CHAPTER – I
INTRODUCTION

1.1 HISTORY OF INTERNATIONAL TRADE

International trade has a rich history starting with barter system being replaced by Mercantilism in the 16th and 17th Centuries. The 18th Century saw the shift towards liberalism. It was in this period that Adam Smith, the father of Economics wrote the famous book ‘The Wealth of Nations’ in 1776 where in he defined the importance of specialization in production and brought International trade under the said scope. David Ricardo developed the Comparative advantage principle, which stands true even today. (www.managementstudt.com)

All these economic thoughts and principles have influenced the international trade policies of each country. Though in the last few centuries, countries have entered into several pacts to move towards free trade where the countries do not impose tariffs in terms of import duties and allow trading of goods and services to go on freely.

The 19th century beginning saw the move towards professionalism, which petered down by end of the century. Around 1913, the countries in the west say extensive move towards economic liberty where in quantitative restrictions were done away with and customs duties were reduced across countries. All currencies were freely convertible into Gold, which was the international monetary currency of exchange. Establishing business anywhere and finding employment was easy and one can say that trade was really free between countries around this period.

The First World War changed the entire course of the world trade and countries built walls around themselves with wartime controls. Post world war, as many as five years went into dismantling of the wartime measures and getting back trade to normalcy. But then the economic recession in 1920 changed the balance of world trade again and many countries saw change of fortunes due to fluctuation of their currencies and depreciation creating economic pressures on various Governments to adopt protective mechanisms by adopting to raise customs duties and tariffs.
Hill. W.L. and Arun K.Jain (2007), the need to reduce the pressures of economic conditions and ease international trade between countries gave rise to the World Economic Conference in May 1927 organized by League of Nations where in the most important industrial countries participated and led to drawing up of Multilateral Trade Agreement. This was later followed with General Agreement on Tariffs and Trade (GATT) in 1947.

However, once again depression struck in 1930s disrupting the economies in all countries leading to rise in import duties to be able to maintain favourable balance of payments and import quotas or quantity restrictions including import prohibitions and licensing.

Slowly, the countries began to grow familiar to the fact that the old school of thoughts were no longer going to be practical and that they had to keep reviewing their international trade policies on continuous basis and this interns lead to all countries agreeing to be guided by the international organizations and trade agreements in terms of international trade.

The context of global markets have been guided by the understanding and theories developed by economists based on natural resources available with various countries which give them the comparative advantage, economies of Scale of large scale production, technology in terms of e commerce as well as product life cycle changes in tune with advancement of technology as well as the financial market structures. (www.managementstudt.com).

1.1.1 International Trade

International trade is the exchange of goods and services between countries. This type of trade gives rise to a world economy, in which prices, or supply and demand, affect and are affected by global events. Political change in Asia, for example, could result in an increase in the cost of labor, thereby increasing the manufacturing costs for an American sneaker company based in Malaysia, which would then result in an increase in the price that you have to pay to buy the tennis shoes at your local mall. A decrease in the cost of labour, on the other hand, would result in having to pay less for one’s new shoes. (www.investopedia.com)
Trading globally gives consumers and countries the opportunity to be exposed to goods and services not available in their own countries. Almost every kind of product can be found on the international market: food, clothes, spare parts, oil, jewelry, wine, stocks, currencies and water. Services are also traded tourism, banking, consulting and transportation. A product that is sold to the global market is an export, and a product that is bought from the global market is an import. Imports and exports are accounted for in a country’s current account in the balance of payments.

1.1.2. Increased efficiency of trading globally

Scott Ranzau, (2009) Global trade allows wealthy countries to use their resources - whether labor, technology or capital - more efficiently. Because countries are endowed with different assets and natural resources (land, labour, capital and technology), some countries may produce the same good more efficiently and therefore sell it more cheaply than other countries. If a country cannot efficiently produce an item, it can obtain the item by trading with another country that can. This is known as specialization in international trade.

Let’s take a simple example. Country A and Country B both produce cotton sweaters and wine. Country A produces 10 sweaters and six bottles of wine a year while Country B produces six sweaters and 10 bottles of wine a year. Both can produce a total of 16 units. Country A, however, takes three hours to produce the 10 sweaters and two hours to produce the six bottles of wine (total of five hours). Country B, on the other hand, takes one hour to produce 10 sweaters and three hours to produce six bottles of wine (total of four hours). But these two countries realize that they could produce more by focusing on those products with which they have a comparative advantage. Country A then begins to produce only wine and Country B produces only cotton sweaters. Each country can now create a specialized output of 20 units per year and trade equal proportions of both products. As such each country now has access to 20 units of both products.

It can see then that for both countries, the opportunity cost of producing both products is greater than the cost of specializing. More specifically, for each country, the opportunity cost of producing 16 units of both sweaters and wine is 20 units of both products (after trading). Specialization reduces their opportunity cost and therefore
maximizes their efficiency in acquiring the goods they need. With the greater supply, the price of each product would decrease, thus giving an advantage to the end consumer as well. Note that, in the example above, Country B could produce both wine and cotton more efficiently than Country A (less time). This is called an absolute advantage, and Country B may have it because of a higher level of technology. However, according to the international trade theory, even if a country has an absolute advantage over another, it can still benefit from specialization.

1.1.3. Other possible benefits of trading globally

International trade not only results in increased efficiency but also allows countries to participate in a global economy, encouraging the opportunity of foreign direct investment (FDI), which is the amount of money that individuals invest into foreign companies and other assets. In theory, economies can therefore grow more efficiently and can more easily become competitive economic participants. For the receiving government, FDI is a means by which foreign currency and expertise can enter the country. These raise employment levels, and theoretically, lead to a growth in the gross domestic product. For the investor, FDI offers company expansion and growth, which means higher revenues.

