CHAPTER – III

3. AN OVERVIEW OF APPAREL AND HOSIERY PRODUCTS

3.1 INTRODUCTION

Some Indians are highly creative and imaginative people. Entrepreneurship in India is practiced by certain communities such as Banias in north and Vanias in south. In general, many Indian people are interested in textiles, embroidery and cloth work. For example, housewives are traditionally interested and busy in embroidering cloths and knitting sweaters for their household members. Different hand-knitting items are used as gift items during marriages and other functions in the villages and small towns. Thus hosiery in India is not an activity of recent origin but it belongs to the past. The only major difference is that previously it was used to be hand-knitted and manually embroidered but now a day it is mostly machine made. We can say that modern machines and technological advancements have curbed the manual craftsmanship and artisanship in India. In nutshell, we have been advancing towards better quality and mass production with the help of sophisticated technology. The only fear is that our culture heritage may get overshadowed due to technological advancement.

But it is true that we have to make some sacrifices for the sake of growth and development. These sacrifices are desirable for the purpose of making ourselves as the part of the world economy and for achieving better standards of living. GATT agreement is also driving us towards this direction.
The India's textile and apparel industry has its inherent strengths in different stages of value chain along with a few weaknesses responsible for its present position in world trade. With liberalization of quotas, import of fabric has increased in last few years and is set to increase further due to weakness of India's textile sector in providing required fabric to apparel manufacturers. It is causing loss of opportunity and focus of textile and apparel industry has shifted to yarn manufacturing or manufacturing of greige fabric. This has affected competitiveness of fabric as well as apparel exporters and fabric manufacturers. The fabric as well as apparel manufactures have concentrated on woven sector while the world market for knitted items has grown up in last few years. Moreover, Indian exporters have targeted the basic segment rather than high value segment in fabric as well as apparel resulting in lesser earnings. The world textile and apparel trade in post-2004 shall be influenced by countries which are being able to cater to requirement of customers in time with quality product at right price. An attempt has been made in this study to identify the factors responsible for India's current position in world textile and apparel trade & measures to be taken to be competitive in world textile and apparel trade in post-quota period. In this study, the approach to study the competitiveness of textile & apparel industry in WTO era entails an effort to understand the situation of Indian textile & apparel industry and environment scan to identify the opportunities to be captured. A SWOT
analysis provides gaps for textile and apparel industry. Primary research with the structured survey of various stakeholders of industry i.e. apparel exporters, fabric manufacturers and buying houses has been conducted to identify steps/ initiatives needed to fill the gap. The initiatives thus need to be taken by industry and government to make Indian textile and apparel industry competitive in WTO era.

The context of the competitive position of India, arrived at through empirical analysis of production in imports, growth rates and India's overall export performance and production, this study purports to examine and identify the perceptions of apparel exporters and buying houses, fabric manufacturers on various elements related to export market of textile and apparel and competitiveness of textile (fabric) and apparel sector to reveal the sources of competitive advantage for Indian textile (fabric) and apparel exports. This research attempts through primary research of Indian apparel exporters and fabric manufacturers and buying houses to arrive at the perceptions and perceptual gaps in order to identify the sources of competitive advantage. An attempt has been made to estimate India's competitiveness in textile and apparel industry in WTO era with focus on assessment of competitiveness of fabric sector to fulfill the requirement of apparel industry. These indicators should help us arrive at measures to increase India's competitiveness in textile and apparel industry.
Bhattacharya (1992) classified developing countries and assessed the capabilities in the area of manufacturing and export of garments, which provide the broad indication of the global sourcing parameters. The classification has four groups based on certain characteristics:

**Group I:** The major East Asian suppliers consist of South Korea, Taiwan, Hong Kong and China and the recent addition to this group is Turkey. These countries are capable of producing and exporting both finished textiles and garments of reasonably high quality (although predominantly in medium-price range) on their own accord.

**Group II:** Countries those are capable of exporting relatively low value-added and simple textiles such as grey yarn and unfinished cloth as well as low-fashion garments in low-to-medium price range. Among these countries are Brazil, Egypt, India, Pakistan, Indonesia etc.

**Group III:** Countries with industry to meet much of domestic demand for yarn and cloth but are not competitive in terms of price or quality in export market. Their garment export is dependent on imported fabrics and accessories. Notable in this group are East European countries, Malaysia, Philippines, Bangladesh, Sri Lanka, Tunisia, Morocco, many Latin American countries, Caribbean islands etc.

**Group IV:** Countries, which have some capability to meet part of domestic demand, but with limited possibility for export. Most African countries, Burma, Laos and Cambodia etc. fall in this group.
It can be seen from the above classification that India is placed in group II among countries which are exporting low value added and simple garments in low to medium price range. India and Pakistan are examples of the countries whose garment exports overwhelmingly depend on cloth availability from decentralized (power loom and handloom) sectors, which have limited capability of quality output and relatively low access to quality control and maintenance facilities. In order to move up the scale these countries need to strengthen their spinning, weaving and more importantly finishing facilities.

3.2 HOSIERY INDUSTRY IN INDIA

Fashion has to come a long way and the Textiles have been the integral part of India's cultural heritage. India has made significant progress in its export performance of readymade garments for more than two decades and in the recent years it has established its prominence in the world scenario. India, a traditional country which is known as a producer of low cost products, it is also popular for cheap labour, and has now transformed itself to a stage where supply of high fashion garments with value addition has become its competitive edge.

