CHAPTER - II

REVIEW OF LITERATURE
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This chapter presents the review of literature related to the study. The purpose of this chapter is to understand the results of various studies already undertaken in the relevant field and to find the research gap for the present study. There were many studies available on relating to textile products but no study so far had been focused on export marketing home furnishing fabrics. This study includes analysis of various functional aspects and the issues and problems relating to exporting of the same. Hence, researchers has made an attempt the present a brief review of literature relevant to study, which consist of journals, published working papers and doctoral thesis in a comprehensive manner in the following pages.

Gopi\(^1\) in his study identified certain problems faced by hosiery industry such as lack of finance for modernization, lack of securities to borrow cumbersome procedures, Reserve Bank of India’s credit policy, high rate of interest, lack of ability to handle finance, non-availability of loans for factory building construction, dependence of private money lenders, compulsory deposits with banks and financial instructions (margin money), non availability of pre shipment credit, high rates of levy charges, heavy import duty on machines and spare parts, heavy excise duty on yarn, very high fluctuations in yarn price, inefficiency due to non–composite units, outdated bleaching and dyeing equipments etc. The study further revealed that the problems such as availability of training facilities to employees, insufficient market information, out moded and insufficient facilities, lack of product research centre, high restrictions for import of knitting machines, shortage of hosiery yarn, small units inability to export their products, sales tax burden on purchases, labour problems, insufficient working conditions, interrupted power supply, remained as a big hindrance for the growth of hosiery industry and suggested for suitable measures to be taken by the industry and the government in the big way to help the growth of hosiery industry not only for short run benefits but also long run benefits.

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Steven Wheel right and Earl Sasser\textsuperscript{1} observed that no business activity is more heralded for its promise and approached with more justified optimism than the development and manufacture of new products. A successful new product can set industry standards – standards that become another company’s barrier to entry or to open up new markets. New product campaigns offer top managers opportunities to reorganize and to get more out of a sales force. The most exciting benefit is corporate renewal and redirection. The excitement, imagination and growth associated with the introduction of a new product invigorate the company’s best people and enhance the company’s ability to recruit new forces. It was found that new product builds confidence and momentum.

Market Research Wing of Textile Committee\textsuperscript{2} has surveyed and analysed the aggregate household consumption of hosiery goods in the country increased from Rs.7753 millions in 1985 to Rs. 12431 millions in 1987. The quantity wise consumption of hosiery items rose from 774 metres in 1985 to 951 metres in 1987. Thus there is an increase of 27.8% in quantity terms and 60.3% in value terms between 1985 and 1987. The consumption of hosiery items in rural areas is in the range of 6997 million rupees compared to 5550 million rupees in urban areas.

Radhakrishna\textsuperscript{3} in his study on examined the export performance of Indian garment industry between 1981 to 1989. It was concluded that the total export earnings of the country improved from 8 percent in the early 1980’s to 13 percent in 1988. Between 1981 and 1988, the total value of garment export doubled but the unit price remained constant.

Kothari\textsuperscript{4} in his study observed that even at the lowest projection of the world fibre demand of 50 million tonnes per annum by the year 2000, more than 50% of the

\begin{thebibliography}{9}
\bibitem{2} Market Research Wing of Textile Committee, Ministry of Textile, Government of India 1989 pp 59-60.
\bibitem{3} Radhakrishnan, M "The textile Industry and Trade Journal" 1989 p. 25
\end{thebibliography}
total cloth consumption was from the developing countries as compared to 30% in 1960. This resulted in a significant impact on the growth of the textile industry in the newly industrialized countries in Asia and Africa. On this basis, it was observed that there was necessity to re-evaluate the future perspective in the textile industry in Asia in the context of the changes taking place in the geographic distribution of production, in the pattern of world trade, in the consumption of raw material inputs and in technological developments.

Chandan Sha and Mohan Singh\(^1\) in their study observed that presently, the Indian hosiery and ready made garment products are mainly exported to United States and European economic countries. Exporters are now realizing that it may not be easy for them to sustain the increased export to these countries because of tough competition from other countries like Taiwan, Hong Kong and China. Therefore, efforts are being made by the exporters to tap the markets in the countries like Japan, Australia, Latin America, New Zealand and in West Asia.

