FACTORS INFLUENCING READYMADe GARMENT EXPORTS FROM INDIA TO THE UNITED ARAB EMIRATES
CHAPTER V
Factors Influencing Readymade Garment Exports from India to the United Arab Emirates

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CHAPTER V

FACTORS INFLUENCING READYMADE GARMENT EXPORTS FROM INDIA TO THE UNITED ARAB EMIRATES

Developing countries have been unable to increase their export volume on their own. Lack of knowledge pertaining to the complex challenges involved in marketing abroad is one of the most common reasons cited. International marketing is a much more complicated process than marketing and selling in the domestic economy. To encourage growth of exports, Government steps in and provides the business communities the necessary help and support in what ever aspect it can. Government has many different policies, programmes and activities to help develop competitive products and increase export turnover. The basic objective of export promotion activities is to encourage increased sales of products that are currently available for export. In this context it is essential to know what are the factors influencing readymade garment exports from India to the United Arab Emirates.

5.1 Market Research

Government agencies and trade councils provide the exporters with preliminary market information pertaining to the product to be exported as well as the prospective country. These agencies update the exporter with the prospects and constraints regarding trade to the target destinations, hence enabling the exporters to decide on their plan of action appropriately. In other words, Market Research influences trade which in turn helps in the development of the exporting as well as the importing countries. Readymade Garment exporters in Mumbai have to an extent understood the importance of Market Research with reference to consumer tastes,
preferences and product quality in foreign lands. United Arab Emirates is a country
where the native population is approximately 20% of the total population, the rest
being expatriates with varied cultures, preferences and tastes. Thorough Market
Research enables an exporter to understand the differences and maneuver production
to suit the ultimate buyers in the UAE The responses from the respondents regarding,
to what extent market research influences their trade, is presented in Table 5.1

Table 5.1

Extent of Market Research in a Readymade Garment Industry

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>85</td>
<td>83.3</td>
</tr>
<tr>
<td>No</td>
<td>17</td>
<td>16.7</td>
</tr>
<tr>
<td>Total</td>
<td>102</td>
<td>100</td>
</tr>
</tbody>
</table>

It is seen from Table 5.1 that 83.3% (85) respondents stated that they are
influenced by market research and that market research is one of the major
determinants in marketing readymade garments to the United Arab Emirates whereas
16.7% (17) respondents didn’t feel so.

5.2 Selection of Appropriate channels of distribution

It is essential for any exporter to select the appropriate channel of distribution
for the product to be marketed. The distribution channels for readymade garments in
the overseas market include Indenting Agents, Trading Houses, Merchant Exporters,
Overseas Sales Agents, Export Consortia or Direct Exporting. The selection of such
channels depend on the product, customer and market characteristics, economic and technological factors, competitive environment, company profile, socio-economic developments and finally the political and legal environment prevalent in the trading countries. Most exporters who export to the United Arab Emirates prefer direct exporting. Indenting agents and distributors are the next best option for the readymade garment exporters of Mumbai. Export Consortia and Trading houses are mostly the preferred channels for distribution to Europe, Mauritius, South Africa and the United States of America. The survey result shows that selection of appropriate channels of distribution is another important influencing factor for exporting readymade garments to UAE. The result of the respondents is presented in Table 5.2.

**Table 5.2**

<table>
<thead>
<tr>
<th>Channels</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesaler</td>
<td>09</td>
<td>08.8</td>
</tr>
<tr>
<td>Distributor</td>
<td>12</td>
<td>11.8</td>
</tr>
<tr>
<td>Agent</td>
<td>26</td>
<td>25.5</td>
</tr>
<tr>
<td>Direct</td>
<td>54</td>
<td>52.9</td>
</tr>
<tr>
<td>Other</td>
<td>01</td>
<td>01.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Table 5.2 reveals that 52.9% respondents (54) agreed that direct channel influences the export of readymade garments from India to UAE. 25.5% (26) respondents agreed that distribution via agents is gaining importance in the field of
readymade garment exports from India to the United Arab Emirates. Together 78.3% of the respondents pointed out that selection of appropriate channels of distribution is an influencing factor. The Direct channel renders the highest profitability hence it is the most appropriate channel.

5.3 **Selection of an Appropriate Mode of Transport**

This is another important factor which influences trade inevitably. In the export industry, time is of utmost importance. Trade leads are highly dependent on the time factor since demand for a product always varies as per the fashion trends, the weather, the standard of living and the individual tastes of the consumers. Thus, when there is a speculation of demand for a product in a foreign country, it is profitable to supply the product during the stipulated period or else the exporter might not gain the returns expected otherwise. For the consignment to reach the importer on time, it is essential to select the most appropriate means of transport and channel of distribution. Sea transport is the most economical means of transport for the exporters. Air transport is recommended only in case of urgency, high priority and delicacy factor. Air transport is expensive as compared to sea transport, hence sea is the preferred mode of transport for large consignments, since container space can be hired on total, partial or mixed basis which in turn is economical for the trading partners involved. Dubai in the United Arab Emirates is famous for the largest man made port in the world. UAE is the transit point for cargo movement across the globe. Its close proximity to India and healthy bilateral relations, is an added advantage for facilitating trade and development. More than 87% of the respondents agreed that they opted for sea transportation mode whereas 13% of the respondents opted for air mode. Sea transportation mode was selected by majority of the exporters as it
influences cost and profitability. Hence it is an appropriate mode of transportation especially for exporting readymade garments to UAE.

5.4 **Cheap and Easy Availability of Labour**

India has the advantage of easy availability of cheap labour as compared to its competitors. The workforce may not be skilled but are prepared to undergo training in order to get skilled and excel in their line of job. There are many export firms in Tirupur, where this strategy has been adopted. The people of poor villages are approached and are offered training through the training schools and camps organized and set up by this, as a result of which the workers learn the tricks of the trade as well as earn cash for the family. However, Labour in Mumbai is not all that cheap. Skilled workers quote their fixed rate whereas Semi-Skilled workers can be settled in with a tuff bargain. A major problem exporters have to reckon with is the punctuality factor which is scarcely found among the workforce. Although Labour may be cheap but the cost of imparting knowledge and converting the raw workforce into a skilled powerful army of workers is high. Apart from that, the labour laws act as an hindrance to the progress of our economy. Unionization has become a dangerous tool, more like the termite which just feeds on a healthy bark of wood and eventually makes it a hollow piece of waste material. Many of the prominent textile mills in Mumbai have been shut due to extensive labour union disagreements which started on a petty scale but somehow blew out of proportion, with time.
5.5 Availability of Raw Materials

Due to the easy availability of raw materials in India, the production costs of
the garment exporters are considerably reduced. India has vivid climatic conditions
due to which, different kinds of fabric and materials can be manufactured and
experimented with. Easy availability of large varieties of cotton fiber and an ever
growing synthetic fiber industry gives India an added advantage apart from being the
largest exporter of yarn internationally. Hence the garment exporters do not need to
import their raw materials, it is all easily available in India itself leaving aside a few
exceptions.

5.6 Export Pricing and its Relevance

Price is one of the main variables which affect the buyer’s choice and thus
determines the returns. It is the exchange value for a product. Export Pricing can
make or break an exporter’s presence in the foreign market. It is essential to carefully
quote the price only after acutely verifying the market scenario of the foreign trade
partner. In UAE, readymade garments are imported from China, Pakistan,
Bangladesh, Sri Lanka, Korea and many of India’s competitors at highly competitive
prices. It is cut throat competition for the Indian exporters pertaining to certain items
of garments that are exported from these countries to the UAE, at considerably low
prices.

