to make reverse notifications to the TMB, for its information, in regard to the GATT 1994 justification, or in regard to any restrictions that may not have been notified under the provisions of this Article. Actions with respect to such notifications may be pursued by any Member under relevant GATT 1994 provisions or procedures in the appropriate WTO body.

5. The TMB shall circulate the notifications made pursuant to this Article to all Members for their information.

Article 4

1. Restrictions referred to in Article 2, and those applied under Article 6, shall be administered by the exporting Members. Importing Members shall not be obliged to accept shipments in excess of the restrictions notified under Article 2, or of restrictions applied pursuant to Article 6.

2. Members agree that the introduction of changes, such as changes in practices, rules, procedures and categorization of textile and clothing products, including those changes relating to the Harmonized System, in the implementation or administration of those restrictions notified or applied under this Agreement should not: upset the balance of rights and obligations between the Members concerned under this Agreement; adversely affect the access available to a Member; impede the full utilization of such access; or disrupt trade under this Agreement.

3. If a product which constitutes only part of a restriction is notified for integration pursuant to the provisions of Article 2, Members agree that any change in the level of that restriction shall not upset the balance of rights and obligations between the Members concerned under this Agreement.

4. When changes mentioned in paragraphs 2 and 3 are necessary, however, Members agree that the Member initiating such changes shall inform and, wherever possible, initiate consultations with the affected Member or Members prior to the implementation of such changes, with a view to reaching a mutually acceptable solution regarding appropriate and equitable adjustment. Members further agree that where consultation prior to implementation is not feasible, the
Member initiating such changes will, at the request of the affected Member, consult, within 60 days if possible, with the Members concerned with a view to reaching a mutually satisfactory solution regarding appropriate and equitable adjustments. If a mutually satisfactory solution is not reached, any Member involved may refer the matter to the TMB for recommendations as provided in Article 8. Should the TSB not have had the opportunity to review a dispute concerning such changes introduced prior to the entry into force of the WTO Agreement, it shall be reviewed by the TMB in accordance with the rules and procedures of the MFA applicable for such a review.

**Article 5**

1. Members agree that circumvention by transshipment, re-routing, false declaration concerning country or place of origin, and falsification of official documents, frustrates the implementation of this Agreement to integrate the textiles and clothing sector into GATT 1994. Accordingly, Members should establish the necessary legal provisions and/or administrative procedures to address and take action against such circumvention. Members further agree that, consistent with their domestic laws and procedures, they will cooperate fully to address problems arising from circumvention.

2. Should any Member believe that this Agreement is being circumvented by transshipment, re-routing, false declaration concerning country or place of origin, or falsification of official documents, and that no, or inadequate, measures are being applied to address and/or to take action against such circumvention, that Member should consult with the Member or Members concerned with a view to seeking a mutually satisfactory solution. Such consultations should be held promptly, and within 30 days when possible. If a mutually satisfactory solution is not reached, the matter may be referred by any Member involved to the TMB for recommendations.

3. Members agree to take necessary action, consistent with their domestic laws and procedures, to prevent, to investigate and, where appropriate, to take legal and/or administrative action against circumvention practices within their territory. Members agree to cooperate fully, consistent with their domestic laws and procedures, in instances of circumvention or alleged circumvention of this
Agreement, to establish the relevant facts in the places of import, export and, where applicable, transshipment. It is agreed that such cooperation, consistent with domestic laws and procedures, will include: investigation of circumvention practices which increase restrained exports to the Member maintaining such restraints; exchange of documents, correspondence, reports and other relevant information to the extent available; and facilitation of plant visits and contacts, upon request and on a case-by-case basis. Members should endeavour to clarify the circumstances of any such instances of circumvention or alleged circumvention, including the respective roles of the exporters or importers involved.

4. Where, as a result of investigation, there is sufficient evidence that circumvention has occurred (e.g. where evidence is available concerning the country or place of true origin, and the circumstances of such circumvention), Members agree that appropriate action, to the extent necessary to address the problem, should be taken. Such action may include the denial of entry of goods or, where goods have entered, having due regard to the actual circumstances and the involvement of the country or place of true origin, the adjustment of charges to restraint levels to reflect the true country or place of origin. Also, where there is evidence of the involvement of the territories of the Members through which the goods have been transshipped, such action may include the introduction of restraints with respect to such Members. Any such actions, together with their timing and scope, may be taken after consultations held with a view to arriving at a mutually satisfactory solution between the concerned Members and shall be notified to the TMB with full justification. The Members concerned may agree on other remedies in consultation. Any such agreement shall also be notified to the TMB, and the TMB may make such recommendations to the Members concerned as it deems appropriate. If a mutually satisfactory solution is not reached, any Member concerned may refer the matter to the TMB for prompt review and recommendations.

5. Members note that some cases of circumvention may involve shipments transiting through countries or places with no changes or alterations made to the goods contained in such shipments in the places of transit. They note that it may
not be generally practicable for such places of transit to exercise control over such shipments.

6. Members agree that false declaration concerning fibre content, quantities, description or classification of merchandise also frustrates the objective of this Agreement. Where there is evidence that any such false declaration has been made for purposes of circumvention, Members agree that appropriate measures, consistent with domestic laws and procedures, should be taken against the exporters or importers involved. Should any Member believe that this Agreement is being circumvented by such false declaration and that no, or inadequate, administrative measures are being applied to address and/or to take action against such circumvention, that Member should consult promptly with the Member involved with a view to seeking a mutually satisfactory solution. If such a solution is not reached, the matter may be referred by any Member involved to the TMB for recommendations. This provision is not intended to prevent Members from making technical adjustments when inadvertent errors in declarations have been made.