Parampal Singh\(^2\) in his study examined the perception of small exporters about the problem areas and their motivation in exploring international markets in the light of recent steps taken by the Government for trade liberalization. The findings of the study shed light on the obstacles and opportunities to small exporters in exporting to international markets. Services given by banks, Government guidelines, currency risks, credit risks, increased competition and transportation are the major problems faced by the exporter of the region irrespective of their industry. Enhancing the company's image by improving the product through technological updating is the main motivational force enticing small exporters to explore international markets.

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Kalirajan\textsuperscript{1} in his study examined the technical efficiency in the Indonesian garment industry based on the country’s 1986 census of small industry. Drawing on a sample of 2250 firms, the study suggests that inter-firm variations in efficiency are very considerable. The study revealed that there was a positive correlation between technical efficiency and each of export orientation, financial integration and female participation in the workforce. It is also found that there is a significant level of labour capital substitution in the industry.

Lal and Jayati\textsuperscript{2} in their study examined the politics of gender at work in the context of current transformation of Indian garment industry. The focus is on the structure and manufacturing, the nature of management practices and the changes in the labour process at the level of firm and their bearing on the making of a gender industrial working class. Based on ethnographic observations of the work processes within factories and workshops and discussions with managers and workers, it is argued that gender transformations of the labour process are key mechanism for acceptability defining women as workers.

Colin Simmons and Christos Kalantaridis\textsuperscript{3} in their Article on observed that over last 25 years, garment production has shifted to those countries with cheapest and most adaptable sources of labour. Less developed countries and newly industrializing countries, especially in South East Asia—took advantages of competitive wages and other costs prompted by the comparatively easy and exit conditions and pose a serious threat to levels of employment in western economies.

Rastogi\textsuperscript{4} revealed that new product provide a leading edge to the corporate strategy of many successful manufacturing firms. They open up new markets and new business opportunities. Superior technological capabilities expand the range of a

\textsuperscript{2} Lal, Jayati “The politics of Gender at work Flexibility” Skill and the Reorganization of the labour process in the Indian Garment Industry Society for the study of social problems (SSSP) 1995.
company's new product choices from improvement and development in innovation. Product innovation, strengthens its competitive position. In order to succeed in development and launch of new products, companies need to pursue and implement a company-specific approach. The latter is driven by corporate objectives and strategy, with a well-defined new product(s) strategy at its core. New product(s) strategy helps to identify new markets and product opportunities, and is in turn, influenced or shaped by them. It specifies the type of markets, products (including product-line extension), technologies, resources, skills and the company's strategic orientation.

Darie¹ observed that India is poised to emerge as the largest clothing producer in terms of number of units produced in the world if both domestic and export sector are taken into consideration. Liberalization of the economy and the MFA phase-out have opened doors for a giant leap by the industry. In export front, India has the potential to achieve 10 percent share in the world imports of garments.

The article² presented the export performance measures in Australia and the United Kingdom. It was observed that measuring performance is a critical part of a marketing managers job, because it allows a manage to assess strategic decisions and optimize the marketing mix. Taking this task into an international setting, as is the case with export marketing, has additional challenges, including cultural differences and differences in accounting procedures. The study explores the nature and measurement of performance and validates an export performance scale across two countries: Australia and Great Britain. The results suggested that the four dimensions and their indicators were valid cross culturally. The results were obtained by collecting data from 434 small – and medium – sized exporters in Australia and Great Britain. These firms were all manufactures and had less than 500 employees.

Juan Carlos Hiba\(^1\) observed that improving working conditions and productivity in the garment industry could result in making its small and medium-sized enterprises more competitive, efficient and safer and also extend better protection to women workers. This study showed as to how to take simple, effective, low cost action to raise productivity while improving conditions at work place. The technical topics covered include handling and storage of materials, lighting, work station and product design, safe and efficient machine operation, workplace layout, welfare facilities and work organisation.

Singh and Lakhsman\(^2\) in their study stated that hosiery is an important export oriented industry in India, but dyeing and bleaching require large amount of chemicals harmful to workers and nearby residents. Plant, animals, and even human life are placed at risk. An attempt was made in the study to measure the perception, knowledge and attitudes of 60 factory executives, 120 workers who handle harmful chemicals and nearby residents about environmental pollution caused by such production processes. Survey data revealed that the environmental perception score was highest for workers, followed by residents. The environmental knowledge scores followed similar trends. Attitudes toward prevention of environmental pollution were highest among workers, followed by executives and lowest among residents. The overall environmental score was influenced by income, education and migratory status of respondents, cast, religion and age had no significant influence.