Indian knitting industry has emerged as a premier supplier of value added items earning high foreign exchange. The industry is shaping itself and identifies the areas and required changes to meet the new imperatives of international market. This industry has adapted itself to suit to the changing market conditions globally. Fabrics from India executed by untiring loom of
generations are used to style of some international fashion's most inspired designs. Fashion designers from all over the world find Indian fabrics the perfect complement to their style. Knitwear sector in India grabs major chunk of its share in the country's textile exports. Exports of knitwear items from India have made strides and occupied 50% share of its total readymade garments exports. The key centres of knitwear exports are Tirupur, Ludhiana, Delhi, Mumbai and Bangalore. Knitted garments have been able to increase their share in the export sphere from about 15% in 1981 to 50% in 1997.

Indian knitwear is now being sold to almost every country in the world. Indian knitting industry has been able to win all the sophisticated world market including European Union, America, Canada and Japan besides increasing its export growth rate in non-quota market. World renowned labels like Nike, Lacoste, St. Michael, Benneton, Jockey, Cabida, Marks & Spencer and C & A are now being manufactured in India. This is sufficient to prove capability of our industry itself. The Indian textile and garment industry including knitwear sector due to its unique nature has the flexibility to accommodate all kinds of fashion demands, size of order and pricing structure.

Knitwear industry has clearly identified the definition of fashion meaning thereby combination of many things put together and corresponds to feeling of something. Fashion is mainly depend on industry and society in a probationary manner. Creation of hi-style and value added knitted garments are instrumental in driving out the value hidden stuff of the knitwear exporters with a motive that it reaches the intending onlookers who believe in right
choice of selection. Evening wears are quite common and uniform all over the world, in spite of the fact remaining that India is popular for traditional wears. Knitwear exporters thought travel from down to reach the new horizons as far as fashion spectrum is concerned and have been successful in their attempts to cater to the world's demand of synthetic garments by adopting sophisticated sewing technique required by high value garments.

The hosiery industry in India came into existence with the setting up of a unit in Calcutta in the year 1893 and has played a significant role in the industrial development since then. This industry is mainly concentrated at Delhi, Mumbai, Tirupur, Ludhiana, Chennai, Bangalore, Calcutta, Kanpur, Cochin, Saharanpur, Surat and Ahmedabad. Numerous items of daily use made of woollen, synthetic, acrylic and cotton yarns are manufactured in these cities for domestic and global markets. Due to ever increasing population in the country, the domestic market for hosiery and knitwear items has always been the most important segment. Supplies to defence and para-military forces also play an important role in growth of this industry. The broad and well developed manufacturing and technological base in this industry has always prompted the entrepreneurs to enter the global market. The production of good quality cotton in our country, particularly in Punjab State, is a plus point for boosting export of cotton garments. With the advent of the liberalised policies, modern and efficient machinery and equipment are being added to hosiery industry for the production of quality items.
commensurate to the expectations of the global customers. Export of woollen, cotton and acrylic knitwears, fabrics and readymade garments from the country is the major source of earning much needed foreign exchange.

3.3 Knitwear Industry in Tirupur

Tirupur is a small town in Coimbatore district of Tamil Nadu state. The municipal area of the town is spread over 27.20 sqkms and the population within the municipal limit as per 1991 census, is 2.35 lakhs. But during the last 5 years, the town has developed in all directions encompassing the villages in its periphery. If the population of such villages is also taken into account then the total population of the town would be around 5.0 lakhs.

Traditionally, Tirupur is famous for its cotton market and cotton ginning factories. Though cotton trading and ginning operations have shrunk, Tirupur is still a very popular market for unginned cotton.

The origin of hosiery industry in Tirupur may be traced back to the early 1930s. It is reliably learnt that the first hosiery factory with hand-operated machines was set up in 1935. For more than 30 years, the hosiery industry in Tirupur was producing mainly grey and bleached banians (vests). In the late sixties, the industry slowly diversified towards manufacture of other inner garments.

In the seventies, export of small quantities of banians and other inner garments were made from Tirupur. In the early eighties, export of knitwears,
mainly basic T-shirts were made in small quantities. Export of other items of knitwears gained momentum from 1985 onwards. In the late eighties, knitwear industry diversified very quickly and took up manufacture and export of knitwears. Besides knitwears, now knitted fabrics are also exported from Tirupur. It is estimated that indirect export of knitwears and fabrics from Tirupur was around Rs. 1200 crores. Thus, direct and indirect export of knitwears and knitted fabrics from Tirupur was around Rs. 3500 crores in 1997.

In the first three months of 1998 (Jan./March) direct export of knitwear from Tirupur is placed at Rs. 744.00 crores which is 8.3% more than the export in the corresponding period in 1997.

The composition of the Tirupur knitwear industry is broadly classified as under:

<table>
<thead>
<tr>
<th>Knitting and/or stitching units</th>
<th>2,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dyeing and/or bleaching units</td>
<td>750</td>
</tr>
<tr>
<td>Printing units</td>
<td>300</td>
</tr>
<tr>
<td>Embroidery units</td>
<td>100</td>
</tr>
<tr>
<td>Others (Compacting, raising, &amp;calendering)</td>
<td>200</td>
</tr>
<tr>
<td>Total (units)</td>
<td>3,850</td>
</tr>
</tbody>
</table>

Besides, knitwear units catering to exports and local markets, there are large number of other ancillary and supporting industrial units operating for manufacture of elastic tapes, cartons, printing of labels, polythene bags and
other packing materials. The knitwear industry provides direct employment to about 2.0 lakhs of skilled, semiskilled and unskilled workers. Thus in total it provides direct and indirect employment to around 3.0 lakhs people.