Pricing influences an exporter’s survival in the global arena. Many a times
exporters face a situation where survival verses profits. It is of utmost importance to
the exporter to survive the up’s and down’s of trade and compromise on the share of
returns. It also initiates the market share growth as well as sales growth. Image
differentiation is another criteria which is an important determinant of pricing. Many garment export firms aim at creating a niche for themselves at the international level, thus their products are exclusively priced without any compromise on the quality, strength and the design of the garment created. Pricing can be fixed or negotiable. 81.4% of the garment exporters follow the preset standard of fixed costing whereas 18.6% of the respondents preferred negotiable pricing.

5.7 **Price Spread and Return on Investment**

The price spread of the readymade garment exporters in Mumbai depicts the increase in the cost of production and the average return on investment.

**Table 5.3**

<table>
<thead>
<tr>
<th>Price Spread</th>
<th>Less than 5%</th>
<th>5-10%</th>
<th>10-15%</th>
<th>15-20%</th>
<th>20-30%</th>
<th>30-40%</th>
<th>Above 40%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fabric</td>
<td>-</td>
<td>-</td>
<td>7.8%</td>
<td>16.7%</td>
<td>53%</td>
<td>22.5</td>
<td>-</td>
</tr>
<tr>
<td>Accessories</td>
<td>11.8%</td>
<td>77.4%</td>
<td>10.8%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Labour</td>
<td>-</td>
<td>-</td>
<td>3.9%</td>
<td>21.6%</td>
<td>71.6%</td>
<td>2.9%</td>
<td>-</td>
</tr>
<tr>
<td>Factory Overheads</td>
<td>89.2%</td>
<td>10.8%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transport</td>
<td>97%</td>
<td>3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rate of Interest</td>
<td>87.2%</td>
<td>8.8%</td>
<td>4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Packaging Cost</td>
<td>87.2%</td>
<td>12.7%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Freight and Cargo Charges</td>
<td>38.2%</td>
<td>55%</td>
<td>6.9%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>81.4%</td>
<td>13.7%</td>
<td>5%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Administration Cost</td>
<td>76.5%</td>
<td>23.5%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Agent Commission</td>
<td>8.8%</td>
<td>4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Average Return on Investment</td>
<td>-</td>
<td>11.8%</td>
<td>18.6%</td>
<td>22.5%</td>
<td>42.1%</td>
<td>5%</td>
<td>-</td>
</tr>
</tbody>
</table>
Table 5.3 illustrates the percentage trend of the price spread and return on investment of the readymade garment exporters. Different categories of exporters have variations in different overhead expenses such as raw material (fabric, accessories) office administrative expenses, insurance charges, transport. It is further observed that on an average the small scale exporters gets around 5-10%, 10-15% whereas some of them even get less than 5% of returns. The medium sized exporters get about 10-15%, 15-20% returns on their exporters whereas the large scale exporters fetch around 20-30% and at times even 30-40%. Most of the exporters dealt with direct exports however there were a minimal few who did appoint agents commission agents to facilitate overseas sales. The commission cost varied upto 10%.

Price spread largely depends upon the pricing strategy adopted by an export firm. The price spread could be based on the skimming or penetrative pricing strategy depending upon the export plan of the export firm. Price Spread refers to the distribution of the costs of production in an effective manner in order to reap maximum returns on investment.

5.8 **Price Mechanism adopted**

Price Mechanism refers to the selection of a pricing system which can either be Cost Oriented or Market Oriented. In cost oriented methods of pricing, a certain percentage of cost is added to the determined costs in order to arrive at the selling price of the garment item. This method is simple since the garment exporters can easily ascertain their profit margins.
Cost Oriented method of pricing is adopted using either cost plus, mark up, target return, break even, early cash recovery or marginal cost oriented method. Market Oriented method of pricing refers to the price being set on the basis of the market conditions prevailing at that time. Perceived value, going rate and differentiated pricing are some of the market oriented methods adopted by the garment exporters. 77.4% of the respondents (garment exporters) reported that their pricing was cost oriented whereas the balance 22.6% of them adopted the market oriented system of pricing.

5.9 Global Competition

Global Competition is an inevitable factor that affects the garment exporters of India. Global competition can be a motivating factor to developing nations like India as it provides an opportunity to excel in areas where India needs to enhance and improvise. Competition of any kind always demands the best, be it with regards to the price, the quality or the service offered. When competition is at a global level, the stakes as well as the returns are on a larger scale which in turn acts as a driving force to be highly professional and shrewd in decision making and materializing the export orders. In other words, Global competition is a blessing in disguise for the exporters who crave for perfection in their respective fields of production. Response related to handling competition at the international level are presented in Table 5.4
Table 5.4

Response on Global Competition

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>61</td>
<td>59.8</td>
</tr>
<tr>
<td>Goodwill &amp; Relationship</td>
<td>27</td>
<td>26.5</td>
</tr>
<tr>
<td>Discount</td>
<td>08</td>
<td>07.8</td>
</tr>
<tr>
<td>Communication Skills</td>
<td>05</td>
<td>04.9</td>
</tr>
<tr>
<td>Hope</td>
<td>01</td>
<td>01.0</td>
</tr>
<tr>
<td>Total</td>
<td>102</td>
<td>100</td>
</tr>
</tbody>
</table>

It can be revealed from Table 5.4 that concentrating on the Quality, maintaining Goodwill and Relationship with their buyers are the two most important strategies adopted by the readymade garment exporters who export to the UAE. 59.8% (61) of the respondents meet global competition by concentrating on the quality offered. 26.5% (27) of the respondents bank on Goodwill and Relationship. 7.8% of the respondents globally compete by offering attractive discounts whereas 4.9% of them stated that excellent communication skills have helped them compete globally. More than 96 respondents agreed that global competition pertaining to readymade garment exports to UAE has increased over a period of time. Hence it is one of the important factors influencing the export of readymade garments to UAE.

5.10 Unstable Foreign Exchange Rates

Foreign exchange is the process of trading the currency of one country for the currency of another. This process is necessary for international trade to take place in a world of different currencies. The value of one currency versus another is determined by the international exchange rate and, in most cases, is subject to fluctuations.
based on open trading of currency in foreign exchange markets. The foreign exchange
market determines exchange rates. When demand for the currency of one country
goes up in relation to that of another, the first currency is said to be more valuable (or
stronger) in terms of the second currency. Some of the factors that increase demand
for a country's currency are an increase in exports (more currency is needed to pay for
these exports), an increase in interest rates (the currency now earns more for the
holder), and anything that improves political stability (the risk of holding that
currency has decreased). Currency markets can also be influenced by indirect
indicators of economic strength or even by rumors.

Fluctuations in foreign exchange affect the garment exporters severely. When
the value of rupee appreciates, the value of the dollar automatically depreciates as
compared to the rupee which in turn affects the revenue of the garment exporters and
also causes domestic inflation.