Ryan and John\(^3\) focussed on the changes in global marketing and global business operations for the year 2000 and beyond. Nine importance changes are expected with the arrival of the 21\(^{st}\) century. These include the euro, industry concentration, global oligopoly, greater focus on the supply chain and logistics, the challenge to the importance of marketing, the challenge of managing the conflict between the internet and national sovereignty,

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the emerging markets of Cuba and other new economic groups. Also it depends on the increasing importance of importing and the decline in importance of commodity cartels.

David and Anley Andrew\textsuperscript{1} in their study examined the relationship between initiating export stimuli and export performance within the context of four specific types of export marketing strategies. The nature of the export stimulus is seen to be associated with performance for some types of strategy but not for all consequently, export marketing strategy acts as a moderator of the relationship between export stimuli and the performance of an export venture.

Tarmidi and Widjaja\textsuperscript{2} in their study stated that the strengths of Indonesian garment industry were low wage rate, large quota allotment, punctuality in delivery, quality and Indonesians long experience in the apparel industry. The weakness outlined were low labour productivity, the non-supportive Government, the existence of high black quota market prices, the dependence on expatriate supervisor and managers to instill quality and under developed upstream industries.

Nasreen Khundkar\textsuperscript{3} pointed out that the growth of Garment industry in Bangladesh is the direct result of the MFA and other trade agreements. It has had a free market access to EU markets and US which also gave sizeable quota thus turning it into one of the important supplier to both American and European Markets. The economic importance of the garment industry for Bangladesh is signified by the fast rise in its share from 4 percent of the total exports in 1983 to 76 percent in 1999-2000.

The industry employs 1.5 million workers, 90 percent of whom are female workers. It was further stated that once quota is removed, Bangladesh is expected to

\textsuperscript{3} Nasreen Khundkar “Garment industry in South Asia” Rags or Riches ILO, New Delhi, 2002, p.245.
suffer from its lack of textile industries and poorly developed infrastructure. Although Bangladesh seems to enjoy the low wage cost advantage, it also suffers from low productivity and poor job quality. A prediction was made that the initial phasing out of the MFA would be highly disruptive. The strategy for improving competitiveness of Bangladesh garment industry include market diversification, product diversification, backward linkages to reduce high dependence on imported inputs, productivity improvement through improved job quality and responsiveness to consumer ethics and labour standards.

Asir Manjur\textsuperscript{1} in his study on Pakistan garment industry stated that phasing out of the MFA is likely to open new opportunity in the product at the top-end of textile value chain. At the same time, it would adversely affect the growth of exports from developing countries such as Pakistan, which are dependent on a limited product range and are competing in the global market on the basis of the price advantage rather than quality. It was also pointed out that the labour force in the industry is dominated by male workers (90 percent) as labour laws in Pakistan have regulatory restriction on women’s employment like working hours, maternity benefits, etc. The stuffy recommended a strategy that includes human resource development, diversification of export destinations, tapping the regional market, seeking preferential treatment from developed countries as a regional block, innovative product development through promotion of design facilities and instituting liberal input regime for importation of inputs and equipments.

Dinesh Pant and Devendra Pradhan\textsuperscript{2} in their study on Nepal garment industry pointed out that the competitiveness of the garment industry in Nepal is particularly constrained due to transportation costs and low productivity. They recommended formulation of a national strategy with focus on high value products, product and market diversification, development of backward linkage industries, completion of dry port projects, utilization of WTO provision for least developed countries,

\textsuperscript{1} Asir Manjur “Garment industry in South Asia” Rags or Riches Joshi ILO, New Delhi, 2002, p.246.
\textsuperscript{2} Dinesh Pant Dr. and Devendra Pradhan “Garment Industry in South Asia” Rags or Riches International Labour Organisation (ILO) New Delhi 2002 p.246.
improvement in human resource management for enhancing productivity and upgradation of technology and process.