**Article 6**

1. Members recognize that during the transition period it may be necessary to apply a specific transitional safeguard mechanism (referred to in this Agreement as “transitional safeguard”). The transitional safeguard may be applied by any Member to products covered by the Annex, except those integrated into GATT 1994 under the provisions of Article 2. Members not maintaining restrictions falling under Article 2 shall notify the TMB within 60 days following the date of entry into force of the WTO Agreement, as to whether or not they wish to retain the right to use the provisions of this Article. Members which have not accepted the Protocols extending the MFA since 1986 shall make such notification within 6 months following the entry into force of the WTO Agreement. The transitional safeguard should be applied as sparingly as possible, consistently with the provisions of this Article and the effective implementation of the integration process under this Agreement.

2. Safeguard action may be taken under this Article when, on the basis of a determination by a Member, it is demonstrated that a particular product is being
imported into its territory in such increased quantities as to cause serious damage, or actual threat thereof, to the domestic industry producing like and/or directly competitive products. Serious damage or actual threat thereof must demonstrably be caused by such increased quantities in total imports of that product and not by such other factors as technological changes or changes in consumer preference.

3. In making a determination of serious damage, or actual threat thereof, as referred to in paragraph 2, the Member shall examine the effect of those imports on the state of the particular industry, as reflected in changes in such relevant economic variables as output, productivity, utilization of capacity, inventories, market share, exports, wages, employment, domestic prices, profits and investment; none of which, either alone or combined with other factors, can necessarily give decisive guidance.

4. Any measure invoked pursuant to the provisions of this Article shall be applied on a Member-by-Member basis. The Member or Members to whom serious damage, or actual threat thereof, referred to in paragraphs 2 and 3, is attributed, shall be determined on the basis of a sharp and substantial increase in imports, actual or imminent, from such a Member or Members individually, and on the basis of the level of imports as compared with imports from other sources, market share, and import and domestic prices at a comparable stage of commercial transaction; none of these factors, either alone or combined with other factors, can necessarily give decisive guidance. Such safeguard measure shall not be applied to the exports of any Member whose exports of the particular product are already under restraint under this Agreement.

5. The period of validity of a determination of serious damage or actual threat thereof for the purpose of invoking safeguard action shall not exceed 90 days from the date of initial notification as set forth in paragraph 7.

6. In the application of the transitional safeguard, particular account shall be taken of the interests of exporting Members as set out below:

   a) Least-developed country Members shall be accorded treatment significantly more favourable than that provided to the other groups of Members referred to in this paragraph, preferably in all its elements but, at least, on overall terms;
b) Members whose total volume of textile and clothing exports is small in comparison with the total volume of exports of other Members and who account for only a small percentage of total imports of that product into the importing Member shall be accorded differential and more favourable treatment in the fixing of the economic terms provided in paragraphs 8, 13 and 14. For those suppliers, due account will be taken, pursuant to paragraphs 2 and 3 of Article 1, of the future possibilities for the development of their trade and the need to allow commercial quantities of imports from them;

c) With respect to wool products from wool-producing developing country Members whose economy and textiles and clothing trade are dependent on the wool sector, whose total textile and clothing exports consist almost exclusively of wool products, and whose volume of textiles and clothing trade is comparatively small in the markets of the importing Members, special consideration shall be given to the export needs of such Members when considering quota levels, growth rates and flexibility;

d) More favourable treatment shall be accorded to re-imports by a Member of textile and clothing products which that Member has exported to another Member for processing and subsequent reimportation, as defined by the laws and practices of the importing Member, and subject to satisfactory control and certification procedures, when these products are imported from a Member for which this type of trade represents a significant proportion of its total exports of textiles and clothing.

7. The Member proposing to take safeguard action shall seek consultations with the Member or Members which would be affected by such action. The request for consultations shall be accompanied by specific and relevant factual information, as up-to-date as possible, particularly in regard to: (a) the factors, referred to in paragraph 3, on which the Member invoking the action has based its determination of the existence of serious damage or actual threat thereof; and (b) the factors, referred to in paragraph 4, on the basis of which it proposes to invoke the safeguard action with respect to the Member or Members concerned. In respect of requests made under this paragraph, the information shall be related, as closely as possible, to identifiable segments of production and
to the reference period set out in paragraph 8. The Member invoking the action shall also indicate the specific level at which imports of the product in question from the Member or Members concerned are proposed to be restrained; such level shall not be lower than the level referred to in paragraph 8. The Member seeking consultations shall, at the same time, communicate to the Chairman of the TMB the request for consultations, including all the relevant factual data outlined in paragraphs 3 and 4, together with the proposed restraint level. The Chairman shall inform the members of the TMB of the request for consultations, indicating the requesting Member, the product in question and the Member having received the request. The Member or Members concerned shall respond to this request promptly and the consultations shall be held without delay and normally be completed within 60 days of the date on which the request was received.

8. If, in the consultations, there is mutual understanding that the situation calls for restraint on the exports of the particular product from the Member or Members concerned, the level of such restraint shall be fixed at a level not lower than the actual level of exports or imports from the Member concerned during the 12-month period terminating two months preceding the month in which the request for consultation was made.