1.1.4. International trade theories

International trade is the purchase, sale or exchange of goods and services across national borders (Wild, Wild & Han 2006). International trade produces many benefits to countries both exporting and importing products. For countries importing products, the benefit is that they get goods or services they cannot produce enough of on their own. Likewise, for the exporter, one of the benefits is through the trade they can also get either the goods or services they need or the money in which to purchase these goods from another country or source. International trade also helps the economies of the countries by providing more jobs for people in order to process these various commodities. The economy of countries affects the world output of international trade. If a country's economy is slow so does the volume of international trade while a higher output produces more trade. If a currency is weak in one country as compared to the other countries of the world then the imports are going to be more expensive than domestic products. In relation to trade walking hand in hand with world output, trade has consistently grown faster than output.
International trade encompasses many aspects in relation to various countries. There are many theories regarding international trade. Some of these include mercantilism, absolute advantage, comparative advantage, factor proportions theory, international product life cycle, new trade theory and national competitive advantage. Scott Ranzau, (2009)

Mercantilism is a theory that states that nations should accumulate financial wealth through exports and discouraging imports. This was accomplished through trade surpluses, government intervention and colonization. These three things worked together. Trade surplus was maintained through the colonization of underdeveloped territories for their raw materials. The country would colonize these underdeveloped countries, ship the raw materials needed for export back to the home country and export the finished product around the world. The government intervention occurred when they banned certain imports or imposed a tariff on these imports. At the same time, the government would subsidize their own industries to expand exports.

The absolute advantage theory was the ability of a nation to produce a product more efficiently than any other nation using the same amount or fewer resources. The difference in this theory is that trade should not be banned or restricted by tariffs but allowed to flow freely according to the demand of the market. This theory also states that the objective be that the people of the country have a higher living standard by being able to obtain goods more cheaply and in greater abundance. The theory measures a nation's wealth on the living standards of the people and not on the money the country has in its reserve.

In the comparative advantage theory the country in question may not be able to produce the good more efficiently than any other country but can produce the good more efficiently than any other good within its own country. This type of trade is accomplished if, say, one country has the absolute advantage in two different types of exports but it costs more monetarily or in labor than another country. This second country then has the comparative advantage. It is able to produce and export this second good to the first country cheaper and more efficiently.
The factor proportions theory states that countries import goods where resources to make them are in short supply and export goods where the resources are abundant. The other theories concentrated on the productivity of a specialized good while this theory focuses on the abundance and cheapness of the goods. Using this theory, a country will specialize in labor products if the cost of labor is lower than capital and land and specialize in capital and land if the cost is lower than labor. If a country has a large amount of land and specializes in exporting agriculture products then they will more than likely import the capital products needed to help in the labor of these exports Scott Ranzau, (2009).

The latest theory is the national competitive advantage that states a nation's competitiveness in a certain industry depends on the ability of that nation to innovate and upgrade that industry. This theory takes into account the resources of the country and, in addition, the skills of the country and technological abilities. The national competitive advantage concentrates on improvements in technology and worker processes and worker training and development.

Based just on these five theories, you can see how many different factors are included in international trade. These theories have developed throughout the years and will continue to develop as time goes on. International trade continually fluctuates due to all the different factors involved in the production of goods and services exported and imported throughout the world. Scott Ranzau, (2009).

1.2 INTRODUCTION TO GLOBALIZATION

The process of globalization is an inevitable phenomenon in human history which has been bringing the world closer since the time of early trade and exploration, through the exchange of goods, products, information, jobs, knowledge and culture. Markets have become more interwoven and the production process has become more efficient by the option to create ‘world products,’ i.e. products whose components are made in different places around the world. Also, the ability to transport information and products easily and cheaply from one country to the next and to locate the manufacturing process where labour and work processes are less expensive have changed the pattern of production and consumption across the world. Francis Cherunilam (2005)
The inevitability of globalization for organizations is very well espoused by the renowned management Guru Peter Drucker in his Management Challenges for the 21st Century. “All institutions have to make global competitiveness a strategic goal. No institution, whether a business, a university or a hospital, can hope to survive, let alone to succeed, unless it measure up to the standards set by the leaders in its field, and any place in the world. This is because of the growing trends towards a borderless business world thanks to the progressing liberalization, WTO mandated or otherwise, characterized by disappearing or substantially diminishing barriers to cross-border business. And, “Globalization, for better or worse, has changed the way the world does business. It (globalization) is all but unstoppable. The challenge that individuals and business face is learning how to live with it, manage it, and take advantage of the benefits it offers”.

It is the internationalization and globalization that provide the scope for many businesses. As economy becomes more developed and open, its market will be stacked with a wide variety of goods from all over the world so that the consumers have enough (and often more) choices and get more value for the money. To be a successful participant in a globally competitive environment, a company has to be global in the organization or production and marketing. Francis Cherunilam (2005)

1.2.1 Globalization reasons

The factors which motivate or provoke firms to go international may be broadly divided into two groups viz. pull factors and push factors. Francis Cherunilam (2012),

The pull factors, most of which are proactive reasons, are those forces of attraction which pull the business to the foreign markets. In other words, companies are motivated to internationalise because of the attractiveness of the foreign market. Such attraction include broadly, the relatively profitability and growth prospects.

The push factors refer to the compulsions of the domestic market such as saturation of the market, which prompt companies to internationalise. Most of the push factors are reactive reasons.
The following are the important reasons for going international

- Profit advantage
- Growth opportunities
- Domestic Market Constraints
- Competition
- Government policies and regulations

1.2.2. Globalization forces

Francis Cherunilam (2012), there are five major kinds of drivers, all based on change, that are leading international firms to the globalization of their operations. (1) Political, (2) Technological, (3) Market (4) Costs, and (5) Competitive.

1.2.2.1 Political

There is a trend towards the unification and socialization of the global community. Many have moved swiftly to enter either through exporting or by producing in the area. Two other aspects of this trends are contributing to the globalization of business and other operations (a) the progressive reduction of barriers to trade and foreign investment by most governments, which is hastening the opening of new markets by international firms that are both exporting to them and building production facilities in them and (b) the privatization of much of the industry in formerly communist nations and the opening of their economics to global competition.