### 3.4 Tirupur HOSIERY—At a Glance

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Tirupur</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>2.35 lakhs</td>
</tr>
<tr>
<td>Area of the town</td>
<td>27.20 sq.kms</td>
</tr>
<tr>
<td>History of hosiery industry</td>
<td>69 years</td>
</tr>
<tr>
<td>Major products</td>
<td>Cotton hosiery and readymade garments</td>
</tr>
<tr>
<td>Labour employment</td>
<td>2.00 lakhs</td>
</tr>
<tr>
<td>Number of units</td>
<td>3,850 (including all hosiery activities)</td>
</tr>
<tr>
<td>Number of exporters</td>
<td>368</td>
</tr>
<tr>
<td>Major associations</td>
<td>TEA</td>
</tr>
<tr>
<td>Hosiery support system</td>
<td>AEPC, NIFT, textile committee, TEA-KNIT industrial complex, container freight station. India Knitfair association</td>
</tr>
<tr>
<td>Technology status</td>
<td>Latest machines in most of the units plus imported machines.</td>
</tr>
<tr>
<td>Use of Information Technology</td>
<td>To a greater extent</td>
</tr>
<tr>
<td>Total annual production</td>
<td>4000 crore</td>
</tr>
<tr>
<td>Total exports</td>
<td>Rs.3000 crore</td>
</tr>
<tr>
<td>Share in exports of garments from India</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>11.88%</td>
</tr>
<tr>
<td>1997</td>
<td>12.69%</td>
</tr>
<tr>
<td>Year</td>
<td>1998</td>
</tr>
<tr>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Per piece price realisation from exports</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>Rs.75.48</td>
</tr>
<tr>
<td>1997</td>
<td>Rs.75.60</td>
</tr>
<tr>
<td>1998</td>
<td>Rs.75.68</td>
</tr>
<tr>
<td>Major threats</td>
<td>Competition from other countries, Dependence on European and other developed markets.</td>
</tr>
<tr>
<td>Major communities dominating hosiery industry</td>
<td>Gounders</td>
</tr>
<tr>
<td>Competitive advantages</td>
<td>Recognised cluster of cotton hosiery. Easily accessible by international buyers</td>
</tr>
<tr>
<td>Generation of entrepreneurs</td>
<td>First and second generation</td>
</tr>
<tr>
<td>Early socialisation</td>
<td>Pragmatic and result oriented</td>
</tr>
<tr>
<td>Spending habits</td>
<td>Economise on most things</td>
</tr>
<tr>
<td>Leadership style</td>
<td>Democratic and participative</td>
</tr>
<tr>
<td>Response and support from bureaucracy</td>
<td>Encouraging</td>
</tr>
<tr>
<td>Value addition</td>
<td>Very low</td>
</tr>
<tr>
<td>Major market</td>
<td>All India</td>
</tr>
<tr>
<td>(i) Domestic</td>
<td></td>
</tr>
<tr>
<td>(ii) Export</td>
<td>Europe, USA, Canada, Australia, New Zealand Quick</td>
</tr>
<tr>
<td>Adoption of new technology</td>
<td>------</td>
</tr>
<tr>
<td>Major industrial clusters</td>
<td>Cotton hosiery</td>
</tr>
<tr>
<td>Educational qualifications of entrepreneurs</td>
<td>Lesser qualified</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Use of borrowed capital</td>
<td>More</td>
</tr>
<tr>
<td>Use of common facilities</td>
<td>More</td>
</tr>
<tr>
<td>Professionalism in management practices</td>
<td>High</td>
</tr>
<tr>
<td>Labour cost</td>
<td>Low</td>
</tr>
<tr>
<td>Number of machines</td>
<td>More</td>
</tr>
<tr>
<td>Per unit production efficiency</td>
<td>High</td>
</tr>
<tr>
<td>Form of organisations</td>
<td>More of proprietorship firms</td>
</tr>
<tr>
<td>Quota holding</td>
<td>More</td>
</tr>
<tr>
<td>Labour turnover</td>
<td>Low</td>
</tr>
</tbody>
</table>

A picture of Tirupur has been presented in this table and it exhibits a comparative picture of the two towns with respect to population, area, history, major products, manpower employed, number of exporters, major associations, hosiery support system, technology status, use of information technology, total annual production, total export, share in exports from India, per piece price realisation in exports, major strengths and weaknesses, major threats and opportunities communities dominating the trade, competitive advantages, generations to which entrepreneurs belong, early socialisation practices, spending habits, leadership style, response and support from bureaucracy, value addition (domestic and exports), adoption of new technology, major industrial clusters, educational qualifications of entrepreneurs, use of borrowed capital, use of common facilities, professionalism, management practices, labour cost, number of machines, per
unit production efficiency, form of organisations, quota holdings and labour turnover.