9. Details of the agreed restraint measure shall be communicated to the TMB within 60 days from the date of conclusion of the agreement. The TMB shall determine whether the agreement is justified in accordance with the provisions of this Article. In order to make its determination, the TMB shall have available to it the factual data provided to the Chairman of the TMB, referred to in paragraph 7, as well as any other relevant information provided by the Members concerned. The TMB may make such recommendations as it deems appropriate to the Members concerned.

10. If, however, after the expiry of the period of 60 days from the date on which the request for consultations was received, there has been no agreement between the Members, the Member which proposed to take safeguard action may apply the restraint by date of import or date of export, in accordance with the provisions of this Article, within 30 days following the 60-day period for consultations, and at
the same time refer the matter to the TMB. It shall be open to either Member to refer the matter to the TMB before the expiry of the period of 60 days. In either case, the TMB shall promptly conduct an examination of the matter, including the determination of serious damage, or actual threat thereof, and its causes, and make appropriate recommendations to the Members concerned within 30 days. In order to conduct such examination, the TMB shall have available to it the factual data provided to the Chairman of the TMB, referred to in paragraph 7, as well as any other relevant information provided by the Members concerned.

11. In highly unusual and critical circumstances, where delay would cause damage which would be difficult to repair, action under paragraph 10 may be taken provisionally on the condition that the request for consultations and notification to the TMB shall be effected within no more than five working days after taking the action. In the case that consultations do not produce agreement, the TMB shall be notified at the conclusion of consultations, but in any case no later than 60 days from the date of the implementation of the action. The TMB shall promptly conduct an examination of the matter, and make appropriate recommendations to the Members concerned within 30 days. In the case that consultations do produce agreement, Members shall notify the TMB upon conclusion but, in any case, no later than 90 days from the date of the implementation of the action. The TMB may make such recommendations as it deems appropriate to the Members concerned.

12. A Member may maintain measures invoked pursuant to the provisions of this Article: (a) for up to three years without extension, or (b) until the product is integrated into GATT 1994, whichever comes first.

13. Should the restraint measure remain in force for a period exceeding one year, the level for subsequent years shall be the level specified for the first year increased by a growth rate of not less than 6 per cent per annum, unless otherwise justified to the TMB. The restraint level for the product concerned may be exceeded in either year of any two subsequent years by carry forward and/or carryover of 10 per cent of which carry forward shall not represent more than 5 per cent. No
quantitative limits shall be placed on the combined use of carryover, carry forward and the provision of paragraph 14.

14. When more than one product from another Member is placed under restraint under this Article by a Member, the level of restraint agreed, pursuant to the provisions of this Article, for each of these products may be exceeded by 7 per cent, provided that the total exports subject to restraint do not exceed the total of the levels for all products so restrained under this Article, on the basis of agreed common units. Where the periods of application of restraints of these products do not coincide with each other, this provision shall be applied to any overlapping period on a pro rata basis.

15. If a safeguard action is applied under this Article to a product for which a restraint was previously in place under the MFA during the 12-month period prior to the entry into force of the WTO Agreement, or pursuant to the provisions of Article 2 or 6, the level of the new restraint shall be the level provided for in paragraph 8 unless the new restraint comes into force within one year of:

a) The date of notification referred to in paragraph 15 of Article 2 for the elimination of the previous restraint; or

b) the date of removal of the previous restraint put in place pursuant to the provisions of this Article or of the MFA in which case the level shall not be less than the higher of (i) the level of restraint for the last 12-month period during which the product was under restraint, or (ii) the level of restraint provided for in paragraph 8.

16. When a Member which is not maintaining a restraint under Article 2 decides to apply a restraint pursuant to the provisions of this Article, it shall establish appropriate arrangements which: (a) take full account of such factors as established tariff classification and quantitative units based on normal commercial practices in export and import transactions, both as regards fibre composition and in terms of competing for the same segment of its domestic market, and (b) avoid over-categorization. The request for consultations referred to in paragraphs 7 or 11 shall include full information on such arrangements.
Article 7

1. As part of the integration process and with reference to the specific commitments undertaken by the Members as a result of the Uruguay Round, all Members shall take such actions as may be necessary to abide by GATT 1994 rules and disciplines so as to:

   a) Achieve improved access to markets for textile and clothing products through such measures as tariff reductions and bindings, reduction or elimination of non-tariff barriers, and facilitation of customs, administrative and licensing formalities;

   b) Ensure the application of policies relating to fair and equitable trading conditions as regards textiles and clothing in such areas as dumping and anti-dumping rules and procedures, subsidies and countervailing measures, and protection of intellectual property rights; and

   c) Avoid discrimination against imports in the textiles and clothing sector when taking measures for general trade policy reasons. Such actions shall be without prejudice to the rights and obligations of Members under GATT 1994.

2. Members shall notify to the TMB the actions referred to in paragraph 1 which have a bearing on the implementation of this Agreement. To the extent that these have been notified to other WTO bodies, a summary, with reference to the original notification, shall be sufficient to fulfil the requirements under this paragraph. It shall be open to any Member to make reverse notifications to the TMB.

3. Where any Member considers that another Member has not taken the actions referred to in paragraph 1, and that the balance of rights and obligations under this Agreement has been upset, that Member may bring the matter before the relevant WTO bodies and inform the TMB. Any subsequent findings or conclusions by the WTO bodies concerned shall form a part of the TMB’s comprehensive report.
Article 8

1. In order to supervise the implementation of this Agreement, to examine all measures taken under this Agreement and their conformity therewith, and to take the actions specifically required of it by this Agreement, the Textiles Monitoring Body ("TMB") is hereby established. The TMB shall consist of a Chairman and 10 members. Its membership shall be balanced and broadly representative of the Members and shall provide for rotation of its members at appropriate intervals. The members shall be appointed by Members designated by the Council for Trade in Goods to serve on the TMB, discharging their function on an ad personam basis.