1.2.2.2 Technological

Advancement in computers and communications technology are permitting an increased flow of ideas and information across borders, enabling customers to learn about foreign goods. Global communication networks enable manufacturing personnel to coordinate production and design functions worldwide so that plants many parts of the world may be working on the same product. The internet and network computing enable small companies to compete globally because they make possible the rapid flow of information regardless of the physical location of the buyer and seller. The ease of obtaining information and making transactions on the internet has started to have a profound effect on many firms especially on business to business commerce.
1.2.2.3 Market

As companies globalize, they also become global customers. For years, advertising agencies established offices in foreign markets when their major clients entered those markets to avoid a competitor to steal the accounts. Likewise, when an automaker, to set up a foreign plant where there is no tire company if it is interested in setting up a plant in this new market, the response will be, “When do you want us there?” It is also quite common for a global supplier to make global supply contracts with a global customer. Finding the home market saturated also sends companies into foreign markets, especially when the marketer realizes there is a convergence of customer tastes and lifestyles brought about by increasing tourist travel, satellite TV and global branding.

1.2.2.4 Cost

Economics of scale to reduce unit costs are always a management goal. One means of achieving them is to globalize product lines to reduce development, production and inventory costs. The companies can also be located production in countries where the costs of the factors of production are lower.

1.2.2.5 Competitive

Competition continues to increase in intensity. New firms for example, in automobile and electronics industrialized and developing countries have entered world markets. Another competitive driving force for globalization is the fact that companies are defending their home markets from competitors by entering the competitor’s home markets to distract them. Many firms would not have entered a single country because it lacked sufficient market size to establish plants in the comparatively larger trading groups.

1.2.3. Impact of globalization on Indian economy- an overview

Tanveer malik (2010) Indian economy had experienced major policy changes in early 1990s. The new economic reform, popularly known as, Liberalization, Privatization and Globalization (LPG model) aimed at making the Indian Economy as fastest growing economy and globally competitive. The series of reforms undertaken with respect to
industrial sector, trade as well as financial sector aimed at making the economy more efficient.

With the onset of reforms to liberalize the Indian economy in July 1991, a new chapter has dawned for India and her billion plus population. This period of economic transition has had a tremendous impact on the overall economic development of almost all major sectors of the economy, and its effects over the last decade can hardly be overlooked. Besides, it also marks the advent of the real integration of the Indian economy into the global economy.

This era of reforms has also ushered in a remarkable change in the Indian mindset, as it deviates from the traditional values held since Independence in 1947, such as self-reliance and socialistic policies of economic development, which mainly due to the inward looking restrictive form of governance, resulted in the isolation, overall backwardness and inefficiency of the economy, amongst a host of other problems. This despite the fact that India has always had the potential to be on the fast track to prosperity.

Tanveer Malik (2010) Now India is in the process of restructuring her economy, with aspirations of elevating herself from her present desolate position in the world as the need to speed up her economic development is even more imperative. And having witnessed the positive role that Foreign Direct Investment (FDI) has played in the rapid economic growth of most of the Southeast Asian countries and most notably China, India has embarked on an ambitious plan to emulate the successes of her neighbors to the east and is trying to sell herself as a safe and profitable destination for FDI.

Globalization has many meanings depending on the context and on the person who is talking about. Though the precise definition of globalization is still unavailable a few definitions are worth viewing. Guy Brainbant is of the opinion that the process of globalization not only includes opening up of world trade, development of advanced means of communication, internationalization of financial markets, growing importance of MNCs, population migrations and more generally increased mobility of persons, goods, capital, data and ideas but also infections, diseases and pollution. The term globalization refers to the integration of economies of the world through uninhibited trade and financial flows, as also through mutual exchange of technology and knowledge.
Ideally, it also contains free inter-country movement of labour. In this context, to India this implies opening up the economy to foreign direct investment by providing facilities to foreign companies to invest in different fields of economic activity in India, removing constraints and obstacles to the entry of MNCs in India, allowing Indian companies to enter into foreign collaborations and also encouraging them to set up joint ventures abroad; carrying out massive import liberalization programmes by switching over from quantitative restrictions to tariffs and import duties, therefore globalization has been identified with the policy reforms of 1991 in India.

1.3 TRENDS IN INDIA'S FOREIGN TRADE

1.3.1 India’s Trade Performance – Report by Shri Anand Sharma (The Union Minister for Commerce, Industry & Textiles,) (2011)

India’s merchandise exports reached a level of US $ 251.14 billion during 2010-11 registering a growth of 40.49 percent as compared to a negative growth of 3.53 percent during the previous year. India’s export sector has exhibited remarkable resilience and dynamism in the recent years. Despite the recent setback faced by India’s export sector due to global slowdown, merchandise exports recorded a Compound Annual Growth Rate (CAGR) of 20.0 per cent from 2004-05 to 2010-11. Shri Anand Sharma (The Union Minister for Commerce, Industry & Textiles) (2011),

1.3.2 World Trade Scenario

As per IMF’s World Economic Outlook October, 2011, world trade recorded its largest ever annual increase in 2010, as merchandise exports surged 14.4 per cent. The volume of world trade (goods and services) in 2011 is expected to slow down to 7.5 per cent compared to the 12.8 per cent achieved in 2010. Growth in the volume of world trade is expected to decline in 2012 to 5.8 per cent as per IMF projections.

The IMF has moderated its growth projections of world output to 4 per cent in 2012. The advanced economies are expected to grow at 1.9 per cent in 2012 while the emerging and developing economies to grow at 6.1 per cent. The projected growth rates in different countries are expected to determine the markets for our exports. As per WTO’s International Trade Statistics, 2010, in merchandise trade, India is the 20th largest
exporter in the world with a share of 1.4 per cent and the 13th largest importer with a share of 2.1 per cent in 2010. The year 2011 has been a difficult year with Japan facing a major earthquake and tsunami, the swelling of unrest in the Middle East oil producing countries, the slowing down of the US economy and the Euro area facing major financial turbulence. The current global economic slowdown has its epicenter in the Euro-region but the contagion is being witnessed in all major economics of the world. As a result, India’s short-term growth prospects have also been impacted.