3.5 Hosiery and Knitwear Support System

Industrial development calls for massive support system in the form of access to finance, manpower training facilities, availability of technology, availability of machinery and raw material etc. Besides, industrial development also requires lot of support from the state and central governments. The development of hosiery cluster involves numerous processes and technologies and needs a very extensive support system. Functions of important organisations and institutions associated with development of hosiery clusters at Ludhiana and Tirupur are described in the ensuing text.

3.5.1 Apparel Export Promotion Council (AEPC), New Delhi Apparel Export Promotion Council (AEPC), a nodal agency under the aegis of Ministry of Textiles, Government of India, have been entrusted with the task of working towards projecting India's image and introducing Indian Apparel Exporters to the international market, with an idea of "Dressing up the world".

AEPC—Indian Exporters' Window to the World: AEPC with its extravagant size has already enrolled 40,000 exporters of both woven and knitted items and offers them wide range of export promotional services, viz.,
1. Participation in international fairs and exhibitions.

2. Technical advice and market briefs.

3. Organising buyer supplier meets.

4. Product promotion programmes in non-quota countries and non-quota items to quota countries.

5. Feedback on contemporary fashion trends.

To bring foreign buyers closer to Indian exporters AEPC plays the following roles:

1. Helps them locate exporters according to their requirements.

2. Provides trade related information regarding exporters' status, technical capabilities and production capacity.

3. Publishes the "Exporters' Directory" which offers detailed information on the Indian garment industry.

AEPC—Faring Well with Fairs: To attract the attention of the world's leading fashion houses and to improve upon the international trading community with India's richness in garments, AEPC organises:

INDIA KNIT FAIR is held twice in a year in Tirupur which projects the strength of India's versatility. India International Garment Fair is also organised twice a year in New Delhi. These fairs display the spring/summer and autumn/winter collection.
AEPC—Training Manpower: To impart training to the required manpower at the shopfloor level, AEPC has been setting up Apparel Training and Design Centres at different garment manufacturing centres in India to help improve the efficiency and productivity of the garment industry and meet higher demands anticipated in the export market.

To match and compete with international standards, AEPC is in the process of setting up a world class Trader Mart-cum-Exhibition Complex at Gurgaon (near the Indira Gandhi International Airport, Delhi), which will enhance the scope for generation of employment opportunities, development of tourism in our, economy and above all will be beneficial to the apparel trade as a whole.

AEPC—A treasure of Information: AEPC runs a well-equipped resource centre with many international fashion magazines, collections of different fabric swatches, trims and embellishments, other market research analysis and trade statistics of all countries of the world.

AEPC—Administering the Export Entitlement Policy: Besides the main area of export promotion activities, AEPC is also simultaneously entrusted with the responsibility of administering its Export Entitlement Policy and allocation of quota under different systems, since its inception. It has computerized all the crucial departments to make a quick analysis of exports which in turn enables the Government to formulate strategies for the complete
utilisation of quota, framing future policies and earn foreign exchange for the country.

3.5.2 National Institute of Fashion Technology (NIFT), New Delhi NIFT was established in 1987 at Delhi under the Ministry of Textiles. The immediate objective was to fulfill the long felt needs of the export-oriented garment industry to have trained manpower in different disciplines like fashion design, garment manufacturing and technology, apparel marketing and merchandising, knitwear design and technology, textile design and development, leather garment design and technology and accessory design. To meet the demand for professionals for garment sectors in various parts of the country, new centres were established in July 1995 at Mumbai, Chennai, Calcutta, Hyderabad and Gandhinagar. Bangalore centre was set-up in September 1997. The hallmark of a NIFT graduate is that he or she can think boldly and independently and come out with extremely creative designs of much higher standards.

The faculty of NIFT are trained with practical experience. They are regarded as the best in the field of fashion education. Most of them are trained abroad in addition to their high academic qualifications. They regularly visit all major fairs and exhibitions to keep themselves posted with latest trends and development. The institute is equipped with the state-of-the-art-machinery and" imparts education comparable to any international institute in the field of fashion designing.
NIFT takes up projects useful to the industry as classroom assignments and has catered to the needs of many leading Indian and multinational companies. The interaction with industry enables the students as well as faculty to acquire hands-on experience. This also brings in mutual understanding between the industry and the faculty.

Nib'l also collaborates with leading international and national level educational institutes and research organisations such as Fashion Institute of Technology, New York; Nottingham Trend University, UK, National Institute of Design; Indian Institute of Leather Products, Chennai; Central Leather Institute, Chennai, etc.

Knitwear Design and Technology is a two years post-graduate diploma programme introduced at NIFT in 1994 to meet the growing needs of the Indian knitting industry. The programme is structured keeping in view the requirements of the knitting industry. The aim of the course is to train young professionals in designs, production and merchandising of knitwears to cater to the Indian industry. The courses cover woollens and cotton knitwear which the students learn over a period of semesters. Apart from internship, the students are taken for industry visits for a week to Ludhiana (during first semester break) and three weeks to Tirupur (during third semester break).

The Knitwear Department of the institute regularly conducts programmes for industry catering to specific needs of the knitting industry.
The department also undertakes design and other specialised consultancy assignments for the knitting industry.

3.5.3 **Tirupur Exporters Association (TEA), Tirupur** Tirupur Exporters Association is popularly known as TEA—was established in July, 1990 with Sri. A. Sakthivel of Poppys Knitwear as its founder-President. This is an Association, exclusively for exporters of cotton knitwears who have production facilities in Tirupur. A detailed list of TEA members alongwith their addresses and telephone numbers appears as Appendix II towards the end of this report.