2. The TMB shall develop its own working procedures. It is understood, however, that consensus within the TMB does not require the assent or concurrence of members appointed by Members involved in an unresolved issue under review by the TMB.

3. The TMB shall be considered as a standing body and shall meet as necessary to carry out the functions required of it under this Agreement. It shall rely on notifications and information supplied by the Members under the relevant Articles of this Agreement, supplemented by any additional information or necessary details they may submit or it may decide to seek from them. It may also rely on notifications to and reports from other WTO bodies and from such other sources as it may deem appropriate.

4. Members shall afford to each other adequate opportunity for consultations with respect to any matters affecting the operation of this Agreement.

5. In the absence of any mutually agreed solution in the bilateral consultations provided for in this Agreement, the TMB shall, at the request of either Member, or following a thorough and prompt consideration of the matter, make recommendations to the Members concerned.

6. At the request of any Member, the TMB shall review promptly any particular matter which that Member considers to be detrimental to its interests under this Agreement and where consultations between it and the Member or Members concerned have failed to produce a mutually satisfactory solution. On such matters, the TMB may make such observations as it deems appropriate to the
Members concerned and for the purposes of the review provided for in paragraph 11.

7. Before formulating its recommendations or observations, the TMB shall invite participation of such Members as may be directly affected by the matter in question.

8. Whenever the TMB is called upon to make recommendations or findings, it shall do so, preferably within a period of 30 days, unless a different time period is specified in this Agreement. All such recommendations or findings shall be communicated to the Members directly concerned. All such recommendations or findings shall also be communicated to the Council for Trade in Goods for its information.

9. The Members shall endeavour to accept in full the recommendations of the TMB, which shall exercise proper surveillance of the implementation of such recommendations.

10. If a Member considers itself unable to conform with the recommendations of the TMB, it shall provide the TMB with the reasons therefore not later than one month after receipt of such recommendations. Following thorough consideration of the reasons given, the TMB shall issue any further recommendations it considers appropriate forthwith. If, after such further recommendations, the matter remains unresolved, either Member may bring the matter before the Dispute Settlement Body and invoke paragraph 2 of Article XXIII of GATT 1994 and the relevant provisions of the Dispute Settlement Understanding.

11. In order to oversee the implementation of this Agreement, the Council for Trade in Goods shall conduct a major review before the end of each stage of the integration process. To assist in this review, the TMB shall, at least five months before the end of each stage, transmit to the Council for Trade in Goods a comprehensive report on the implementation of this Agreement during the stage under review, in particular in matters with regard to the integration process, the application of the transitional safeguard mechanism, and relating to the application of GATT 1994 rules and disciplines as defined in Articles 2, 3, 6 and 7 respectively. The TMB’s comprehensive report may include any recommendation as deemed appropriate by the TMB to the Council for Trade in Goods.
12. In the light of its review the Council for Trade in Goods shall by consensus take such decisions as it deems appropriate to ensure that the balance of rights and obligations embodied in this Agreement is not being impaired. For the resolution of any disputes that may arise with respect to matters referred to in Article 7, the Dispute Settlement Body may authorize, without prejudice to the final date set out under Article 9, an adjustment to paragraph 14 of Article 2, for the stage subsequent to the review, with respect to any Member found not to be complying with its obligations under this Agreement.

Article 9

This Agreement and all restrictions thereunder shall stand terminated on the first day of the 121st month that the WTO Agreement is in effect, on which date the textiles and clothing sector shall be fully integrated into GATT 1994. There shall be no extension of this Agreement.

Annex: List of Products Covered by this Agreement

1. This Annex lists textile and clothing products defined by Harmonized Commodity Description and Coding System (HS) codes at the six-digit level.

2. Actions under the safeguard provisions in Article 6 will be taken with respect to particular textile and clothing products and not on the basis of the HS lines per se.

3. Actions under the safeguard provisions in Article 6 of this Agreement shall not apply to:

   a) Developing country Members’ exports of handloom fabrics of the cottage industry, or hand-made cottage industry products made of such handloom fabrics, or traditional folklore handicraft textile and clothing products, provided that such products are properly certified under arrangements established between the Members concerned;

   b) Historically traded textile products which were internationally traded in commercially significant quantities prior to 1982, such as bags, sacks, carpetbacking, cordage, luggage, mats, mattings and carpets typically made from fibres such as jute, coir, sisal, abaca, maguey and henequen;

   c) Products made of pure silk.
For such products, the provisions of Article XIX of GATT 1994, as interpreted by the Agreement on Safeguards, shall be applicable.

The WTO Agreement on Textiles and Clothing (ATC) 1995-2004

The ATC is a transitional instrument, built on the following key elements: (a) the product coverage, basically encompassing yarns, fabrics, made-up textile products and clothing; (b) a programme for the progressive integration of these textile and clothing products into GATT 1994 rules; (c) a liberalization process to progressively enlarge existing quotas (until they are removed) by increasing annual growth rates at each stage; (d) a special safeguard mechanism to deal with new cases of serious damage or threat thereof to domestic producers during the transition period; (e) establishment of a Textiles Monitoring Body (“TMB”) to supervise the implementation of the Agreement and ensure that the rules are faithfully followed; and (f) other provisions, including rules on circumvention of the quotas, their administration, treatment of non-MFA restrictions, and commitments undertaken elsewhere under the WTO's agreements and procedures affecting this sector.