5.11 Increased Population of the United Arab Emirates

Export of Readymade Garments from India to the UAE depends upon various
factors, increasing population being one of them. Chart 5.1 shows the relation
between the population growth in UAE and the exports of RMG from India. Table
5.5 shows the value of RMG exports from the year 1993 to the year 2003. During the
same decade, the population growth too has been recorded and the connection
between the two has been evaluated. Chart 5.1 is a scatter diagram revealing the
increasing trend between the two variables.
In the year 1993, the value of readymade garment exports from India to UAE amounted to Rs. 31825.24 lakhs. During the same year, the population of UAE amounted to 20.83 lakhs. In the next year that is in 1994, both the variables recorded an increase, which showed Rs. 44091.74 lakhs for the exports to UAE and 22.3 lakhs for the population. Exports recorded a decrease in the total value in the year 1995, coming down to Rs. 33839.89 lakhs whereas the population of UAE increased to 24.11 lakhs. An increase in Population is constant during the entire decade (1993 to 2003). However, the garment exports to UAE show a fluctuating trend. In the year, 1999, the exports amounted to Rs. 169995.48 lakhs which was more than double of what it recorded the previous year. The readymade garment exports to UAE again decreased in the year 2002 amounting to Rs. 173784.19 lakhs but then shot up to Rs.192709.62 lakhs the next year recording a growth of Rs.18925.43 lakhs comparatively.
Table 5.5


<table>
<thead>
<tr>
<th>Year</th>
<th>Value of the Readymade Garment Exports from India to UAE [Rs. Lakhs]</th>
<th>Population of UAE [In Lakhs]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>31825.24</td>
<td>20.83</td>
</tr>
<tr>
<td>1994</td>
<td>44091.74</td>
<td>22.3</td>
</tr>
<tr>
<td>1995</td>
<td>33839.89</td>
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<tr>
<td>1998</td>
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<td>2000</td>
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<td>2001</td>
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<tr>
<td>2002</td>
<td>173784.19</td>
<td>37.54</td>
</tr>
<tr>
<td>2003</td>
<td>192709.62</td>
<td>40.41</td>
</tr>
</tbody>
</table>

Source: CMIE & MoP-UAE
Table 5.6

Table for Regression Analysis is;

<table>
<thead>
<tr>
<th>Year</th>
<th>X (Population of UAE in Lakhs)</th>
<th>Y (RMG Exports from India to UAE)</th>
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</thead>
<tbody>
<tr>
<td>1993</td>
<td>20.83</td>
<td>31,825.24</td>
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<tr>
<td>1994</td>
<td>22.30</td>
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<tr>
<td>1999</td>
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<td>2000</td>
<td>32.47</td>
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<td>2001</td>
<td>34.88</td>
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<td>2002</td>
<td>37.54</td>
<td>173,784.19</td>
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<tr>
<td>2003</td>
<td>40.41</td>
<td>192,709.62</td>
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</table>

Total - SUM 322.16 1,258,321.49
Average 29.29 114,392.86

<table>
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<tr>
<th>(X-Xbar)</th>
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<th>(Y-Ybar)</th>
<th>(Y-Ybar)^2</th>
<th>(X-Xbar)*(Y-Ybar)</th>
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<td>123.72</td>
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<td>6133514470</td>
<td>871095.93</td>
</tr>
</tbody>
</table>

413.62 71307682969 4687265.10
**Fig 5.1**


\[ y = 11332x - 21750 \]

\[ R^2 = 0.744 \]
The equation of Line is: \( Y = MX + C \)

We can find \( M \) by the following formula

\[
M = \frac{\text{Sum } [(X-Xbar) \times (Y-Ybar)]}{\text{Sum } (X-Xbar)^2}
\]

From above Table we can get the values of above formula

\[
M = \frac{4687265.10}{413.62} = 11332
\]

Also the formula for \( C = Ybar - [M \times Xbar] \)

\[
C = 114392.86 - [11332.35 \times 29.29] = -217501
\]

So we can have the Linear equation

\[
Y = MX + C \quad \Rightarrow \quad Y = 11332X - 217501
\]

(Numbers are rounded)

For \( R^2 \)

\[
R^2 = 1 - \left[ \frac{\text{SSError}}{\text{SSTotal}} \right]
\]

\[
\text{SSError} = \text{Sum } [(Y-Ybar)^2] - \left\{ \text{Sum } [(X-Xbar) \times (Y-Ybar)]^2 / \text{Sum } (X-Xbar)^2 \right\}
\]

\[
\text{SSTotal} = \text{Sum } [(Y-Ybar)^2]
\]

Now

\[
\text{SSError} = 71307682969 - \left[ (4687265.10)^2 / 413.62 \right]
\]

\[
\text{SSError} = \frac{18189943556}{71307682969}
\]

\[
\text{SSTotal} = 71307682969
\]

\[
R^2 = 1 - \left[ \frac{18189943556}{71307682969} \right] = 0.7449
\]
Thus, the equation of the trend line is $y = 11332x - 217501$, where $y$ = exports of India to UAE (In Lakhs) and $x$ = Population of UAE (In Lakhs). From the derived equation, we can calculate the future trends of readymade garment exports from India to UAE provided, the population figures are available. Thus, Table 5.5, Table 5.6 and Fig.5.1 clearly establishes the relationship between readymade garment exports and the population of UAE.

5.12 Regulation and Promotion of the Readymade Garment Export Trade of India

All promotional efforts are based on existing production and aim at increasing the value of foreign sales by a given target. The Government of India and the Government of United Arab Emirates have identified several organizations to cater to the growth and development of readymade garments knowing the fact that trade in textiles and clothing is an important source of foreign exchange earners for the country.

Some of the organizations related to the promotion of the Readymade garment exports are discussed below:-

5.12.1 Ministry of Textiles

The Ministry of Textiles undertakes policy formulation, export promotion, planning, development and trade regulation in respect of the textile sector. This includes all natural and manmade cellulosic fibres that go into the making of textiles, clothing and handicrafts. The developmental activities of the Ministry are focused towards making adequate quantities of raw material available to all sectors of the textile industry and augmenting the production of fabrics at reasonable prices from the
organized and decentralized sectors of the industry. The Ministry monitors the techno-economic status of the industry and provides the requisite policy framework for modernization and rehabilitation. The Ministry coordinates the activities of Textiles Research Associations and lends financial support to them for undertaking research and development.

There are various councils operating under the Ministry of Textiles, namely;

1) Apparel Export Promotion Council (AEPC)
2) Handloom Export Promotion Council (HEPC)
3) Cotton Textile Export Promotion Council (TEXPROCIL)
4) The Synthetic and Rayon Textile Export promotion Council (SRTEPC)
5) Indian Silk Export promotion Council (ISEPC)
6) Wool and Woollen Export Promotion Council (W&WEPC)
7) Carpet Export Promotion Council (CEPC)
8) Export Promotion Council for Handicrafts (EPCH)
9) Powerloom Development & Export Promotion Council (PDEXCIL)

5.12.1.1, Textiles Committee

The Parliament in its 14th year of the Republic enacted the Textiles Committee Act, 1963 (41 of 1963), which received the President's assent on 3rd December, 1963 and was published in the Gazette of India on December 4, 1963. The Textiles Committee, as an organization, started functioning from 22nd August, 1964. By virtue of Section 3 of the Act, the Textiles Committee is a statutory body with perpetual succession. The Textiles Committee is under the administrative control of the
Ministry of Textiles, Government of India. It is managed by a Committee comprising of 29 members as laid down under Section 3(3) of the Act and Rule 3 of the Textiles Committee Rules, 1965. It comprises of a Chairman from the Industry, a Vice-chairman-Textile Commissioner (ex-officio), and a Secretary, who is the Chief Executive of the organization as a Member Secretary. There are 12 other ex-officio members representing various Textile Federations, Export Promotion Councils etc., and 14 other members representing almost all interests of the textile sector. The Committee has powers to constitute Standing Committee and Adhoc Committees. The Committee's headquarters is at Mumbai. There are 29 other offices in major textile manufacturing/exporting centres, of them 18 have textile testing laboratories, including 9 eco-parameters testing laboratories. The main objective of the Textiles Committee is to ensure the quality of textiles and textile machinery both for internal consumption and export purposes.