From a modest beginning, TEA has grown into a strong body of knitwear exporters. Today, TEA has a membership of 338 regular members and 153 associate members.

Tirupur exporters, especially TEA members are basically hardworking, dynamic and young entrepreneurs; simple and honest businessmen; quality conscious producers and the ones' who stick to their delivery schedules.

The members of the association, from the beginning, have resolved to develop their business ventures differently from other organisations of this type. Their objectives, goals and approaches are distinct.

The emphasis is on:

1. Multilateral growth of knitwear industry and exports.

Development of infrastructure for entrepreneurs of Tirupur.
2. Implementation of schemes for the benefit of the society and public.

3. Treatment of workers as partners of progress and giving them their due share without grudging.

4. Grow, help and guide others with cooperative attitudes.

5. For foreign buyers TEA
   - officers conferencing and secretarial services,
   - helps in locating suitable suppliers,
   - helps in resolving disputes.

Within nine years of its existence, TEA has done enormous work in fulfillment of its objectives.

**Industrial Complex:** TEKIC a most modern industrial complex in a sprawling 100 acres of area, about nine kilometers from Tirupur has been established. On completion of the second phase of this project, there will be 189 industrial sheds exclusively for manufacture of knitwear for exports. This is the first and largest industrial estate in our country promoted by a private enterprise. Thanks to SIDCO who have given all help and assistance in promoting this complex and the Government of Tamil Nadu for declaring the complex as a backward area eligible for state subsidies. When fully operational, the investment in this industrial complex will be upwards of Rs. 200 crore. The infrastructural facilities in this complex consist of wide roads, plentiful water supply, a 2000 lines electronic telephone exchange, power
substation, workers and staff canteen and overall security arrangements. Other common facilities like schools, post offices, recreation facilities, shops, etc., are also being provided.

TEA-KNIT Industrial Complex: At the invitation of Kerala Government, TEA is promoting a knitwear industrial complex in Kanjikode, near Palakkad, Kerala state. This complex consists of 50 production units (TEAKNTT) and one huge most modern captive processing unit (TEAKTEX) with facilities for effluent treatment and disposal. The investment in this complex was around Rs. 80.00 crores. TEAKTEX processing unit and a few manufacturing units in TEAKNIT have started commercial operations. TEAKTEX facility is being used by exporters in Tirupur also for high quality processing of knitted fabrics and garments.

Development of Tirupur: The town of Tirupur is fast expanding in all directions. There is tremendous growth, in the form of new units and expansion of existing units in the knitwear industry. This industry is already providing employment to about 2 lakh workers and this number is increasing day-by-day. The industry is not getting adequate water now. Domestic requirement of water will also be increasing enormously in the next five years. TEA is, therefore, preparing an integrated water supply, sewerage and effluent treatment project estimated to cost Rs. 569.00 crores. The exporters, entrepreneurs and the public of Tirupur will be contributing Rs. 10.00 crores towards equity of the project. The Government of Tamil Nadu through Tamil
Nadu Corporation for Industrial Infrastructure Development Limited (TACID) and Central Government have agreed to contribute Rs. 10.00 crores each towards equity. The balance finance required for this project will be mobilised by Infrastructure Leasing and Financial Services Ltd. (IL&FS) from internal and external sources. This project will be managed by a joint-sector company, namely—New Tirupur Area Development Corporation Limited (NTADCL) promoted by TEA, TACID and IL&FS. International bids have been invited for executing the projects.

Container Freight Station (CFS): Fast, safe and timely movement of export cargo is a very critical and important function in export trade. In the absence of efficient cargo movement facilities in Tirupur, exporters are often missing sailings and are burdened with heavy financial loss. In order to overcome this problem, TEA jointly with Lee and Muirhead Limited, a reputed clearing, forwarding and shipping agents has established a container freight station at Tirupur. This container Terminal TEA-Lkeamuir container Terminals (P) Ltd., (TLCTPL) has been functioning since August 1995.

3.5.4 TEA—Educational and Cultural Academy: The requirement to have a most modern model school in Tirupur needs no emphasis. The exporters of Tirupur are required to deal with people of countries all over the world with different culture, religion, habits, business principles and practices. The aim of this residential school TEA Public School is to mould the youngsters to take up the challenging task of exports in a changed global environment
where international trade after the latest GATT would become free by the next 10 years. This school will have the best student-teacher ratio, curriculum and extra-curricular activities oriented towards these goals. This school is functioning from June 1995.

3.5.5 India Knit Fair

In order to promote exports and help the buyers in selecting their requirements of knitwear suppliers, TEA is holding, jointly with AEPC a Knitwear Fair since 1995. The first and second India Knit Fair for summer/spring collections was held in June 95 and May 96 respectively in Tirupur.

Lack of built-in facilities, suitable for a trade fair was a major handicap for raising the level of the fair to the international standards, TEA and AEPC have jointly promoted a society—India Knit Fair Association—to create permanent trade fair facilities in Tirupur. This society mobilised financial support of leading exporters all over the country and constructed a beautiful Trade Fair Complex in Tirupur with all facilities. The third IKF 97 for summer/spring collections was held in this new Fair Gomplex in May 1997.