The product coverage, listed in the Annex to the ATC, covers all products which were subject to MFA or MFA-type quotas in at least one importing country. The integration process is laid down in ATC Article 2 and stipulates how Members shall integrate the products listed in the Annex into the rules of GATT 1994 over the 10-year period. This process is to be carried out progressively in three stages (3 years, 4 years, 3 years) with all products standing integrated at the end of the 10-year period. The first stage began on 1 January 1995 with the integration by Members of products representing not less than 16 per cent of that Member's total 1990 imports of all the products in the Annex. At stage 2, on 1 January 1998, not less than a further 17 per cent was integrated. At stage 3, on 1 January 2002, not less than a further 18 per cent will be integrated. Finally at the end, on 1 January 2005, all remaining products (amounting up to 49 per cent of 1990 imports into a Member) will stand integrated and the Agreement terminates. Each importing Member decides itself which products it will integrate at each stage to reach these thresholds. The only constraint is that the integration list must encompass products from each of the four groupings: tops and yarns, fabrics, made-up textile products and clothing.
The Textiles Monitoring Body has been established to supervise the implementation of the ATC and to examine all measures taken under it, to ensure that they are in conformity with the rules. It is a quasi-judicial, standing body which consists of a Chairman and ten TMB members, discharging their function on an ad personam basis and taking all decisions by consensus. The ten members are appointed by WTO Member governments according to an agreed grouping of WTO Members into constituencies. There can be rotation within the constituencies. These characteristics make the TMB a unique institution within the WTO framework. In January 1995, the General Council decided upon the composition for the TMB for the first stage. In December 1997, the General Council decided upon the composition for the second stage (1998-2001) with TMB members to be appointed by WTO Members designated from the following constituencies: (a) the ASEAN Member countries; (b) Canada and Norway; (c) Pakistan and China (after accession); (d) the European Communities; (e) Korea and Hong Kong, China; (f) India and Egypt/Morocco/Tunisia; (g) Japan; (h) Latin American and Caribbean Members; (i) the United States; and (j) Turkey, Switzerland and Bulgaria/Czech Republic/Hungary/Poland/Romania, Slovak Republic/Slovenia. Provisions were made for alternates to be appointed by the members in each of the constituencies and in some cases second alternates; there are also two non-participating observers from Members not already represented in this structure, one from Africa and one from Asia. The TMB Chairman is Mr András Szepesi.

**State specific policies for promoting Technical Textiles**

Several states in India have been proactive in promoting the technical textiles sector in the country. States like Gujarat, Tamil Nadu, Maharashtra, Karnataka, Andhra Pradesh, Rajasthan, Madhya Pradesh and Punjab have especially witnessed some success in this effort.

Contributing 25% to the national technical textile industry, Gujarat is a major player in the national technical textile sector. Gujarat’s nearly 900 technical textile units are engaged in each of the 12 subsectors of technical textiles, and the state is a key producer of commodity products for the technical textile and downstream industries. Key players in the state’s technical textile industry include, Ginni Filaments Ltd, Ambika Polymer, AnjaniUdyogPvt Ltd, Reliance Industries, Supreme Nonwovens Pvt Ltd, etc.
The state also houses several international firms, like Finnish firm Ahlstrom, American Hygienics Corporation, and Austrian firm TenCateGeosynthetics.

Gujarat is also making significant progress in driving innovation in the national technical textile sector. Several companies are developing unique technical textile products, such as Sanrhea Technical Textile Ltd with the production of nylon chafer cloth for tyres, Tuflex India with the production gабious and geo-membranes, APCO industries and the production of fibre glass battery separators, etc. Additionally, Gujarat is a leading manufacturer in the textiles, automobiles, chemical, metallic, and food products, each of which consumes several of the various technical textile segments. Several of the state’s units are also key suppliers to India’s defence sector; Digjam Mills, Jamnagar provides fire-resistant fabric, while Kusumgar Supported Units, Advance Multitech, and Valley Valvette supply several varieties of coated fabrics. With a manufacturing sector that drives over 27% of its economy, the demand and consumption of technical textiles in the state is among the highest in the country.

Tamil Nadu, in turn, is also a fast-growing epicenter of technical textiles in the Indian peninsula. The state is one of the leading producers of agrotextiles, medical technical textiles, sport technical textiles, nonwovens. Coimbatore is also home to one of the country’s eight Centers of Excellence for technical textiles, COE: Meditech (SITRA), which specializes in medical technical textiles. Furthermore, the state’s investor-friendly environment has enabled the development of textile parks dedicated exclusively to technical textiles. The Government of Tamil Nadu approved the establishment of US$ 21.30 million technical textile park in Pallavada, which is expected to commence production in 2013. Furthermore, a 200-acre US$ 27.30 million technical textile zone was planned to be established in Tirupur, Tamil Nadu in 2008.

Maharashtra is providing significant stimulus to the domestic technical textiles industry. Maharashtra is a key producer of agrotextiles, woven technical textiles, ropes and cordages, indutech, and coir fibre. Key industries located in Maharashtra include Malmo Exim Ltd, Kwality Nets, B&V Agro, etc. Significantly, the state is also driving the research and development in the national sector by hosting four of the country’s eight Centers of Excellence on technical textiles, COE: Geotech (BTRA), COE: Agrotech (SASMIRA), COE: Non-wovens (DKTE), and, COE: Sportech (WRA).
The state’s technical textile sector has also attracted significant investment interest. The state is developing its first technical textiles park in Ichalkaranji, which hosts a large number of stakeholders in the entire textile value chain, with an investment of US$ 20 million. Furthermore, the manufacturing conglomerate, Jindal Group, recently announced plans to establish a technical textile unit with an investment of US$ 272.30 million in Nashik; the unit will produce textiles related to automobile, sports, security, medical and fire-fighting equipment.