1.4 OUTLINE OF INDIAN EXPORT - Report by Shri Anand Sharma (The Union Minister for Commerce, Industry & Textiles,) (2011)

1.4.1 Exports

Exports recorded a growth of 40.49 per cent during April-March 2010-11. The Government has set an export target of US $ 300 billion for 2011-12. With merchandise exports reaching US $ 217.66 billion in 2011-12(Apr-Dec), the exports target of 300 US $ billion is expected to be achieved. Export target and achievement from 2004-05 to 2010-11 and 2011-12 (Apr-Dec) is given in the Chart 2.1 below:

1.4.2 Imports

Cumulative value of imports during 2011-12 (Apr-Dec) was US $ 350.94 billion as against US $ 269.18 billion during the corresponding period of the previous year registering a growth of 30.4 per cent in $ terms. Oil imports were valued at US $ 105.6 billion during 2011-12 (Apr-Dec) which was 40.39 per cent higher than oil imports valued US $ 75.2 billion in the corresponding period of previous year. Non-oil imports were valued at US $ 245.35 billion during 2011-12 (Apr-Dec) which was 26.49 per cent higher than non-oil imports of US $ 194.0 billion in previous year.
**Export Target & Achievement**

![Chart showing export target and achievement](http://commerce.nic.in/publications)

Source: [commerce.nic.in/publications](http://commerce.nic.in/publications)

**Major Destinations of India’s Exports for 2011-12 (April-October)**

![Pie chart showing major export destinations](http://commerce.nic.in/publications)

Source: [commerce.nic.in/publications](http://commerce.nic.in/publications)

During the period 2011-12 (April–October), the share of Asia and ASEAN region comprising South Asia, East Asia, Mid-Eastern and Gulf countries accounted for 50.69 per cent of India’s total exports. The share of Europe and America in India’s exports stood at 19.73 per cent and 16.68 per cent respectively of which EU countries comprises 17.81 per cent. During the period, United Arab Emirates (11.82 per cent) has been the most important country of export destination followed by USA (11.51 per cent), Singapore (6.13 percent), China (5.35) per cent), Hong Kong (4.44 per cent). Shri Anand Sharma (The Union Minister for Commerce, Industry & Textiles,) 2011.
1.5 PREAMBLE TO HUMAN HAIR

The main component of hair fiber is keratin. The hair can be divided into three parts length-wise, (1) the bulb, a swelling at the base which originates from the dermis, (2) the root, the hair lying beneath the skin surface, and (3) the shaft, which is the hair above the skin surface. In cross-section, there are also three parts, (1) the medulla, an area in the core which contains loose cells and airspaces (2) the cortex, which contains densely packed keratin and (3) the cuticle, which is a single layer of cells arranged like roof shingles.

1.5.1 The chemistry of hair.

The main constituent of hair is the protein keratin. Keratin is a remarkable protein which is resistant to wear and tear. It is the protein that makes up feathers, claws, nails and hoofs, as well as hair. Like other proteins, keratin has very large molecules made up of smaller units called amino acids, joined together in chains like beads on a string. Hair also contains fats, pigment (melanin), small amounts of vitamins, and traces of zinc and other metals. Hair also contains water which, although it makes up only 10-13% of the hair, is extremely important for its physical and chemical properties.

1.5.2 Hair Structure.

![Hair Structure Diagram](http://www.hairformula37.com/chemistry.htm)
Hair is composed primarily of proteins (88%). These proteins are of a hard fibrous type known as keratin. Keratin protein is comprised of what we call "polypeptide chains." The word, polypeptide, comes from the Greek word "poly" meaning many and "peptos" meaning digested or broken down. In essence, if we break down protein, we have individual amino acids. Many (poly) amino acids joined together form a "polypeptide chain". Two amino acids are joined together by a "peptide bond", and the correct number of amino acids placed in their correct order will form a specific protein; i.e. keratin, insulin, collagen and so on. The "alpha helix" is the descriptive term given to the polypeptide chain that forms the keratin protein found in human hair. Its structure is a coiled coil. The amino acids link together to form the coil and there are approximately 3.6 amino acids per turn of the helix (coil). Each amino acid is connected together by a "peptide bond". The peptide bond is located between the carbon atoms of one amino acid extending to bond with the nitrogen atom of the next amino acid.

1.5.3. Hair strength

Hair is surprisingly strong: a single hair can support a load of about 100 grams without breaking. You could even spin rope out of hair! The keratin protein of the cortex is responsible for this unusual strength. Procter & Gamble (2007)

The long keratin molecules in the cortex are compressed to form a regular structure, which is not only strong but also flexible. We saw earlier that proteins are made up of long chains of amino acids. Each chain takes up a helical or coiled form, rather like a long spring, or the cable of a telephone handset.

Most protein chains are made up of various mixtures of the same 20 or so amino acids. Keratin is unique in that its chains contain high concentrations of a particular amino acid called cysteine. The proteins in the matrix of the hair contain the highest levels of cysteine. Every cysteine unit contains two cysteine amino acids in different chains which have come to lie near to each other and are linked together by two sulphur atoms, forming a very strong chemical bond known as a disulphide linkage. Many disulphide bonds form down the length of the keratin chains, joining them together like the rungs of a ladder. The disulphide bond is one of the strongest bonds known anywhere in nature. This cross-linking by disulphide linkages between the keratin chains accounts for much of the strength of hair.
1.6 INTRODUCTION TO HAIR INDUSTRY

The beauty and cosmetic industry in India has witnessed a boom over the last few years with the entry of many foreign brands into the Indian beauty and cosmetic market. Despite this sudden boom, experts predict that the Indian cosmetic and beauty industry has great potential for growth. Mohammed (2011)

Naturally this means that all sectors of the beauty and cosmetic industry which includes the hair care industry in India are over-due for expansion. Haircuts and hair products have only recently been recognized as an important part of the grooming process. The Indian public now realizes that hairstyles are essential to complete any look and hence modern men and women in India now do take the time and effort to sport the latest hair styles. However, fashion trends alone cannot dictate which hairstyles people should sport. When choosing a hairstyle, it is important to consider the individual's hair quality, texture, thickness and natural style as well as the shape of the individual's face.

It is also important to select a hairstyle that accentuates the individual's best features and compliments his or her personality while fitting into his or her lifestyle. For instance, a very busy business executive needs a hairstyle that is clean and elegant, but the look must be possible to achieve without much fuss. All these factors may make choosing the right hairstyle seem like a difficult decision to make but most people find that it is a worthwhile subject to fuss over because the perfect hairstyle can do wonders for ones appearance as well as boost his confidence levels tremendously, Mohammed (2011).