The functions of the Textiles Committee include,

i. Undertaking, assisting and encouraging scientific, technological and economic research.

ii. Establishing standard specifications for textiles, textile machinery and the packing materials.

iii. Establishing laboratories for the testing of textiles and textile machinery.

iv. Providing training in the techniques of quality control.

v. Providing inspection and examination of textiles and textile machinery.

vi. Promoting export of textiles.

vii. Collection of statistics, and
viii. Advising the Central Government on all matters relating to textiles and textile machinery

5.12.1.2 Apparel Export Promotion Council (AEPC)

The Apparel Export Promotion Council is a council which is sponsored by the Ministry of Commerce but is administered under the control of the Ministry of Textiles. It was incorporated on 22nd February 1978, has a company limited by guaranteed and licensed under Sec. 25 of the company Act 1956 with the object to promote, advance, increase, develop export of all the types of readymade garments, excluding, woolen knit wear and garments of leather, jute and hemp. The basic objective of AEPC is to promote and develop the readymade garment export trade of the country. At present, there are twelve AEPC branches operating in India.

Main functions of the AEPC include;

i) Issue of Certificate of Origin

ii) Collection and supply of information and identifying items offering export potential

iii) Organizing seminars, exhibitions and trade Fairs (national/international)

iv) Disseminating international marketing information and providing library facility to members to know latest fashion trends in world market

v) Organizing buyer-seller meets for selected products/group of product

vi) Exploring the oversea market and apprising the government bodies on the current export scenario and also coordinating with various government departments with regard to the export promotion program
vii) Allocation and distribution of quota

viii) Collecting cost – data on garments and providing it to the government for the fixing of duty drawback and cash compensatory support

Any trader of garments (manufacturer/exporter/merchant exporter) interested in the actual export of garments can apply for registration as a registered exporter under the regulations prescribed by the AEPC. A sample copy of the application form for registration and other necessary forms required by the AEPC are given in Appendix 6:1.

- **The Apparel Training and Design Centre (ATDC)**

The Apparel Training & Design Centre is a premier Institution in India set up by Apparel Export Promotion Council, sponsored by Ministry of Textiles, Government of India to conduct various training courses on Garment Manufacturing at the shop floor level for the garment industry. It has its centre’s located at Delhi, Gurgaon, Noida, Jaipur, Ludhiana, Mumbai, Chennai, Bangalore, Hyderabad, Kolkata, Tirupur Thiruvananthapuram, Surat, Indore, Faridabad and Kanpur.

5.12.2 **Ministry of Commerce & Industry, Department of Commerce**

The Department of Commerce is headed by a Secretary who is assisted by two Special Secretaries, two Additional Secretaries, seven Joint Secretaries and three Joint Secretary level officers and a number of other senior officers. Beside formulating and implementing the foreign trade policy, the Department is also entrusted with responsibilities relating to multilateral and bilateral commercial relations, state trading, export promotion measures and development and regulation of certain export
oriented industries and commodities. The Government of India has set up Special Economic Zones (SEZ’s) and Apparel Parks to facilitate growth in the export trade. The Free Trade Zones (FTZ’s) and the Export Processing Zones (EPZ’s) have been converted to Special Economic Zones (SEZ’s).

The Department of Commerce consists of the following nine principal functional Divisions:

- Administrative and General Division;
- Finance Division;
- Economic Division;
- Trade Policy Division;
- Foreign Trade Territorial Division;
- Export Products Division;
- Export Industries Division;
- Export Services Division;
- Supply Division.

There are a number of autonomous bodies operating under the Department of Commerce. A few are mentioned below;

5.12.2.1 Export Inspection Council (EIC)

The EIC, an autonomous body, is responsible for the enforcement of quality standards and compulsory pre-shipment inspection of the various commodities meant for export and notified under the Export (Quality Control & Inspection) Act, 1963. It was set up under Section (3) of the Export (Inspection and Quality Control) Act, 1963. It is headed by a Director. EIC is assisted in its functions by the Export
Inspection Agencies (EIAs) located at Chennai, Delhi, Kochi, Kolkata and Mumbai along with a network of 42 sub-offices and laboratories to back up the pre-shipment inspection and certification activities.

5.12.2.2 **Indian Institute of Foreign Trade (IIFT)**

The IIFT, registered under the Societies Registration Act 1860 as Society, is headed by the Director General. The Institute became functional on 1st April, 1964. It had been accorded the "Deemed To Be University" status by the Ministry of Human Resource Development and the University Grants Commission (UGC) from 20th May, 2002. The functions include;

i) Training of personnel in modern techniques of international trade

ii) Conducting Market research in problems of foreign trade

iii) Organization of marketing research, area surveys, commodity surveys, market surveys

iv) Dissemination of information arising from its activities relating to research and market studies

5.12.2.3 **Export Credit Guarantee Corporation of India Ltd. (ECGC)**

The Government of India set up the Export Risks Insurance Corporation in July, 1957 which later transformed to the Export Credit Guarantee Corporation Limited in 1964, with the sole purpose to provide export credit and insurance support to the Indian Exporters. The Corporation's name was once again changed to the present Export Credit Guarantee Corporation of India Limited in 1983, in order to focus on its Indian identity. ECGC is a company
wholly owned by the Government of India. It functions under the administrative control of the Ministry of Commerce and is managed by a Board of Directors representing Government, Banking, Insurance, Trade and Industry. ECGC is the fifth largest credit insurer of the world in terms of coverage of national exports. The present paid-up capital of the company is Rs.800 crores and authorized capital Rs.1000 crores.

Payments for exports are open to risks even at the best of times. The risks have assumed large proportions today due to the far-reaching political and economic changes across the world. An outbreak of war or civil war be it a coup or an insurrection may block or delay payment for goods exported. Economic difficulties or balance of payment problems may lead a country to impose restrictions on either import of certain goods or on transfer of payments for goods imported. In addition, the exporters have to face commercial risks of insolvency or default of importers. Export credit insurance protects the exporters from the consequences of the payment risks, both political and commercial, and to enable them to expand their overseas business without any fear of loss. The main functions of the ECGC include;

i) Providing a range of credit risk insurance covers to exporters against loss in export of goods and services also guide the exporters in export-related activities

ii) Offer guarantee to banks and financial institutions to enable exporters to obtain better facilities from them and make it easy to obtain export finance.
iii) Providing Overseas Investment Insurance to Indian companies investing in joint ventures abroad in the form of equity or loan and make available information on different countries with its own credit ratings along with information on credit-worthiness of the buyers

iv) Offer insurance protection to exporters against payment risks and assist exporters in recovering bad debts

5.12.2.4 **Indian Institute of Packaging (IIP)**

The IIP is registered under the Societies Registration Act 1860. It was established in the year 1966 jointly by the Ministry of Commerce (now Department of Commerce) and the Packing and Allied Industries of the country. The Institute is headed by a Director. It is located at Mumbai. The main aim of the Institute is to undertake research in raw materials for the packaging industry, to organize training programmes on packaging technology and to stimulate the need for good packaging. The main functions include;

i) Constant Improvement and innovation in the quality of Packaging

ii) Collection and supply of information on the trends in packaging

iii) Organizing seminars and workshops pertaining to packaging

iv) Provision for testing of packages and packaging material

v) Print publications and develop packaging consciousness amongst exporters

vi) Provides consultancy services in the field of packaging to the exporters
5.12.2.5 Federation Of Indian Export Organizations (FIEO)

The Federation of Indian Export Organizations, popularly know as FIEO, is the apex body of all export promotion organizations in the country. After its inception by the Ministry of Commerce, Government of India, in 1965, FIEO has been serving as a platform of exporters and policy makers, and has been instrumental in promoting the efforts of Indian exporting community in the global market. FIEO organizes seminars and sends Trade Delegations to overseas markets for export promotion. The Federation brings out 'FIEO News', a monthly publication for the use of its member exporters and importers.