Karnataka is a growing player in the Indian technical textiles sector. Karnataka’s technical textiles sector attracted investments of US$ 104 million between 2008 and 2011, and has targeted additional investments of US$ 154 million in the sector between 2011-2012 and 2012-13. During the state’s Global Investor Meet 2012, held from June 6-8, 2012, the state attracted US$ 891 million in investments in its textile sector alone; these investments included proposals for the establishment of two technical textile mega projects for US$ 60 million and US$ 18.2 million in Hassan SEZ and Bellary, respectively. Additionally, the state will also promote technical textiles as a focus sector in its new industry-friendly textiles sector, which is scheduled to be launched in January 2013.

Rajasthan is yet another state charting new frontiers in the national technical textiles sector. The state is a renowned leader in the global textiles sector, and is now encouraging the growth of technical textiles to advance its leadership throughout the textile value chain. Bhilwara has especially emerged as one of the largest manufacturing centres for viscose-polyester textiles. Rajasthan State Industrial Development and Investment Corporation Ltd (RIICO) even organized a seminar in September 2010 to highlight the opportunities for Rajasthan to become a national and global leader in the technical textiles domain.

Andhra Pradesh is a leading producer in the agrotexiles sector, and is a leading consumer in protech and mobiltech. A hub for the national textile, aerospace and defense industries, the state is an especially important consumer of indutech and protech products.

Punjab is also proving to be a promising market for Indian sportech manufacturers. The state hosts amongst India’s largest sports industries, and is a key supplier to the Indian Raffia, ropes and cordages industries. Thus, with significant,
growing demand for sport technical textiles, and ready supply of downstream industries in the technical textile value chain, the state demonstrates significant potential for the development of a vibrant and thriving industry for sports technical textiles.

Madhya Pradesh is another state that is demonstrating promising growth in the technical textiles sector. The positive industrial environment created by the state through numerous initiatives and a stable government, good infrastructure and connectivity with all major parts of the country make it very conducive for the technical textiles industry.

The above eight states’ industrial, MSME, and textile policies have been instrumental in driving the growth of the technical textiles industry not just locally, but throughout the country. Specific incentives of these state’s policies have been included below as a reference point both for investors looking to realize and execute their interests in India’s technical textiles sector, but also for administrators and policy-makers of other states looking to promote the local docile technical textiles sector. A comparative benchmark of the key state’s policies has also been included below.

**Proposed schemes during 12th Five Year Plan**

For the 12th FYP, five new Schemes have been proposed by the Ministry with focus as under:

a. **Scheme for Usage of Geotextiles in North Eastern Region (Fund allocation – US$ 90.91 million (INR 500 Crs))**

**Aim:** The aim of the scheme is to promote and utilize Geotextiles in development of the infrastructure in the NE states by providing technological and financial support for meeting additional costs, if any, due to the usage of Geotextiles in existing or new projects in road, hill and slope protection, water reservoirs and river bank erosion control.

**Main components of the scheme:**

It is proposed that in the project period (5 years), roads in the NE may be constructed with Geotextiles. Similarly, vulnerable river banks may be protected by Geotextiles, hill slope/embankment slope, water reservoirs spread over the NE region may be taken up for stabilization with Geotextiles. The Projects would be identified in
consultation with the State-Governments & concerned Stakeholder Agencies. The funding under this scheme will be undertaken for 2 major components:

a) Application of geotextiles solutions including onsite installation (US$ 77.64 million)

b) Sensitization activities, market studies, on-site testing, training and capacity building, etc. (US$ 11.45 million)

**Target and expected outcomes:**

- Increased consumption of Geotextile products in the NE region
- Expansion of the sustainable market of geo-textiles in hill/soil protection, river bank erosion control, water reservoir solutions and road construction in NE Region of India.
- Awareness on use of quality certified Geotextile products in the NE region
- Study on the performance of various types of geo-textiles through field trials complemented by laboratory tests, and simulation modeling, development of specifications and design methodologies for field application in the areas of soil erosion control (river bank protection and hill slope management), water reservoir and road construction
- Cost-benefit analysis, development of capacities amongst the State Governments (& other agencies), and dissemination of project results to the end users and the stakeholders

b. **Scheme for usage of agro textiles in North Eastern Region (Fund allocation – US$ 10 million (INR 55 Crs))**

**Aim:** The aim is to utilize Agrotextiles in improving the horticulture and floricultural produce of the NE states. With increasing acceptability of Agrotextiles, entrepreneurship in the area of agrotextiles production in the country will get an impetus. The growth of usage of Agrotextile products in the country will thus benefit both agriculturists as well as textile entrepreneurs in the country.

**Main components of the scheme:**

It is proposed that in the project period (5 years), Agrotextiles will be utilized to improve the horticulture and floricultural produce of the Northeast states by providing
technological and financial support for establishing the demonstration centres and disburse Agrotextile-Kit with overall fund outlay of US$ 10 million.