For men, one of the main problems is how to cope with natural hair loss. Fortunately there are many ways to remedy the situation in modern times. There are techniques like hair grafting and weaving that can help men retain their full heads of hair. In addition, there are also many herbal and chemical tonics and lotions that prevent or slow down hair loss. As far as hair styles are concerned, men now have a host of choices.
Modern men may wear their hair at different lengths from the very closely shaved crew cut hairstyle to very long hair lengths. Modern Indian men also use hair colour and highlights to achieve different hairstyles and alter their looks.

Women also have many different hair styles to choose in these days. Many women choose in sports extremely short hair and others prefer long hair that they can create hair upon with. Very long layered haircuts are very fashionable and hairstylists enjoy using hair colour and highlighting techniques to accentuate the layers. Usually a woman will take her inspiration for a new hair style from the look of a favourite celebrity. However, it is neither practical nor advisable to replicate the exact look of one's favourite celebrity as he or she may have a different face shape, personality or natural hair texture. But modern hairstylists do not just offer a wide range of haircuts for adults alone. Even fashion conscious children and teens now have the option to choose their favorite look, Mohammed (2011)

1.6.1. Hair Extensions

Sunitha (2009) it may come as a shock to many people, but many celebrities do not have their real hair on. It is true. Many celebrities today employ the use of hair extensions, which offer a simple and natural-looking bounce and vitality to their own hair. These extensions can be used on long, medium-length or even short hair and the best part is that hair extension costs vary over a wide range depending on the colour, quality and style of the hair and hence such extensions is available to anyone. The most expensive in the range usually include real hair extensions. However more economical options have meant that hair extensions are not the exclusive domain of the affluent. Today one can get hair extensions in India. Individuals can have even long hair
extensions to create the illusion of hair-length. In that sense they can be used to perform the function of wigs.

Human hair extensions are also a great way to temporarily experiment with different lengths of hair and different hair styles without radically changing ones look for a long time. There is no limit to the kinds and styles of looks that one can experiment with using air extensions which are sometimes also known as plugs or switches. You can use extensions to create long, layered tresses or medium-length hairstyles, wavy hairstyles or poker straight hair styles or for that matter any kind of hair style that one wants. Apart from altering hair styles or hair lengths, hair extensions are mainly used to make one's natural hair look thicker. Many people use hair extensions on a day-to-day basis because the techniques to use some of these are very easy. Sunitha (2009)

For instance one can use clip in hair extensions which are as easy to use as hair clips. One just lifts a bunch of his hair and clips the hair extension on. Usually people who wear hair extensions regularly prefer this type of hair extensions as the alternatives can prove to be damaging to their natural hair with extended usage over the course of time. There are also braided hair extensions but these demand the use of a second person to put them on. In this case, the wefts of hair or the extensions are braided on to one's own natural hair starting at the roots. The braiding must begin very close to the scalp and needs to be extremely tight to keep the extension from slipping off. There are also hair extensions which must be fused onto the scalp but these are not only very painful to attach, but they also require the use of strong chemicals. This last method of using hair extensions can be very damaging to the individual's natural hair and may even lead to hair loss. However in order to achieve great lengths hair extensions are often the only option as many people cannot grow their hair very long whatever whom be the quality of hair. Besides the hair starts to look very thin once it grows very long and no matter what your hair quality, he could see a big difference before and after hair extensions Sunitha (2009).

Hair Extensions are the "hottest" items of today's beauty industry. The growing popularity in beauty shows around the world. New businesses that offer a hair extension service are opened constantly and specialists are trying to develop new techniques every
day. The last few years several new methods were successfully introduced in the industry.

Temple hair is removed from the head during a religious ceremony. Because Temple hair is taken from many Hindu women, the Temples have learned to recognize the quality of the hair and sort it accordingly Sunitha (2009) It is a worldwide known fact that Indian hair is the best hair available because it is not as thick as Chinese hair, and is thinner than European hair and when treated is less likely to break or snap. Due to the popularity and the suitability of Indian hair, the temples are making a lot of money selling the hair to Western businesses which deal in hair extensions. Remy Temple hair is no doubt the highest quality of hair available for hair extensions.

1.7 VARIOUS SOURCES AND USES OF HUMAN HAIR

1.7.1 Major sources of human hair available in India

- Temple hair,
- Village hair, and
- Barber hair.

Temple hair is the most abundant source available. Each year, thousands of worshipers make pilgrimages to temples where their hair is tonsured as an act of religious sacrifice, devotion and thanksgiving. This custom is lucrative that temples designate certain women to ensure all the pilgrims' hair is properly braided before its cut. By having the hair cuticles face the same direction; temples are able to sell the locks to wig makers for big bucks. The Balaji Temple in Tirumala--the second busiest in the world--collects tons of hair each week, thereby generating an estimated annual income of tens of thousands of dollars for the temple. Adrian Fisk (2004).

Village hair is regarded as lower quality than Temple hair because it is derive from women's hair combs and brushes. The hair is collected monthly by what is known as a "hacker." The hair is exchanged for sweets, plastics, toys etc Adrian Fisk (2004).

Barber hair or "Thuku" as it is known, comes from the sweeping of the floor from barbershops.
1.7.2. Uses of human hair

Mid Brain (2007), Cutting of hair and there is just a pile of it left on the floor. That pile of hair is just thrown in the trash and sometimes it is used for other purposes, here are some primary uses are

1. Men's Temple hair is used for jacket linings, cosmetic brushes, and is also interwoven with other fabrics to make suits.
2. Lower quality Barber hair is converted into amino acids, which in turn are used in food and medicine.
3. Hair extensions can be used on long, medium-length or even short hair and the best part is that hair extensions costs vary over a wide range depending on the colour, quality and style of the hair and hence such extensions can be available to anyone.

1.7.3. Other Uses

Wig making. It is pretty obvious that it helps thousands of people each year to cope with losing their hair. A human hair wig looks natural and is incredibly durable. Most donated hair goes into wig making Mid Brain (2007).