Having offices in New Delhi, Kolkata, Mumbai, Chennai, Bhubaneshwar, Bangalore, Hyderabad and Kanpur, FIEO has more than one lakh members from all over the country, representing a wide cross-section of products and services. FIEO has forged strong links with counterpart organizations in several countries as well as international agencies to enable direct communication and interaction between India and world businessmen. It has access to information/data originating from UN bodies and world agencies like IMF, ADB, ESCAP, WORLD BANK, FAO, UNIDO, UNCTAD and others. In addition, it has bilateral arrangements for exchange of information as well as for liaisoning with several overseas chambers of commerce, and trade and industry associations. The main functions of FIEO include;

i) Organizing Seminars / Workshops and Trade fairs in order to increase foreign trade

ii) Interacting with the Government bodies on behalf of the exporters

iii) Specialized divisions to handle specialized activities of trade

iv) Maintenance of a diverse database to provide latest information on foreign trade to the exporters
v) Providing market development assistance to the members

vi) Interacting with banks and financial institutions in order to upgrade, protect and promote India’s international trade interests

5.12.2.6 Indian Council of Arbitration (ICA)

The ICA set up under the Societies Registration Act, promotes arbitration as a means of settling commercial disputes and popularizes the concept of arbitration among the traders, particularly those engaged in international trade. The Council, a non-profit service organization, is a grantee institution of the Department of Commerce and is eligible for assistance under the Market Development Assistance (MDA) Scheme of the Department. The main objectives of the Council are to promote the knowledge and use of arbitration and provide arbitration facilities for amicable and quick settlement of commercial disputes with a view to maintaining the smooth flow of trade, particularly, export trade on a sustained and enduring basis.

5.12.2.7 National Numbering Organization (EAN-India), now known as GS1 India

GS1 India formerly known as the National Numbering Organization, is promoted by the Ministry of Commerce, Government of India and was registered in June 1996 as a non-profit society, under the Societies Registration Act with objectives of promoting Article Numbering, Bar Coding and EDI in Indian trade and industries. It is a joint Government-Industry initiative at educating the Indian trade and industry on use of the GS1 numbering system for unique identification of products/services.
and locations in line with international best practices. The Organization is staffed with professionals possessing years of related experience in Electronic Data Interchange, Electronic Commerce and Automatic data capture technologies. Its Board of Management includes representatives from the Ministry of Commerce, Government of India, APEDA (Agricultural & Processed Food products Export Development Authority), ASSOCHAM (Associated Chambers of Commerce and Industry of India), BIS (Bureau of Indian Standards), CII (Confederation of Indian Industry), FICCI (Federation of Indian Chambers of Commerce and Industry), FIEO (Federation of Indian Export Organizations), Spices Board, IMC (Indian Merchants' Chamber), IIP (Indian Institute of Packaging).

5.12.2.8 India Trade Promotion Organization (ITPO)

Indian Trade Promotion Organization (ITPO) is the premier trade promotion agency of India and provides a broad spectrum of services to trade and industry so as to promote export. ITPO was incepted on 1st January 1992, with the merger of Trade Fair Authority of India (TFAI) and Trade Development Authority (TDA). With Headquarters at Pragati Maidan - New Delhi, a modern exhibition complex spread over 150 acres in New Delhi and regional offices at Bangalore, Chennai, Kolkata and Mumbai, ITPO ensures a representative participation of trade and industry from different regions of the country at its events in India and abroad.

Its functions include;

i) Organizing trade fairs and exhibitions (Overseas/Domestic)

ii) Conducting Workshops and Seminars related to the organization of trade fairs
iii) Invites as well as sends trade delegations to India and abroad.

iv) Initiates wide publicity regarding the organization of trade fairs and exhibitions in order to attract foreign parties to visit India.

5.12.3 Directorate General of Foreign Trade (DGFT)

Directorate General of Foreign Trade is an attached office of the Department of Commerce, Ministry of Commerce and Industry. It has its headquarters in Udyog Bhavan, New Delhi. DGFT, New Delhi is an ISO 9001:2000 awardee and has four Zonal Offices under its jurisdiction which are at Delhi, Mumbai, Kolkata and Chennai headed by Zonal Joint Director General of Foreign Trade. There are 32 Regional Authorities in major cities all over the country. The DGFT is committed to facilitate international trade in goods & services and thereby stimulate sustained national economic growth, through the coordinated efforts of the Union and the State Governments, by providing a trade environment that is transparent, equitable, proactive, based on consultation that enhances the members confidence in the organization. The functions of the DGFT include:

i) Export Facilitation

ii) Grievance Redressal pertaining to foreign trade and industry

iii) Right to Information

iv) Providing services of utmost quality and standard in order to enhance foreign trade.
5.12.4 Clothing Manufacturer’s Association of India (CMAI)

CMAI is the oldest and the most representative association of garment manufacturers, exporters and retailers in India, with a membership of over 2,500. The association has branches in Pune/Solapur in western Maharashtra, and in Bangalore in Karnataka. Established 40 years ago, CMAI has been in the service of the industry guiding the manufacturers/exporters to meet various government in the matters relating to sales tax, octroi, entry tax etc, for the domestic sector and in matters relating to export policy, procedures, export quotas, etc for the export sector. CMAI was primarily responsible for the setting up of the Apparel export promotion council (AEPC) in Mumbai, Delhi, Madras, Bangalore and Kolkatta, way back in 1978, for regulating the promotion of exports of readymade garments from India to various countries. The basic functions of the CMAI are;

i) Organization of national/international garments fairs
ii) Settlement of defaults in payments in the domestic sector
iii) Testing laboratory services offered
iv) Monthly publication of a journal named apparel specially useful for the garment industry members
v) Recognition for excellence in apparels-apex awards
vi) Issues of certificates of origin for export invoice
vii) Liaison with government on industry issue
viii) Organization of seminars of various subject
ix) Dissemination of information
x) Training of workforce
xi) Maintains a classified Directory of garment manufacturers
xii) Offers legal and technical advise

xiii) Provides consultation on sales tax, excise, labour and octroi matters

5.12.5 Garment Exporters Association (GEA)

The Garment Exporters Association is a very prominent association for the readymade garment exporters as it acts as a mediator between the exporters and the Government. The exporters express their grievances and suggestions which further is presented to the policy makers in the most professional manner thus convincing the exporters of involvement. GEA is a Delhi based association. Its major functions include;

i) Promoting and safeguarding the Interest of garment exporters

ii) Representing & resolving the problems/constraints of the garment export industry with the concerned central and state government agencies.

iii) Organizing two of India’s international garment fairs to present spring, summer collection and autumn/winter collection in collaboration with AEPC, AEMA, CMAI and AHEA

iv) Also, organizing seminars/open house discussions on important issues affecting the garment exports.