Saman Kelegama and Roshen Epaara Chchi\(^1\) in their study in garment industry in Srilanka stated that dismantling of the quota regime will compel the industry to complete for its market share in an intensely competitive global market. They suggested formulation of a national strategy for the garment industry with the resolve to improve productivity, undertake human resources development, develop product quality, increase investment in technology, develop codes of business conduct, implement the standards on working conditions and develop export alliances.

Samar Verma\(^2\) in his study on export competitiveness of Indian textile and garment industry observed that perhaps the most draconian of all government policies that has scuttled the growth of garment industry is reservation of garment manufacture for small scale industry. It has not only prevented expansion, but also impeded technological upgradation of the garment manufacturing units. As a result, the garment units could neither attain optimal economics of scale, nor produce international quality garments.

Gopal Joshi\(^3\) in his study stated that for improving productivity through high value addition and high quality, the garment industry can be pursued through a combination of various measures. Investment in new technology and equipment upgradation of skills among the workers, improvement in production organisation and processes, carrying out productivity campaigns and emphasis on quality improvement, improvement in job quality etc.,

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1 Saman Kelegama Dr. and Roshen Epaara Chchi "Garment Industry in South Asia": Rags or Riches? ILO 2002 p. 247.
Himanshu Vaidya\(^1\) revealed that the Brands however, like Rome are not built in a day, nor are they built by communication alone. Brands stand on the strong foundations of functional excellence and thereafter they fly beyond, implanting intangibles into the product. The success of brand popularity depends on now it creates impact on consumers and now it converts the response into positive response. This was observed as true case because it was relating to textile products which is an essential item of public use. Moreover the textile products need to be designed and manufactured carefully for attracting consumers.

Jhon\(^2\) has analysed in his article about the common brand program and stated that collective brands are extended over firms (and their products/product categories) which are granted a right to its use. Thus collective brands are much more extended than normal umbrella brands and also they are not owned by any one firm using it. Again when it comes to building brands, the umbrella brands are built by a single firm or a group whereas a collective brand is built by a group of firms related by ownership to each other and essentially this will reflect on consumer choice and preferences and hence the brand program need to be evolved properly.

Tanvi Bharadwaj\(^3\) observed that technology upgradation is an essential requirement to achieve quality. Product diversification is equally important. There is a lot of scope for diversifying the product range. The industry should realize the importance of keeping pace with the changing demands and preferences of customers and meet such requirement in a professional manner. This, if implemented, will certainly help the textile industry for better growth with technology and quality upgradation.

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Majyd Azid\textsuperscript{1} in his study the elimination of quantitative restriction would compel exporters re-engineer their approach towards international trade as dependence on their quota-profile would no more be an advantage over new competitors whether domestic or foreign. He also state that visionary entrepreneurs, enthusiastic worker's leaders and proactive government functionaries must join together to develop and promote a holistic strategy to achieve the export objectives so that the working environment of industries as well as those who work in them becomes such that an excellent quality is produced and marketed as a result of the ability to compete by achieving better productivity and by enforcing job quality.

Govinda Koirala\textsuperscript{2} observed that Nepal's garment production soared in the mid-1980's primarily because of Indian Producers who entered Nepal to bypass the US imposed quota on Indian garments. An immediate Jump of garment exports was then observed from a mere 1 percent of the total export 1983-84 to 17 percent in 1984-85, and then to 27 percent in 1985-86. Labour, raw materials and capital were brought into Nepal. Nepal basically provided warehouse and other facilities to these producers. Nepalese also started becoming trained by working with Indian entrepreneurs and Indian workers. In 1993-94, garment exports reached a peak of about 31 percent of total exports. By 1998-99 garment exports ligered at 27 percent of total exports. Today, most of the garments are being produced in Nepal with Nepalese workers. It was also observed that cost cutting measures can be used to remain competitive and move towards Minimum Efficient Scale (MES) which could be the only way to penetrate the world market and remain competitive in the long run.

Rahul Chaudhri\(^1\) in his article on "Indian garment Industry what is the real competitive edge" observed that the Indian garment industry long been harping on the low cost advantage which in the real sense, is not so low, when the productivity norms are applied. He also observed that there must be a shift from cost advantages to competitive advantage to face the global competitions.