The need for diversification of product range was engaging the attention of TEA for quite some time. It was felt that flora for winter garment markets in Europe and other places would be the right choice of the diversification. To promote this objective, it was decided to hold an exclusive international trade fair for autumn/winter garments. This prompted TEA and
AEPC to organise the first IKF for autumn/winter collections. This fair was also held in the new complex in November, 1997. The IKF for spring/summer collections 1999 was held in the end of May 1999.

NIFT-TEA Knitwear Fashion Institute: To cater to the trained and creative manpower needs of the knitwear industry, TEA has proposed to set up a Training and Fashion Institute NIFT-TEA knitwear fashion institute—in collaboration with National Institute of Fashion Technology, New Delhi. The Government of India has sanctioned an outright grant of Rs. 1.25 crore for this Institute. ICICI, Mumbai has granted financial assistance to the tune of Rs. 1.07 crores. The Institute is coming up with the most modern machines and equipment’s in TEKIC. Academic courses and training programmes were started from July 1997.

**Aiding Growth:** TEA is strongly advocating, associating and assisting people in other parts of the state and other states also to set up knitwear manufacturing and processing facilities at their places. Inspite of the substantial increase in export of garments from India, our share in international garment trade is around 2.0%. Tirupur alone will not be able to cater to the growing international demands for knitwear. Hence, TEA is also propagating for growth of knitwear industries in other parts of the state. Possible assistance and advice have been given to the project in Madurai. TEA will be glad to assist any organised effort in the promotion of knitwear exports.
3.5.6 NIFT-TEA Knitwear Fashion Institute, Tirupur

NIFT-TEA Knitwear Fashion Institute is a specialised institution promoted by Tirupur Exporters Association for the development of skilled manpower required by the knitwear industry not only in Tirupur but also in other parts of the country. Besides conducting academic courses for developing middle and upper middle level managers, technicians, fashion designers, quality controllers and marketing personnel required by the industry, the Institute is also conducting short-term programmes for the training of shop-floor level operators.

The programmes and courses of the Institute are designed in consultation with National Institute of Fashion Technology, New Delhi. The syllabus and curriculum are planned in consultation with experts in knitwear industry and frequently updated to ensure that the training imparted in the institute takes care of the technological developments taking place in the industry.

The most modern CAD studio and testing facilities available in the institute are widely used by the local industry also. The Industrial Services Division of the institute caters to the needs of the industry in testing and quality control, colour fastness testing, shrinkage testing, computerised colour matching and preparation of recipe for dyeing, computerised pattern making and grading, lay marking and fabric consumption.
The facilities in the institute are also being used by NIFT for training their students in the technology of knitting and designing of knitwear garments making use of the CAD system.

The institute is also engaged in developing new techniques in knitting. Efforts are also being made to popularise the use of synthetic and other yarns in knitting and manufacture of knitwear using synthetic fabrics. Buyers from abroad can make use of the testing facilities in the institute for quality certification of knitwear purchased by them from exporters in Tirupur.

3.5.7 Apparel Exporters Association of Ludhiana (APPEAL) Apparel Exporters Association of Ludhiana (APPEAL) seeks to enhance the capabilities of small and medium apparel producers to successfully operate in the global market. It is guided by the spirit of graceful decentralisation, collective effort to strengthen designing, manufacturing and marketing prowess and individual endeavor to acquire competitive edge. For the list of APPEAL members and their addresses, the readers may refer to Appendix III towards the end of this book.

Visualizing success of Tirupur in India and Prato at Italy. APPEAL was conceptualised with the support of UNIDO Cluster Development Programme of International Development Organisation. APPEAL is a unique initiative towards the development of Ludhiana knitwear industry and its integration with the international market.
Mission: APPEAL stands for integrated and sustained development of apparel industry at Ludhiana by facilitating technical, managerial and human resources development for the benefit of members, the textile community and the society at large. APPEAL is a converging point for the manufacturers, exporters, importers, government and international agencies for a wholesome growth of the apparel industry.

Objectives: The objectives of APPEAL is to serve as a springboard for the development of this industry by providing global market linkages to its members and supplying critical inputs to all other related private/public sector service providers.

APPEAL will act as a creative platform to spread the doctrine of competitive cooperation and function through chains and groups of firms to help them eventually prepare for a better future.

The primary goals of APPEAL are to promote the economic, socio-cultural and business interests of its members more particularly, to fulfill the following objectives:

(1) Assist the exporters to modernise the industry by promoting an industrial estate with all infrastructure facilities for the exclusive benefit of knitwear exporters and taking effective steps to find out a sustainable solution for pollution and power supply problem.
(2) Organise workshops, seminars, talks and training programmes on an on-going basis, to create awareness about the new management techniques and functional aspects of the knitwear industry for various levels and keep track of changes at international scenario.

(3) Liaise with the government/non-government financial and service institutions for financial and technical support to the industry, convey its development to the policy-makers, arrange free and frank discussions with policy-makers and interact with support industries.

(4) Take up with the government, the formation/adoption of a technical training institute for knitwear industry.

(5) Assist the exporters in solving problems arising in their day to day business activities and to safeguard the interest of exporters by making timely and proper representations.

3.6 TEXTILE RESEARCH ASSOCIATION (TRAs)

Ministry of Textiles has been providing financial support to the Textile Research Associations engaged in the work of research and development.