5.12.6 Apparel Exporters and Manufacturers Association (AEMA)

It is an established representative of the Indian Garment Industry which aims at the welfare and promotion of the garment industry in the export as well as the domestic sector. AEMA is based in Delhi.
5.12.7 **Apparel Handloom and Exporters Association (AHEA)**

AHEA supports the exporters who deal with apparels made of handloom. The association keeps its member exporters updated on the latest trends and designs in apparel handloom.

5.12.8 **Chambers Of Commerce and Industry**

The Chambers of Commerce and Industry are established on regional basis to assist export promotion in a number of ways. They provide suggestions, recommendations and trade information to government bodies as well as exporters. They help the exporters in issuing the Certificate of origin and take up specific cases of exporters to the Government. They also organize workshops and send / invite trade delegations to India and abroad.

5.12.8.1 **Bombay Chambers of Commerce and Industry**

The Bombay Chamber is the oldest Chamber of Commerce in the country. It was established on September 22, 1836 and was headed by a Chairman, a Deputy Chairman and eight members comprising five Englishmen and three Parsi Indians. The Chamber’s membership comprises large and medium size companies which have their base in Mumbai formerly Bombay. Professional services are rendered through dissemination of business information, publications, studies and activities like discussion meetings, training programmes, business delegations, workshops and seminars are organized regularly.
The functions include;

i) Certification of Export Documentation

ii) Visa recommendations

iii) Provision of Monthly Consumer Price Index, Wholesale Price Index, Labour Advisory, Energy Consumption and E-information service to its members

5.12.8.2 **Indo-Arab Chamber of Commerce and Industry (IACCI)**

The IACCI was established in 1980, under section 25 Companies Act, 1956. It provides an institutional link for the promotion of commercial and economic relations between India and the Arab world. The Chamber constantly works upon expanding Indo-Arab friendship, goodwill and business relations. It constantly thrives to identify new areas of mutual co-operation, investment, smooth flow of trade, technology innovations and joint ventures for the Indian businessmen who have or intend having business ties with the Arab world. The functions of the IACCI include;

i) Organizing seminars and workshops on matters relating to Indo-Arab Chamber of Commerce and Industry

ii) Identification of Products for exports to the Arab Countries

iii) Sponsoring Delegation of Indian businessmen to visit Arab Countries and vice versa.

iv) Setting up committees and task forces to work on projects Involving various aspects of Indo-Arab Trade, industry and economic relations.

v) Communicate with Chamber of Commerce and other mercantile bodies in the Arab Countries for promotion of Indo-Arab trade
vi) Work closely with the Indian Mission in the Arab world and Arab Embassies & Consulates in India

vii) Attestation of the Commercial / Industrial Certificates and Invoice of Origin agreements, contracts & other relevant documents.

viii) Provision of Statistics, Information Reports and Research on internal / external trades and other details, as required by the member

ix) Organizing visit visa for most of the Gulf Countries and providing hotel discount facility for all members at Bahrain, Kuwait, Oman, Saudi Arabia, Qatar, UAE.

x) Assisting in opening the representative office in the gulf inclusive of sponsorship, licensing and other infrastructure, services and guidelines.

5.12.9 Research Organizations

There are innumerable organizations and institutes which provide in depth analysis and information to exporters and industry members in order to facilitate proper decision making before scaling the markets. These Institutes provide valuable data in the form of trade statistics, growth potential, market penetration tactics etc. Private Research Consultants like KPMG, Bharat Textiles, Cygnus are some of the renowned names in the field.

5.12.9.1 Directorate General of Commercial Intelligence and Statistics (DGCI&S)

The DGCI&S is the official organization, under the Ministry of Commerce, Government of India, for collection, compilation and dissemination of India’s trade statistics and commercial information which, due to its authenticity and one hundred
and forty years expertise has made the organization a reliable trade intelligence warehouse in India as well as internationally.

5.12.9.2 Central Statistical Organisation (CSO)

Central Statistical Organisation (CSO) is a part of the Statistics wing of the Ministry of Statistics and Programme Implementation. Its main functions include;

i) Advising the Ministries and Departments of the Government of India on statistical methodology and on statistical analysis of data.

ii) Preparing national accounts as well as publication of annual estimates of national product, government and private final consumption expenditure, capital formation, saving, estimates of capital stock and consumption of fixed capital, as also state level gross capital formation of supra-regional sectors and preparing comparable estimates of State Domestic Product (SDP)

iii) Compiling and releasing the index of Industrial Production (IIP) every month in the form of 'quick estimates', conducting the Annual Survey of Industries (ASI); and providing statistical information to assess and evaluate the changes in the growth, composition and structure of the organized manufacturing sector.

iv) Conducting the large scale all-India sample surveys for creating the database needed for studying the impact of specific problems for the benefit of different population groups in diverse socio-economic areas, such as employment, consumer expenditure, housing conditions and environment, literacy levels, health, nutrition, family welfare, etc.
v) Disseminating statistical information on various aspects through the Ministry website and a number of regular, or adhoc publications distributed to the Government, semi-Government, or private data users and agencies; and dissemination of data, on request, to the United Nations agencies like the UNSD, the ESCAP, the ILO and other international agencies.

5.12.9.3 Centre for Monitoring Indian Economy (CMIE)

Centre for Monitoring Indian Economy Pvt Ltd was established in 1976. The company has grown into India's leading private sector economic research institution. CMIE is headquartered at Mumbai. It has 17 offices in India and has a 230-person strong team. CMIE monitors the Indian Economy, undertakes research, builds databases, produces documents and database products and provides economic and business information to its clients. It is managed by its Board of Directors consisting of one Chairman, one Managing Director and Chief Executive Officer and five Directors.

5.12.9.4 National Centre for Trade Information (NCTI)

National Centre for Trade Information(NCTI) is a joint venture of India Trade Promotion Organisation (ITPO) and National Informatics Centre (NIC) under the support of the Ministry of Commerce. It has been incorporated and registered as a company under Section 25 of Indian Companies Act, 1956. The company has a Board of Directors for administration of its affairs, which include representatives from National Informatics Centre, India Trade Promotion Organisation, Apex chamber of Commerce/ Industry/ Trade, Export Promotion Councils and Commodity Boards etc.
NCTI is setup to synergise the efforts of different organisations engaged in collection, processing and dissemination of trade and investment information.

5.12.10 Bilateral Chamber of Trade and Joint Business Council (India – UAE Joint Business Council)

Located in Chennai, the Bilateral Chamber of Trade and Joint Business Council is of great importance to the manufacturers and exporters.

5.13 Regulation and Promotion of the Readymade Garment Export Trade in United Arab Emirates

There are several organizations/ agencies/ institutions as stated below who are actively involved in development of textiles business between the two countries namely India and UAE which include, Dubai Chamber of Commerce and Industry (DCCI), Dubai Textile Merchants Group (Texmas), Dubai Textile City, Sharjah Chamber of Commerce and Industry (SCCI), Abu Dhabi Chamber of Commerce (ADCCI), Ajman Chamber of Commerce and Industry (AJCCI), Ras al Khaimah Chamber of Commerce, Industry and Agriculture, Federation of UAE Chambers of Commerce.