Reddy\(^2\) suggests that with disappearance of tariff barriers and quantitative restrictions, the markets will get integrated, into a ‘global market’, which will offer wide choice to the buyers. The markets are increasingly being led by consumption instead of production i.e. ‘pull markets’ instead of ‘push markets’. The industry needs to be conscious to these emerging challenges and chalk out a strategy to remain competitive in the global market besides keeping a better place in the domestic market.

Raina\(^3\) in his article “on Indian textile and clothing industry: strategy for competitiveness beyond quotas” observed that the developed countries which are likely to loose their market share after phasing out of quota restrictions have consciously initiated several measures by which their political and economic interests are protected. It was pointed out that absence of quotas after the year 2004 will be a threat because minimum assured quantities under quotas will no longer be available and it is an opportunity because there will be no quantitative restrictions or ceilings on the exports.

Reena Mital\(^4\) revealed that the efforts of the TRAs towards research have been largely their own, with not much contributions coming in from the industry, probably because the industry had not realized the essentiality of research and development.

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1 Rahul Chaudhari “Indian Garment–Industry: What is the real competitive edge?” Clothesline Sep 2003 p. 76.
As the industry becomes increasingly aware that survival in the world market would be difficult without research, TRAs will play an even more important role today than in the past.

Sudha\(^1\) observed that the entire gamut of readymade garments produced by the Indian garment industry can be classified in to different classes according to the end-use of the garment. Most of the items manufactured by Indian garment manufacturers are aimed at the domestic market. Promotion of these value added garments must be taken in hand by an organization like AEPC, which must devote its full time attention to meet this objective.

Manisha Awasthi & Anita Singh\(^2\) in their article suggested that the Indian garment industry can become globally comparative if the quality assurance system is implemented strictly. Quality is a part of an integrated consumer responsive supply system. Quality has to be designed and built into products and just ‘inspected’. Quality is in reality the ability to exceed customer’s expectations while maintaining a cost competitive market position.

Harleen Sabharwal\(^3\) observed that the west has embraced trend forecasting in fashion garments ages ago and has reaped the benefits. India is catching up with the fashion wave albeit slowly, but surely provides assured market for fabrics. Fashion forecasting is making its way a tangible force and has come to stay and thus it was found that fashion is 99% research and 1% creation.

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Pooja Rajaney\textsuperscript{1} in her article suggested that, TUF’s initiated by the Government of India in April 1999 sanctioned Rs.25,000 crores to be utilized by March 2004, but there was final disbursement of Rs.4,000 crores only as on September 30, 2002. So even though the Government introduces some good schemes, they are rendered impractical because of their inability to be implemented fully. The Garment Exporters need to work harder on the implementation of such incentives.

Gorakhia\textsuperscript{2} revealed that closer contacts by participating in international trade fairs/exhibitions will expose our garments to buyers in those countries. A two-way relationship between Indian Exporters and Foreign designers will give us an advance look at future fashions to our advantages. Arranging Indian exhibitions in overseas markets will open the doors for Indian garments.

Rushin\textsuperscript{3} observed that keeping in view the handicaps faced by the SSI sector in modernization, the Government has now come forward with a corpus of Rs.500 crores, of which Rs.400 crores have been contributed by the Government and balance of Rs.100 crores has been from the Small Industries Development Bank of India (SIDBI). Though there was corpus fund administered under the Credit Guarantee Fund Scheme (CGFS) introduced by the government in the year 2000 the industry has made very slow progress. It was found that interest changed by several institutions for granting loans to garment units was high that it had not helped for development.

Panthaki\textsuperscript{4} in his article stated that all export statistics reported by AEPC are only in respect of garments which require AEPC endorsements as per the export quota policy comprising restricted and, to some extent, non-restricted items. It is unfortunate that the garment export policy of the Government is now based only on

\begin{itemize}
\item \textsuperscript{1} Pooja J. Rajaney, “Post-MFA challenges to Textile management” The Textile Magazine, p.81.
\item \textsuperscript{2} Gorakhia, R R, “Structural adjustments for future garment trade – II”, Express Textile, August 28, 2003,- pp 8.
\item \textsuperscript{3} Rushin V, “Transaction cots in Garment industry – I”, Express Textiles, September 11, 2003, p 8.
\item \textsuperscript{4} Panthaki, MK, “Urgent need for accuracy in estimating annual garment exports” The Textile Magazine, April 2004, pp 73-74.
\end{itemize}
such truncated statistics, with the result that alarm bells ring where these are not called for and, worse still, these are not rung when that is essential. It was concluded that both the industry and the government shall focus on analyzing the garment export trend in order evolve a sound strategy, so that it would help industry to face the competition in the global market better.