The proposed scheme’s project targets will be with respect to following two components:

1. Creating awareness, setting up of Demonstration Centre and developing capacities
2. Provide/disburse Agrotextile-Kit in the NER states

**Target and expected outcomes:**

- Increased consumption of Agrotextile products in the country and boosting Agrotextiles production and investment synergies
- Improved yield of horticulture and floriculture produce from the North-East region of the country in terms of Quantity as well as Quality of produce
- Awareness on use of quality certified agrotextile products in the country
- Demonstration centers depicting the benefit of usage of Agrotextile products suitable for the region
- Study on the performance of various types of agrotextiles laboratory tests and simulation modeling for their influence on control of environmental factors like soil, temperature, heat and light and also the plant growth
- Cost-benefit analysis to the cultivators on usage of these products and develop Capacities amongst the State Governments and other agriculture agencies

c. **Scheme for strengthening of database and standards for technical textiles (Fund allocation – US$ 1.86 million (INR 10.25 Crs))**

**Aim:** The scheme is aimed at creating a repository of knowledge that will facilitate effective policy decisions by the government and business decisions by industry stakeholders.

**Main components of the scheme:**

Following are the objectives of each component of the scheme:

a) Component 1 - Baseline survey for Strengthening of database of technical textile industry: The aims of the project are to identify the market size, consumption, trade trends, number of units, type of units, type of products produced,
investment, turnover, employment etc., in the fields of Technical Textiles in India.

b) Component 2 - Identification of HS codes for technical textile items: To monitor and track trade trends in technical textile sector

c) Component 3 - Standards for technical textiles: To standardize manufacture of technical textile products in India and enable product quality equivalent to leading international products.

d) Component 4 - Export Market Intelligence: To build knowledge repository pertaining to technical textile exports that will empower Indian exporters in making informed decisions about the market potential for their products across the globe.

e) Component 5 - Study to generate data on hospital-related infections: To increase awareness of utility of disposable medical textiles, and encourage consumption of medical textile products.

**Target and expected outcomes:**

The scheme will result in creation of a database and will provide knowledge that will help in taking policy decisions at the Ministry level and business decisions by various investors. Formulation of standards will help in developing manufacturing, quality and usage guidelines and promote growth and development of the industry.

d. Special Incentive Package Scheme for specialityfibres (Estimated fund requirement - US$ 36.36 million (INR 200 Crs))

**Aim:** For strengthening the raw material base for Indian technical textile industry, a special incentive package to enable Indian / foreign companies to set up manufacturing facilities for identified specialityfibres is proposed with special incentives of upto 20% on capital expenditure.

e. Setting –Up of Revolving Funds for Providing Assistance to Entrepreneurs for R & D (Estimated fund requirement – US$ 9.09 million (INR 50 Crs))

**Aim:** A collaborative programme of MOT could be launched in association with Financing Agency like SIDBI to support the indigenization needs of the technical textile industry for innovative technological development
Government policies and schemes

The Government of India has extended a host of policies and incentives to the technical textile industry to encourage growth in the sector. These incentives are provided by Central Government as well as by some progressive states anchoring the textile sector.

a. Technology Mission on Technical Textiles (TMTT):

Aim: Improvement of basic infrastructure in terms of testing facilities, lack of market development support, skilled manpower, R&D, improved regulatory measures, preparation of specifications and standards for technical textiles, etc.

Main components of the scheme:

To attain the desired aim, Government has launched TMTT with two mini-missions for a period of five years (from 2010-11 to 2014-15) with a fund outlay of US$ 36.36 million, as under:

I. Mini Mission-I (Financial outlay INR156 crore):

- Upgrade of existing four COEs: The existing COEs will be upgraded in line with new COEs, i.e. with incremental facilities like incubation centres and development of prototypes and provision for appointment of consultants. (Fund allocation US$ 10.18 million)
- Setting up of four new COEs in Composites, Non-Wovens, Indutech and Sportech (Fund allocation US$ 18.18 million)

II. Mini Mission-II (Financial outlay INR44 crore)

- Support for Business Start Up (Fund allocation US$ 0.55 million)
- Fund support for organizing workshops/ seminar (Fund allocation US$ 0.91 million)
- Support for Contract Research (Fund allocation US$ 2.00 million)
- Market development support for sale to the institutional buyers (Fund allocation US$ 2.73 million)
- Identification of regulations required for promotion of technical textiles (Fund allocation US$ 0.91 million)
- Support for domestic & export market development of technical textiles (Fund allocation US$ 0.91 million)
Target and expected outcomes:

I. Mini- Mission I:

- Setting up of 4 COEs in the field of Non-woven, Composites, Indutech&Sportech
- Upgradation of existing 4 COEs covered under SGDTT

II. Mini- Mission II:

- 30 business startup projects
- 52 workshops to sensitise stakeholders
- Social compliance through standardization regulatory measures: in segments, viz. Geotech, Agrotech, Meditech, Protech
- Market development support through 30 buyer seller meetings
- 50 units to be assisted under Market development support for export sales
- Fund support for 20 contract research projects

Performance of the scheme under 11th Five Year Plan

- 4 Centres of Excellence (COEs) for Non-Wovens, Indutech; Composites and Sportech were established
- 4 COEs for Geotech, Agrotech, Protech and Meditech were upgraded as a one stop shop for Technical Textiles
- More than 24 awareness programs have been organized in association FICCI,CII, ICC, COEs, ROs etc
- More than 10 buyer seller meets (BSM) have been organized
- More than 26 companies have received approval from Office of Textile Commissioner under Market development Support for export sales
- 9 proposals have been registered with Office of Textile Commissioner under Contract Research component, which are under screening and evaluation
- 5 consultants have been empanelled to provide business start-up support to the industry

b. Technology Upgradation Fund Scheme (TUFS)