5.13.1 Dubai Chamber of Commerce and Industry (DCCI)

The Chamber of Commerce was established in 1965. Late Sheikh Rashid was cognisant of the important role a Chamber of Commerce would play in Dubai’s development and was eager to see it succeed. DCCI began with 450 members with its
management assigned to a twelve-member Board of Directors. The Dubai Chamber of Commerce & Industry has been playing a crucial role in helping improve the business climate of Dubai. With a vision to be the recognized indispensable source of competitive advantage for the business community in Dubai, it's well on its way to achieving its mission of being their first choice for support and assistance in all their endeavors. DCCI ensures all this by offering value-added services such as Data Management and Business Research, Mediation, state-of-the-art Library, Arbitration, Trade Mission and Delegation, Trade fairs, Convention & Exhibition, Foreign Relations, Entrepreneurial Training, Commercial Services and Business Policies.

Operations at the Chamber comprises of tasks like issuing certificates of origin, registration of members, certifying commercial documents, receiving business delegations, serving business groups. Currently Dubai Chamber of Commerce & Industry is servicing around 80,000 members & has formed nineteen business groups representing various sectors. Its functions include, issuing certificates of origin, registration of members, certifying commercial documents, receiving business delegations, serving business groups. Currently Dubai Chamber of Commerce & Industry is servicing around 80,000 members & has formed 19 business groups representing various sectors and initiated the Dubai Business Women Council.

5.13.2 Dubai Textile Merchants Group (Texmas)

The Textile Merchants Group (Texmas), is the apex body of the UAE textile merchants. Established in 1990, the trade has now earned the reputation of being run by some of the most professionally motivated and trusted merchants in the country. The formation of Texmas at the beginning of the last decade was itself a landmark
development for the textile trade in the UAE. Initiated by a handful of senior textile merchants, the Group, which is also the interface between the local government and the country's textile trade, now has a strength of 300 members, thus accounting for 80 per cent of UAE's textile trade. One of the significant things to note about Texmas' membership profile is that it reflects the cosmopolitan environment of the United Arab Emirates business culture as, the membership runs across a cross section of nationalities including traders from Afghanistan, India, Iran, UAE, Pakistan and Oman. These traders together re-export to over 45 countries.

5.13.2.1 Dubai Textile City

The textile trade in the United Arab Emirates is presumed to reach new heights after the construction of the Dubai Textile City (DTC). UAE's textile business will be equipped with some of most innovative modern day trading tools and facilities that are comparable if not better than anywhere else in the world. The establishment of the DTC will not only organize the country's textile trade, but it will also lead to the offering of unmatched trading amenities both for buyers and sellers in the entire region. DTC, which is a joint venture between Texmas and Dubai Ports & Customs, provides a host of facilities to the Texmas members who would move into the complex. The benefits being offered to DTC members include exemption from paying customs duties to Dubai Customs for unlimited period. Members will also have the authority to sub lease their premises to third parties. Additionally members will have the advantage of transferring goods into the city without attracting customs duty, while they will be also allowed to sell loose cargo in the local market.
5.13.3 Sharjah Chamber of Commerce and Industry (SCCI)

The Sharjah Chamber of Commerce and Industry was formed following an Amiri Decree issued in 1970 by His Highness the Ruler of Sharjah. It aims have been to take part in organizing economic life and support trade, industrial and professional sectors at all levels in cooperation with other local departments in the interest of the country. The Chamber has been keen to include nationals and expatriates as well as companies and establishments involved in these activities. It has felt the need to catch up with the economic developments of the UAE. It co-operates with all agencies and trade chambers in the UAE as well as abroad with the aim of serving its members and developing economic relations and seeks to cooperate with government agencies and other chambers of commerce and industry in the country, which are part of the UAE Chamber.

It works closely with them to facilitate contacts and cooperation with other associations at Arab and international levels with the aim of achieving the goals of the members and of seeking higher standards of functioning. The transactions include attestation of certificates of origin and source, bills, guarantees, financial capabilities and authentication of signatures. The Chamber has also sought to resolve disputes by amicable means in addition to actively taking part in setting trade standards, appointing experts and representatives to study commercial and industrial issues and participating in conferences and exhibitions in many parts around the world. The Chamber also receives economic delegations and sends teams to other countries to boost commercial cooperation, besides opening trade centers and holding trade shows in foreign markets.
5.13.4 **Abu Dhabi Chamber of Commerce (ADCCI)**

The Abu Dhabi Chamber of Commerce & Industry is an autonomous institution of public interest which was incepted in the year 1969. It enjoys its own legal entity to represent the various productive and services activities of the private sector in Abu Dhabi Emirate. It is among its tasks and duties to render best services to member firms and companies.

The Chamber aims to achieve socio economic development and to contribute effectively to the enhancement of the national economy of UAE through adaptation of the best professional and technical practices. Membership certificates are duly issued to members who are kept updated on how to take the utmost advantages of the Chamber services and available data or information. They are also well apprised of the Chamber’s regular and occasional functions or events, as well as of its tasks and duties in general. Through such data and information, the Chamber members including the importers can participate in various domestic and international functions or events through which they may be better able to introduce their companies or products. Through such interaction, the Chamber may have a much clearer vision on their problems and the obstacles they are facing. Such problems are usually discussed in a bid to find appropriate solutions. Recommendations seeking that end may, thereafter be presented to competent authorities requesting required actions to be taken whenever necessary.

5.13.5 **Ajman Chamber of Commerce and Industry (AJCCI)**

Ajman Chamber of Commerce and Industry was established in accordance with Charter No. I of 1977 and modified under Decree No.3 of 2002 promulgated by
His Highness Al Sheikh Humiad bin Rashid Al-Nuaimi member of the Supreme Council and Ruler of Ajman, on April 29, 2002. The Chamber Organizes the commercial, industrial and agricultural interests and services related to it and work on its improvement. It cooperates with the competent authorities in all issues related to trade, industry, and agriculture and its practices in the Emirate. It also enhances the socio - economical development and integration of Economical security between the entire country and the Emirate, regional, Arab world, and international. One of the most important function of the AJCCI is to promote local made products and create a market for it in the international markets, working on increasing commercial and economical cooperation with other countries. The Chamber contributes in developing the behavior awareness in commercial transactions, and promoting the commercial honor behavior.

5.13.6 **Ras al Khaimah Chamber of Commerce, Industry and Agriculture**

Ras Al Khaimah Chamber Of Commerce Industry and Agriculture was incorporated on 22. 12. 1976 by an Emiri Decree issued by H. H Sheikh Saqr Bin Mohamed Al Qassimi, the Ruler of Ras Al Khaimah. The Chamber is the second oldest one in UAE, the first being Dubai. Ras Al Khaimah Chamber, experienced considerable modernization and upgrading of capabilities and services, in recent years. This came as a result of the expansion of economic activities and the increase in the number of member companies. The liberal economic policy and the set of economic laws and regulations favor investment and provide for growth, prosperity and stability of the economy.
5.13.7 Federation of UAE Chambers of Commerce:

The Federation of U.A.E Chambers of commerce and industry was established in compliance with the federal law no. (5) of 1976 ratified by law No. (22) Of 2000 issued by the President His Highness Sheikh Zayed Bin Sultan Al Nahyan, may God protect him, as a major step on the way to have complete federal establishments. The federation aims at being the comprehensive framework that would include under its umbrella businessmen through the chambers of commerce and industry on the basis of one chamber for each emirate of the union. The fundamental functions of the FCCI are:

- Activate and announce the activities and functions of the FCCI on the internal and external levels.
- Coordinate activities of the UAE Chambers of Commerce and Industry and unify their efforts in order to ensure the achievement of the objectives for which it was established.
- Support and enhance the capacity of the chambers of commerce which is normally carried out through field visits to the chambers headquarters in all emirates.
• Enhance and develop administrative, technical and financial capacities by using modern technology that, in turn, reflect the futuristic vision of the FCCI.