There are eight TRAs engaged in the work of research and development:

1. Ahmedabad Textile Industry’s Research Association (ATIRA)
2. Bombay Textile Research Association (BTRA)
3. South India Textile Research Association (SITRA)
4. Northern India Textile Research Association (NITRA)

5. Man-Made Textiles Research Association (MANTRA)

6. Synthetic and Art Silk Mills Research Association (SASMIRA)

7. Indian Jute Industries Research Association (JIIRA)

8. Wool Research Association (WRA)

Ministry of Textiles support up to a maximum of 75% of the project cost and to ensure the stakeholders commitment, the balance 25% have to be arranged by the Implementing Agencies. Further in order to ensure sustainability and commercial viability of the research efforts, and to encourage creation of IPRs/patents, the Industry partner/partners who have contributed 25% of the Project cost, has been given some special rights such as exclusive use of the technology/process/products developed through the research for a fixed period; and/or use of the technology/process/products developed at a special discounted rate. As per the guidelines formulated under the R&D Scheme, all research projects are initially submitted in the office of Textile Commissioner. To examine the research projects, two tier mechanisms have been provided. All projects have to be technically and financially evaluated initially by the Project Appraisal & Monitoring Committee (PAMC) and then approved by the Project Approval Committee (PAC).
The total allocation for the 11th Five Year Plan has been enhanced from Rs. 10 crore to Rs. 35 crore. The budget allocation for the year 2011-12 for the research projects is Rs. 9 crores. The future approach and the recommended areas of research are as follows:-

1. Replacing the outdated pilot plant and R & D machinery with modern plants and machinery.

2. Installation of latest process control equipment’s, are vibration analyzer, calibration systems for mechanical parameters, tachometer, tension meter

3. Strengthening by the way of providing analytical instruments, viz., Electron microscope, spectrophotometer, Online effluent monitoring system etc.,

4. Maintaining a Resource Bank for developing data base on the latest trends in technology, machinery and management practices in spinning, weaving, knitting and processing sectors. The information about the standard machinery, technology, process etc., which are bench marked and accepted internationally, should be disseminated through this bank.

5. Research should be on specific areas of national priority like processing sector, reduction of carbon foot print, eco-friendly projects, renewable resources and Generic Research
6. Decentralized sector (power loom, handloom, khadi and processing sector).

7. Focus on Applied and Basic Research

8. Application of Information Technology

9. Production and development of technical textiles particularly Geo textiles, Nano-technology and adoption of latest technology.

(Data Source: TUF Section, Updated on 28-08-2012)

3.7 TIRUPUR CLUSTER:

Tirupur was an obscure town once now it has been placed in the knitwear map of global apart from catering to the whole India. The success story of Tirupur can be mainly attributed to the entrepreneurial skills of the people coupled with hard work and commitment to the job. Within two decades, the knitwear exports from Tirupur has grown up by leaps and bounds, from less than Rs.10 crores in 1984 to Rs.11,000 crores in 2006-07. By noting the growth trend, Tirupur had set an export target of US $ 4 billion by 2010. But in reality, target was not able to met due to various adverse factors internationally and also domestically.

Due to appreciation of Rupee against dollar in 2007-08, first time in the history of Tirupur, exports declined by 10% and registered only Rs.9,950/-Crores. In 2008-09, the global recession had compressed the export demand and exports registered was Rs. 11,250 Crores. In 2009-10, a meager growth in
export was observed and recorded Rs.11, 500Crores. In 2010-11, the exports reached Rs.12, 500Crores and the growth was observed in terms of value not in terms of quantity. The value had increased due to increase in garment prices further to rise in cotton yarn prices since it was a global phenomenon but the buyers had accepted to increase the prices by 8% to 10%.

Due to recession in EU and US markets, in 2011-12, there was a flat growth and achieved the previous year turnover of Rs.12,500 crores and this turnover was also achieved due to increase in the value terms and not in terms of quantity. In the last financial year 2012-13, Tirupur achieved Rs.13, 000crores.

3.7.1 CHRONOLOGICAL GROWTH OF TIRUPUR

The first knitwear unit in Tirupur was set up in 1925 and the growth of the industry was slow till late 1930s. A series of strikes in late 1930s in knitting factories in the neighboring towns of Salem and Madurai resulted in the opening of new firms in Tirupur. Subsequently, it emerged as the prominent centre for knitwear in South India by 1940s. In 1942, 34 units were engaged in the production of knitwear all these units were composite mills and the production was carried out in the same unit (sic). There are also references to some units performing specific tasks / operations like bleaching and dyeing, located in the larger units. By 1961, the number of units increased to 230 and till early 1970s, the industry catered only to the domestic market. These units were mostly composite mills without having any subcontracting
system of production. In 1980s, the export market began to expand and thereafter. Tirupur has been emerged as the largest exporter of cotton knitwear from the country, accounting for roughly 80 percent of the total cotton knitwear exporters.

3.7.2 COMMENCEMENT OF EXPORTS

Tirupur’s direct exports started with Italy. Mr. Verona, a garment importer from Italy came to Tirupur in 1978 through Mumbai exporters to buy white T-shirts. At that period, a lot of job workers were manufacturing garments for merchant exporters. After realizing the existence of export potential, Mr. Verona came to Tirupur again in the following year and he only brought European business to Tirupur. On seeing the quality, others also followed the suit. In 1981, European Retail chain C&A came and gradually, other stores also approached the exporters for supplying of garments. A handful of manufacturers exported garments worth Rs.15 crore in 1985. The next couple of year was a windfall for Tirupur as exports touched Rs.300 crore in 1990.