All technical textile machinery is covered under the Technology Upgradation Fund Scheme (TUFS). In the modified TUFS applicable from 01-04-2007, specified
technical textile machinery has been provided with additional benefit in terms of 10% capital subsidy in addition to 5% interest reimbursement.

c. **Concessional custom duty for specific Technical Textile Machinery**

    Major machinery required for technical textiles has been placed in the concessional custom duty list of 5% of list 46, Notification No. 21/2002-CUS of Customs Tariff.

d. **Focus Product Scheme (FPS) for Technical Textiles**

    The objective of this scheme is to incentivize export of products that have high export intensity or employment potential in order to offset infrastructure inefficiencies and other associated costs involved in marketing these products. Exports of notified products to all countries (including SEZ units) shall be entitled for Duty Credit scrip equivalent to 2% of FOB value of exports (in free foreign exchange).

    As per DGFT’s Policy Circular No. 42 (RE-2010)/2009-14 dated 21 October 2011, there are 33 Technical textile products that are allowed for FPS benefits under this scheme. The details of technical textile products covered under the scheme are given at Annexure – I.

e. **Other Government initiatives**

    a) Under the Scheme for Integrated Textile Parks (SITP), the Government provides assistance for creation of infrastructure in the parks to the extent of 40% limited to US$ 8.82 million.

    b) Under Integrated Skill Development Scheme (ISDS), it is proposed to train 22,000 personnel in technical textile sector during the year 2010-11 & 2011-12.

    c) FDI is permitted through automatic route without any limit on the extent of foreign ownership for in-bound investments in the textile sector. Thus, there is no restriction on any amount of FDI, with or without local partners. Government incentives are equally applicable to FDI units.

1.2 **THE SIGNIFICANCE OF THE STUDY**

    “Authentic marketing is not the art of selling what you make but knowing what to make.”

    **-PHILIP KOTTLER**

    “Marketing is not a battle of products; it’s a battle of perceptions.”

    **-Al Ries and Jack Trout**
The readymade industry is growing at a great pace and the growth rate is expected to double with every passing year. The present study is concerned with Marketing of Readymade Garments. The marketing practices of readymade garment retailers, sales executives and to understand the buying behavior of consumers. To understand how the executives and retailers concentrate their efforts to win the biggest possible share of the target market.

It is a job of crucial significance to formulate the business. Failure or survival of a business largely depends upon the ability of marketing a product. Sound marketing of a business results in its growth and enables it to grab the biggest pie of satisfied customer. Thus marketing serve as the fundamental foundation of any business.

Today’s fiercely competitive and economically challenging environment has forced every retailer in the readymade garment industry to emphasize on the existing customers, the core of any large company’s revenue. The present study would suggest parameters to strengthen the marketing strategies of any business.

To grow revenue, marketers are aggressively moving to retain good customers and improve their share of those customers’ garment buying. Because the dominant point of interaction for existing customers is the customer satisfaction, it is quickly becoming the critical channel for customer retention, proactive marketing and sales efforts. As a result, the future of the garment industry depends greatly on the customer service experiences and their perception regarding a store.

Though similar garments and brands are being sold by the competitors but reliable & consistent marketing activities is not prevalent. So in an industry known for poor marketing and customer satisfaction, can truly make a store stand out from the crowd. The present study is an attempt to know the marketing strategies, buying behavior and sales executive perception towards the readymade garment stores and suggest measures to improve the customer satisfaction and customer loyalty.

1.3 OBJECTIVE OF THE STUDY

The apparel sector is the most growing sector. The individual retailers in the market need to lay more stress on the marketing strategies designed for the customer satisfaction. Due to ever changing need of customers regarding readymade garments and to maintain pace with the customers strong marketing activities should be carried out.
deeper look into the customer’s preference and expectations can help the retailers to improve the customer satisfaction. The study was undertaken with the objectives as mentioned below:-

a) To study the regulatory environment relating to marketing of readymade garments
b) To explore the marketing trends in readymade garments in India
c) To study and compare the marketing practices related to readymade garments in Punjab and Haryana.
d) To study the buying behavior of consumer’s readymade garments and retail market strategies of the consumers based on consumer’s demographics.
e) To access and compare the sales executives’ perceptions relating to marketing of readymade garments in selected states.
f) To make suggestions on the marketing of readymade garments based on analysis of available data.

Chapter Scheme

The study has been structured into the following five chapters:

Chapter- I: Introduction

Chapter – II: Review of Literature

Chapter – III: Research Methodology

Chapter – IV: Data Analysis and Result Interpretations

Chapter – V: Findings, Summary and Discussions
REFERENCES


16. Dushyant Karamchandani, Northbridge Capital, Indian Retail Apparel Research, January 2011

17. Associated Chamber of Commerce and Industry of India (ASSOCHAM) A report on Indian Textile to grow 16% per annum.


21. NSSR report on “Household consumption of various goods and services in India” (2007).


28. www.marketingpower.com


44. www.economywatch.com


47. A report by Alok Industries Ltd.


51. commerce.nic.in

52. Environmental Standards and Trade: A Study of Indian Textile and Clothing Sector. etoCUTS* International


62. WTO: URUGUAY Round Agreement: Agreement on Textile and Clothing

63. Ministry of Textiles

64. http://www.technicaltextile.gov.in/indexe5cc.html?id=20