• Contribute to the development of the administrative aspect of the business sector and help train and qualify the necessary manpower so as to provide job opportunities for UAE youth.

• Activate and highlight treaties between the UAE and other countries so as to improve the commercial and industrial sectors.

• Highlight and reinforce the importance of the role of business and its contribution to the social and economic development to all sectors of the society through the work of the permanent committees and developing skills on the other hand (specialized training, providing recent reliable information, supporting small sized and medium sized projects, encouraging all forms of merger and contracts between companies, attracting foreign investments, etc)

• Work to improve exports as well as internal trade and promoting joint gulf industry, in addition to assisting businessmen adapt with all the changes in the local and international markets.

• Activate cooperation with Arab, Gulf and international economic organizations, particularly, those that have direct bearing on the UAE.

• Publish research and studies on UAE economies as well as bulletins and specialized publications that aims to develop economic awareness.

5.14 **World Trade Organizations (WTO)**

The World Trade Organization came into being in 1995. The WTO is the successor to the General Agreement on Tariffs and Trade (GATT) established in the wake of the Second World War. It is the only international organization dealing with
the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible. The WTO is young, but the multilateral trading system that was originally set up under GATT is well over 50 years old. GATT and the WTO have helped to create a strong and prosperous trading system contributing to unprecedented growth. The system was developed through a series of trade negotiations, or rounds, held under GATT. The first rounds dealt mainly with tariff reductions but later negotiations included other areas such as anti-dumping and non-tariff measures. The last round i.e. from 1986-94 which was the Uruguay Round, led to the creation of WTO.

The WTO Secretariat, based in Geneva, has around 600 staff and is headed by a director-general. Its annual budget is roughly 160 million Swiss francs. It does not have branch offices outside Geneva. The Secretariat’s main duties are to supply technical support for the various councils and committees and the ministerial conferences, to provide technical assistance for developing countries, to analyze world trade, and to explain WTO affairs to the public and media. The WTO has nearly 150 members, accounting for over 97% of world trade. The WTO’s top level decision-making body is the Ministerial Conference which meets at least once every two years. Then comes the General Council (normally ambassadors and heads of delegation in Geneva, but sometimes officials sent from members’ capitals) which meets several times a year in the Geneva headquarters. The General Council also meets as the Trade Policy Review Body and the Dispute Settlement Body. At the next level, the Goods Council, Services Council and Intellectual Property (TRIPS) Council report to the General Council. Numerous specialized committees, working groups and working parties deal with the individual agreements and other areas such as the environment, development, membership applications and regional trade agreements.
Its functions include:

i) Administering WTO trade agreements
ii) Forum for trade negotiations
iii) Handling trade disputes
iv) Monitoring national trade policies
v) Technical assistance and training for developing countries
vi) Cooperation with other international organizations

5.14.1 United Arab Emirates and The World Trade Organization

UAE became a member of the WTO in the year 1996. UAE is legally entitled to non discrimination against its trade with 147 other members of the Organization, by being a member of the WTO. The principle of non-discrimination in trade is set down in WTO’s most-favored nation (MFN) and national treatment. The MFN rule requires that tariffs and trade regulation should be applied to import goods without discrimination among countries. The national treatment rule prohibits countries from discriminating between imported products and domestically produced like goods. In addition, UAE is entitled to seek redress against any impairment of its rights by another country through the dispute settlement mechanism. Another important element of membership is the right of UAE to take part in the WTO decision-making process and in the conduct of future multilateral trade negotiations. But membership also entails an obligation to respect the rules contained in the various WTO Agreements (the Agreements provide UAE more flexible terms for implementation).
5.14.2 India and The World Trade Organization

India is a founder member of the General Agreement on Tariffs and Trade (GATT) 1947 and its successor, the World Trade Organization (WTO), which came into effect on 1.1.95 after the conclusion of the Uruguay Round (UR) of Multilateral Trade Negotiations. India’s participation in an increasingly rule based system in the governance of international trade is to ensure more stability and predictability, which ultimately would lead to more trade and prosperity for itself and the 134 other nations which now comprise the WTO. India also automatically avails of MFN and national treatment for its exports to all WTO Members.

5.14.3 Agreement on Textiles and Clothing

The object of this negotiation has been to secure the eventual integration of the textiles and clothing sector — where much of the trade is currently subject to bilateral quotas negotiated under the Multifibre Arrangement (MFA) into the GATT on the basis of strengthened GATT rules and disciplines.

Integration of the sector into the GATT would take place as follows:

- Phase I: 1 January 1995; each party would integrate into the GATT products from the specific list in the Agreement which accounted for not less than 16 percent of its total volume of imports in 1990. Integration means that trade in these products will be governed by the general rules of GATT. \(^{13}\)

- Phase II: 1 January 1998, products which accounted for not less than 17 percent of 1990 imports would be integrated. \(^{14}\)

- Phase III: 1 January 2002, products which accounted for not less than 18 percent of 1990 imports would be integrated. \(^{15}\)
Phase IV: 1 January 2005, all remaining products (49 percent) would be integrated into GATT.

At each of the first three stages, products should be chosen from each of the following categories: tops and yarns, fabrics, made-up textile products, and clothing. All MFA restrictions in place on 31 December 1994 would be carried over into the new agreement and maintained until such time as the restrictions are removed or the products integrated into GATT. For products remaining under restraint, at whatever stage, the agreement lays down a formula for increasing the existing growth rates. Thus, during Phase 1, and for each restriction previously under MFA bilateral agreements in force for 1994, annual growth should be not less than 16 per cent higher than the growth rate established for the previous MFA restriction. For Phase 2 (1998 to 2001 inclusive), annual growth rates should be 25 per cent higher than the Phase 1 rates. For Phase 3 (2002 to 2004 inclusive), annual growth rates should be 27 per cent higher than the Phase 2 rates.

While the agreement focuses largely on the phasing-out of MFA restrictions, it also recognizes that some members maintain non-MFA restrictions not justified under a GATT provision. These would also be brought into conformity with GATT within one year of the entry into force of the Agreement or phased out progressively during a period not exceeding the duration of the Agreement i.e. by the year 2005.

Thus the discussion on regulation and promotion of readymade garment exports, concerning various authorities in India and UAE reveals that there are many regulatory and promotional bodies concerned with the readymade garment exports from India to UAE. They have made changes in the rules and regulations, incentives and promotions, opened new avenues for the readymade garment exporters from time
to time ensuring the growth of the readymade garment business. Therefore, knowing the Regulatory and Promotional authorities is an added advantage to the Readymade Garment exporters. Awareness about such Authorities – their roles, functions and related bodies is necessary for the Readymade garment exporters otherwise agents, distributors and consultants take advantage of their ignorance and manipulate their fees and commission which in turn reduces the margin of returns. Hence, this is also one of the determining factors of the readymade garment exports from India to UAE.

This study is an effort to understand and know whether the exporters are aware of the restrictions and regulations imposed in India and the Importing country (UAE). It is interesting to know that only 5% of the respondents are completely aware of the various Government organizations and authorities, their roles, functions and other related bodies. The rest of the respondents depend on agents, consultants and advisors for further in depth information.

To conclude, it can be said that there are in all thirteen factors that influences readymade garment exports from India to the United Arab Emirates.