Test tress making. When cosmetic chemists design hair products they need to test them on the real thing. Companies like the De Meo Brothers or International Hair Importers provide tresses, weaves and mannequin heads all made out of human hair. The value of the hair is more than $600 a pound.

Help people grow food. A company called Smart Grow uses imported human hair from China and India to make a gardening product. The hair is weaved into mats that help to protect the plants roots from weather and insects.

Clean-up Oil Spills. Some years ago NASA was testing a technique to use human hair to clean up ocean oil spills. No word on whether this made it out of the prototype stage.
Make clothes. Some people have weaved hair into a fabric and made clothes. Style dash recently reported on a dress made this way. And this barber has even made a hair bikini.

Create furniture. When a hair dresser spends all day cutting people’s hair he have the strangest ideas. The fiber is spun into a material like fiberglass and forged into the shape of a chair.

Craft a work of art. It took 42,000 haircuts, but artist Wend Glue was able to create a giant banner using human hair. It was first displayed at Dartmouth College’s Baker-Berry Library

Making soy sauce. If we needed another reason to avoid things made in China, there is a company that used human hair to make soy sauce. Since human hair is rich in protein, they were able to treat it, remove the amino acids, and pass it off as soybean oil

Nesting material. Birds will use almost anything to make nests and using human hair is no exception. This bird watching site even suggests putting out bags of hair clippings to help birds make nests. Here is someone who uses hair clippings to provide a nest for their pet rat.

Crafting a rope. Native Americans are known to twist hair fibers together to make strong ropes. Eventually, they used horsehair but there are still people who practice the art.

Diamond made from the Hair. Lynn Symonds (2002) here is an odd little tidbit we found in an equally odd site called “Strange New Products”. Apparently, a Russian company called New Age Diamonds can make artificial diamonds from your very own hair. They take a chunk of our hair, mix it with carbon and then process as it with their high pressure and high temperature. And proof the result is an actual diamond, made from your own tresses. There is a catch though that they can only make coloured gems - yellow, green, and red ones. But still, how cool would that be - diamond jewelry made from your own hair! Sign this Beauty Brain up for a pendant.
1.8 TYPES AND VARIETIES OF HUMAN HAIR

In Human Hair export, there are two major types and many varieties of hairs are processed and exported. Two major types of human hair export are processed natural Human hair and synthetic hair. This information is sourced from www.pravinhaircare.in/products.php.

1.8.1. Types of hair.
1.8.1.1. Processed Natural Human Hair.

Most human hair used for weaves and wigs are from Asia. It is collected from the barber’s floor or temple floor and aggressively treated with soap wash, acid, and other chemicals which destroy the cuticle partially or totally. In the hair industry, this hair is commonly called processed hair. After the process the hair is converted in to various varieties, like single drawn, double drawn, Remy, Non Remy, curly, wavy and weft.

1.8.1.2 Synthetic hair

Synthetic hair is made of a wide array of different synthetic fibers. Synthetic hair, just as human hair, comes in weave (weft) and single strands for braids. Synthetic hair does not last long as human hair because it gets quickly damaged from the sun. The quality of hair varies greatly, and if well maintained, synthetic hair can last up to a year. It will never look as human hair, as it is stiff and not bouncy at all. Synthetic hair is much less expensive than human hair. The costs can range from $10 to $20 per package, and around $40 for a full wig, depending on quality of hair, length, brand, etc. Heating appliances such as curling irons and straightening combs generally should never be used on synthetic hair. There are newer versions of synthetic hair from some brands that claim to allow styling with lower temperatures of heating appliances. Generally people should steer clear of such claims because the golden rule with synthetic hair is that heat is not an option. Synthetic hair is better used for shorter wigs.

1.8.2. Varieties of hair.

There are seven varieties of human hair. They are Remy, Non Remy, single drawn, double drawn, curly weft and wavy, this information is extracted from www.proextensions.com and www.perfecthairextension.com.
1.8.2.1. Remy

Remy Hair is also popularly referred to as ‘virgin hair’, and is extremely popular in various parts of the world. It can be categorized in the ‘premium’ segment, as far as quality of hair is concerned. Remy Hair is bundled in such a manner that the roots of the hair are on one side and the tip of the hair on the opposite side. Since all the hairs are placed in the same direction, the hairs remain undisturbed, making them more durable and long lasting.

1.8.2.2. Non Remy

Non-Remy hair is perhaps the most popular and commonly available form of hair. It is also known as fallen hair. The roots and tips of hairs are all mixed up in non-Remy hair. Tangling is a problem as a result of this, but still they are inexpensive, but are the largest selling kind of hair.

Non-Remy hairs are two types:

- Normal non-Remy hair: generally the least expensive type of hair. The cuticles are present in different directions, and the hair is prone to tangling.
- Tangle free non-Remy hair: obtained by shaving off the cuticles or the ends. This process reduces the chances of friction among hairs and what remains is tangle free hair.

1.8.2.3. Single Drawn

It means the hair is cut usually starting at mid back across the top only, leaving the bottom (ends) in its natural state. In this case, one will find shorter lengths throughout the hair because it is the hair at the end of the woman’s hair; however, it is great quality hair which appears more natural. Single drawn is of a slightly lower quality than double drawn hair. The hairs will have up to a 2” difference in the tip; that is, some hairs will be up to 2” shorter than their original lengths. Three qualities are designated:

- Quality A: consists of tangle free non-Remy hair with the cuticles shaved off or smoothened out. The entire weft consists of hairs of the same length, with no short hair. This is a premium quality weft.
• **Quality B**: the next quality in wefts made up of non-Remy hair. They are also tangle free and have their cuticles shaved off. They are made up of special double drawn hair, with hair length of two inch difference, with no short hair.

• **Quality C**: the final quality of wefts, made up of tangle free non-Remy hair. The cuticles are again shaved off and the hair used is single drawn. This makes the entire weft have hairs of different length.

1.8.2.4. Double Drawn

Double drawn hair is similar to Remy double drawn wefts. In that all hairs are the same length. Double Drawn -means hair is cut directly from the root and mid back so that each hair is of the same length for a thicker fuller look. This process allows almost all the hairs to be of the same length, which is rare in most human hair. It is also little heavier than single drawn.