Welsch and Heinz\(^1\) in their study, examined the relationship between the skill structure and the export performance of 26 west German manufacturing sectors in the second half of the 1980s. Using several sets of controls, it is found that export growth is inversely linked to the high-skill intensity of labour. Implications of the issues and possible solutions were discussed and presented in the findings of their study.

Ogunmokun and Gabriel\(^2\) presented the results of their study which attempted to know why some Australian exporting firms had a better export performance than others. It examined variations in export performance in terms of motivation to export, firm characteristics such as marketing expertise, managers' attitudes towards exporting manager personal characteristics, marketing strategies and exporting problems etc. Further, it was observed that there are number of factors which more responsible for higher export performance but these factors vary from time to time depending up on the internal factors of textile industry.

Vinod Shanbhay and Nandita Abraham\(^3\) in their study on suitable product market strategy for India observed that textile and clothing exports could hit US $40 billion from US $11 billion in 2002 at an average annual growth rate of 18% by 2010. To harness this, the country needed to shift focus to value – added products, particularly in the apparel segment, through a well designed strategy.

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An article on "Garment productivity centre endeavoring for prosperity of Pakistan garment industry" observed that there are three main factors contributing to low productivity. First is old technology, Second is the poor management practices and untrained manpower and the third is lack of working capital. It was also observed that majority of the firms are buying their goods on credit probably for a longer period.

Pradeep Joshi in his article "on post WTO and the Indian clothing industry" observed that importing countries will no longer be able to discriminate between exporters by applying safe guard measures to individual countries as this sector is integrated into WTO rules by 1st as 2005. The outcome for any individual country will depend heavily on its policy response. Countries that take the opportunity to streamline their policies and improve their competitiveness. To achieve competitiveness and improve supply response, the developing countries themselves have to endeavor to reduce business costs by improving governance, infrastructure and institutional support, ensuring transparency and accountability and establishing the rule of law, though India has emerged as one of the main clothing exporting countries, low and stagnant market share in the world textile and clothing trade, comparatively lower unit value realization, lack of presence in high value segment and aggressive performance of China, Turkey, Bangladesh, Mexico, Korea and Other Asian countries are matter of concern for Indian Industry.

Kothari in his article on "The Indian textile industry; reasons for optimism" says that it is imperative for India to take effective steps especially in the following areas to sustain the ongoing vigorous export growth; first the existing labour laws in India need to be reformed, secondly further investment on large scale are necessary to derive benefits of a higher scale of operation. Thirdly need for modernization, fourthly development of human capital. Fifthly, pollution free environment since

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1 An article on “Garment Productivity Centre-Endeavoring for prosperity of Pakistan Garment Industry” Jan 1, 2005, pp.14-16.
global consumers are now determined to use eco-friendly products. Finally there is a need for further development of Infrastructure facilities along with political stability. With all these measure are taken, the textile industry in India can be made as an engine of growth”.

Parthasarathy in his study brought out the problems faced by the exporters of hosiery products such as hike in yarn price, lack of infrastructural facilities (power, transport, water, communications, port operations, etc) lack of processing facilities, lack of modernization, labour turnover and absenteeism, lack of skilled employees, lack of proper information about world market and quota restriction imposed by foreign (importing) governments, lack of proper training facilities, lack of cooperation from the commercial banks, Government and importers, complicated policies and procedure. The study suggested for implementation of various measures that are to be taken by both industry and the government for the purpose of solving problems and help the smooth exporting of textile products.

In this chapter, various studies have been reviewed that are more relating to different aspects but did not cover the major aspects of this study. Hence, this study is conducted to fill the gap caused by the previous studies and to identified the problems associated with exporting by the manufacturers of home furnishing fabrics.

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1 Parthasarathy, G., “A study on issues pertaining to exporting of textile products from India, April 2005,