1.8.2.5. Curly

This type of hair appears straight when wet but becomes curly when it dries. This is because it absorbs water and contracts. Humidity tends to make this type of curly hair even curlier, or ever frizzier. The curls are well defined and springy, loosely curled and usually very shiny with big curls. Curly hair usually consists of a combination of textures, with crown being in corkscrews.

1.8.2.6. Weft

Hair which is sewn at the top end either by machine or hand is known as weft. Hairs sewn (stitched) by machines are known as machine wefts and similarly hand sewn hair is termed as handmade weft. It usually weighs around 100 gms. Depending on their type they are categorized into different grades. Though it is a common practice using conventional stitching machines with single needle to make machine weft, it really makes the weft thicker and application of glue is also not possible. Despite several stitches, the hair fall is obvious in the long run.
1.8.2.7. Wavy

A lady with straight hair often wishes to have the feminine wavy hair and vice versa. Styles are plenty and easily done with the kind of advances hair fashion is making. Poker straight hair can be converted in long waves or one can get the jungle look with absolute big curls. The advantage of wavy hair and especially that of naturally wavy hair is that it can be easily ironed to get the straight look. Moreover wavy hair has a natural bounce which is a plus point. Maintaining wavy hair is the easiest. If the hair is long then it is a double bonanza as one can style it with a bandana or tie it up in a long scarf.

1.9 PREAMBLE TO PRODUCTION PROCESS OF HAIR INDUSTRY

About the production process of human hair the researcher collects the information from the courtesy of the website www.besthairfactory.com/category.php?id-category=21.

1.9.1 Pre – Wefting Process:

Purchase of Raw Hair

Indian Remy hair of the highest quality is sourced from the temples of south India. Natural hair comes in different lengths, which is usually shaved from one women’s head and tied as a single piece. Lengths of different sizes are assorted, segregated and sold at different price together in one lot. Careful selection is done to procure the right type of hair with fine texture. Our skilled team of technicians does this. This hair is known as Virgin hair as each piece of hair is from a single person’s head.

1.9.2 Arranging Hair

The percentage thickness of the hair is determined by the style and maintenance of the person who offer to shave the head. Some women prefer to have long hair and
some a mix of long and short hair. In a person’s head the longest hair may be of 26” but the shortest size could be of 2 – 3” length. The percentage of 20 – 26” is approximately 30% whereas 10 – 20” would be of 40% and remaining 30% up to 2”.

By arranging the hair we ensure that the head of the hair is even. It is further hackled to remove crude and unwanted short sized hair before sending it for washing. Usually the shaved hair comes as a single piece tied with a bunch of short hair to ensure the piece is tight enough to hold it. This short hair and all unwanted hair are also removed in this process. The different sizes are segregated before being sent for washing. Hair loss in this process is between 05 – 10 % of the total weight.

![Photo Courtesy: Zupress.com](Zupress.com)

### 1.9.3 Washing – I Stage

The arranged hair is soaked in a solution of conditioners and detergents overnight to remove the dirt, oil and other dust particles. Usually the hair is soaked in oil to give more weight while selling. The soaked hair is then washed in potable water several times until it is clean and sent for drying.
1.9.4 Drying

Hot sun is essential for proper drying. We sun dry the washed hair for several hours to make sure the hair becomes soft. During rainy season we prefer not to use the heater to dry as it gives an odd odor on the hair. Though sun drying makes for almost 10 - 15% of weight loss after washing, it is easier to identify the texture of hair after proper drying.

1.9.5 Hackling

Hackling is a process to arrange the hair evenly as per the sizes. All short hair is removed from the pieces and arranged for further process. Only trained professionals do this job. Extreme care is taken in this process to avoid mixing of head and tail of the hair. The head and tail of the hair should be arranged in the same direction and it is Remy hair. Even a small mistake could become a disaster. The percentage loss is approximately 10 – 15%.

1.9.6 Stocking

The hackled and arranged hair is stocked in racks of different sizes for further processes like wefting, colouring, bleaching etc. These are known as ready stock and this is what is readily available at any time. From this inventory, hair is selected for any other process. The total weight Loss from purchase of raw hair until this stage is around 30% or even more.
1.10 PREFACES TO TEMPLE HAIR

Gautama swamy (2011), India is a country dominated with a huge religious population of Hindus. Hinduism is an amazing religion consisting of various myths and beliefs in the name of faith. One such belief in Hinduism is sacrificing ones hair in the name of God. Donating hair to God is an ancient practice which has been going on for centuries. Hair, for most people, is what defines their physical appearance. Whether long or short it can be an expression of social conformity and affiliation. Hairstyles along with clothing show identify us in this fashionable world we live in. In India, cutting off or sacrificing ones hair in Hinduism is considered as letting go of our ego in front of the spiritual power called God. No one is greater in front of God, and by sacrificing the hair in the name of God, we are letting our ego go out our everyday life routine and devoting time for God. People in India usually donate hair because they are grateful for a blessing or asking for a blessing. Everyday thousands of Hindus including men, women, and children gather in religious places like temples to pray God and sacrifice their hair. Temples have tonsure rooms where devotees sit in rows and get their hair shaved by people appointed by the temple. The whole process is done in a clean hygienic environment using disposable razors.

The hair is then collected and kept aside for auction. Only affluent people take part in the auction of the hair from the temples as the hair has to be bought in bulk and can literally cost millions of dollars. The hair in these auctions is usually sold by multiple tons. A chain of buying continues from the main buyer to various middle men and wholesale distributors. The large quantities of hair to the factories of the suppliers and then sorted, hacked and sorted by length. It is then washed using industrial shampoo and dried under the sun. After drying it is drawn and tied into bundles. The hair is now ready for export. it
is exported by distributors to salons, beauty stores and individuals all over the world. Gautama swamy (2011)

1.10.1 Marketing of Temple Hair

BBC world service – temple hair sale (2001), Human hair is a lucrative business in India. Companies export long hair to the West where it is used for wigs and hair extensions. Indian women have very long hairs and it is a lucrative thing for everybody, because in the Western World these hair extensions are getting very popular now. And if one manages to get the hairs here for a reasonable price you can make money. Mathew Symonds (2007) the market for human hair, used for wigs and extensions, has been booming. Wearing hair extensions, once considered the domain of strippers, has become fashionable for celebrities and the like. Of course the extensions must be top quality--raising the demand for human hair.

BBC world service – temple hair sale (2001) this hair is collected and sorted into four types. Long women's hair and grey hair are the most highly sort varieties, but there is also considerable demand for short hair. The hair collected from the temples is used all over the world. Mostly it goes to Italy, a lot of wig manufacturers and hair extension companies are there.

Human Hair trade has become entirely export oriented market. The Indian human hair is always in great demand not only in India but also throughout the world. AK exports (2010), the demand of human hair is still increasing day by day, Chennai has become one of the largest processing and manufacturing hub for human hair and hair products. Further these hairs are processed and exported throughout the world. DanMc Dougall (2006) the demand in the UK and US for hair extensions and cosmetic products with hair extracts means that turning faith into fashion has become big business, earning major temples and exporter’s revenues of more than $300m last year alone. With most Hindus, who make up 85 per cent of the India's billion-plus population, having their
heads shaved at least once as prescribed by the scriptures, hair dealers have clearly tapped into an abundant market.

Although India is a small part of the global hair business, compared to the market leader China, so-called Indian temple hair fetches among the highest prices. Indian hair is generally finer than Chinese and more similar to much European and American hair, hairdressers say, making it the lock of choice for certain clients. Exporters say that Hollywood is one of the biggest consumers of human hair Julia Angwin (2003).

1.11 AN OVERVIEW OF HUMAN HAIR EXPORT


1.11.1 Human Hair Price Forecast and Demand

In an article from Extension - The hair professionals (2008), there are Rising demand, like diamonds, gold, and oil, raw human hair is a precious commodity and is in high demand. The prices for raw human hair are expected to increase substantially in the first quarter of 2008. This means hair companies manufacturing human hair extensions, wigs, hairpieces and their distributors will be raising prices on all human hair products, across the board. The demand for human hair is at an all time high. Therefore is that Hollywood stars are no longer shy about revealing their hair secrets, such as, human hair extensions and human hair wigs. In fact, celebrities like Jessica Simpson and Paris Hilton have their own line of clip in human hair extensions. All of this hype is driving the human hair market and is only expected to increase in 2008. The demand for human hair for hair extensions and wigs peaked in the 1960's and then plummeted when less expensive synthetic hair saturated the market. The human hair market experienced
resurgence in 2006 when Jessica Simpson, Ken Paves, and Hair U Wear joined forces to create Hairdo, a collection of synthetic and human hair extensions. Today, real human hair extensions are back in fashion with the US and Great Britain consuming most of the world's market for human hair. Hair salons regularly charge anywhere from $500 to $3000 and quality clip-in human hair extensions range from $200 to $400. Last year alone the human hair extension market was worth over 300 million dollars.

1.11.2 Limited Supply

With the increased demand the supply of quality human hair is becoming difficult to sustain. Most of the world's human hair comes from India and China. The most sought after and rarest human hair is European human hair because of its thin denier. In order to make human hair extensions or wigs the hair must be 'virgin' hair. 'Virgin' hair means the hair has not been chemically treated. Hair that is chemically treated cannot be used to make hair extensions or wigs. Nowadays, especially in developed countries, more and more women are treating their hair with 'Virgin' hair is almost non-existent in the United States and Europe. Countries like India and China, adopt less traditional practices and the popularity of hair coloring continues to rise raw human hair is becoming harder to find.

1.11.3 Price Increase

The prices of human hair extensions, wigs, and hairpieces are expected to rise by approximately 20 percent. Extensions.com, and other human hair distributors, will increase prices on all human hair products in the first quarter of 2008. Human hair is already a luxury item and the price tag will soon reflect the value of this hot commodity. Global economic expansion is driving the biggest price increase human hair ever has ever experienced. The prices have not changed yet but the increase is on the horizon. Benefit from today's low prices while they last. Shop all human hair extensions

1.11.4 Human Hair Export

The global import of human hair during 2010 was US $ 1339.00 Million against which Indian Export was to the tune of US $ 193.90 Million. The export details of
Human Hair from India during the last three years are as under. This information is published by Government of India in 2011.

To promote the export of all goods including Human Hair, the exporters are encouraged to take benefits of the schemes like Advance License Scheme (ALS), Duty Entitlement Passbook (DEPB), Market Development Assistance (MDA), Market Access Initiative Scheme (MAI) etc. The exporters are also encouraged to participate in Trade Fairs/ Exhibitions in various countries to procure new business opportunities. This information was given by Shri Jyotiradiya M. Scindia, Minister (2011) of State for Commerce & Industry in written reply to a question in Loksabha.

Year Export (US $ Million)

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<th>Year</th>
<th>Export</th>
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<tbody>
<tr>
<td>2008-2009</td>
<td>179.11</td>
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<tr>
<td>2009-2010</td>
<td>193.90</td>
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<td>2010-2011</td>
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India’s major five export destinations of Human hair are:-

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<td>01</td>
<td>China</td>
<td>80.37</td>
<td>86.26</td>
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<td>02</td>
<td>Brazil</td>
<td>17.71</td>
<td>26.72</td>
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<td>Hong Kong</td>
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<td>05</td>
<td>USA</td>
<td>9.46</td>
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<td>13.74</td>
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Source: http://www.pib.nic.in/newsite/erelease.aspx?relid=78467
The Indian human hair is always in great demand not only in India but also throughout the world. The demand of human hair is still increasing day by day, Chennai has become one of the largest processing and manufacturing hubs for human hair and hair products. These human hairs are collected from temples and different villages throughout India. Further these hairs are processed and exported throughout the world. Exporting human hair to the countries like Belgium, China, Brazil, U.A.E, Italy, Germany, Denmark, Egypt, USA, and U.K. Importers say that Indian hair is the best and good profits can be made from out of it, AK Exports (2010)

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**EXPORT OF HUMAN HAIR**

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<th></th>
<th>China</th>
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