3.7.3 CAPACITY OF UNITS IN VARIOUS OPERATIONS

Tirupur is known for the cluster activity and mostly each stage of the garment making is normally carried out by outside job working units say, Knitting units, Dyeing & Bleaching Units, Fabric Printing, Garmenting, Embroidery, Compacting and Calendaring and other ancillary units. The
following table shows the number of units functioning to carry out the respective activities.

<table>
<thead>
<tr>
<th>Operations</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knitting Units</td>
<td>1500</td>
</tr>
<tr>
<td>Dyeing and Bleaching</td>
<td>700</td>
</tr>
<tr>
<td>Fabric Printing</td>
<td>500</td>
</tr>
<tr>
<td>Garment Making</td>
<td>2500</td>
</tr>
<tr>
<td>Embroidery</td>
<td>250</td>
</tr>
<tr>
<td>Other Ancillary Units</td>
<td>500</td>
</tr>
<tr>
<td>Compacting and Calendaring</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6250</strong></td>
</tr>
</tbody>
</table>

3.7.4 ROLE OF TEA IN DEVELOPMENT OF EXPORTS AND TIRUPUR

Dr. A. Sakthivel, became an executive member of Apparel Export-Promotion Council (AEPC) in 1984. Since then he has been taking full efforts for promoting exports out of Tirupur. He encouraged young entrepreneurs to enter into export business and for benefit of them, he has conducted a lot of workshops and seminars on business functional areas like Marketing, Finance and Policies etc.. He has been continuously in the helm of affairs and bringing many laurels to Tirupur single handedly.
Tirupur Exporters' Association popularly known as TEA was set up in the year 1990 under the leadership of Dr. A.Sakthivel. As on 8th July 2013, 897 knitwear exporters were registered as members.

In 1990, when TEA was formed Sakthivel had a vision for the knitwear industry - a billion $ exports in 1995, and achieved it by pursuing the goal with a missionary zeal, taking everything in his fold. His dream has been always to make Tirupur as a vibrant knitwear cluster under Global outsourcing for everything in knitwear.

Tirupur Exports from a meagre Rs.10 crores in 1985 to Rs.5000 crores in 2003, and Rs.12, 500Crores in 2010-11 is a performance that has no parallel anywhere in the world.

Dr.Sakthivel was the first south Indian to become the member in Apparel Export Promotion Council (AEPC) in 1984 and become the Chairman of AEPC in 1998 and for the second time in 2004. He has been now elected as Chairman of AEPC for a record third time and holding the position for the years 2012 and 2013.

He was the President of Federation of Indian Export Organisations (FIEO), New Delhi for the period 2009 - 2011.

His leadership has been the prime mover in this enviable and remarkable achievement. The continuous modernization with state of art
technology machinery and hard work coupled with ready to risk are the reason for the success of Tirupur.

The following table captures the year-wise export data from Tirupur.

### 3.1 YEAR-WISE EXPORT DATA

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity (Lakh Pieces)</th>
<th>Value (Rs) (Rs. in crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>104.2</td>
<td>9.69</td>
</tr>
<tr>
<td>1985</td>
<td>172.1</td>
<td>18.69</td>
</tr>
<tr>
<td>1986</td>
<td>288.7</td>
<td>37.48</td>
</tr>
<tr>
<td>1987</td>
<td>333.56</td>
<td>74.49</td>
</tr>
<tr>
<td>1988</td>
<td>459.06</td>
<td>104.24</td>
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<tr>
<td>1989</td>
<td>614.00</td>
<td>167.39</td>
</tr>
<tr>
<td>1990</td>
<td>888.73</td>
<td>289.85</td>
</tr>
<tr>
<td>1991</td>
<td>905.11</td>
<td>429.48</td>
</tr>
<tr>
<td>1992</td>
<td>1399.00</td>
<td>774.93</td>
</tr>
<tr>
<td>1993</td>
<td>1893.00</td>
<td>1162.43</td>
</tr>
<tr>
<td>1994</td>
<td>1964.00</td>
<td>1318.00</td>
</tr>
<tr>
<td>1995</td>
<td>2171.00</td>
<td>1591.83</td>
</tr>
<tr>
<td>1996</td>
<td>2574.00</td>
<td>1897.00</td>
</tr>
<tr>
<td>1997</td>
<td>2983.00</td>
<td>2255.00</td>
</tr>
<tr>
<td>1998</td>
<td>3461.00</td>
<td>2619.00</td>
</tr>
<tr>
<td>1999</td>
<td>3764.00</td>
<td>3067.00</td>
</tr>
<tr>
<td>2000</td>
<td>4243.00</td>
<td>3581.00</td>
</tr>
<tr>
<td>2001</td>
<td>3831.00</td>
<td>3528.00</td>
</tr>
<tr>
<td>2002</td>
<td>3580.00</td>
<td>3250.00</td>
</tr>
<tr>
<td>Year</td>
<td>Turnover 1</td>
<td>Turnover 2</td>
</tr>
<tr>
<td>-------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>2003</td>
<td>3812.00</td>
<td>3896.00</td>
</tr>
<tr>
<td>2004</td>
<td>4114.00</td>
<td>4468.75</td>
</tr>
<tr>
<td>2004-2005</td>
<td></td>
<td>6,500.00</td>
</tr>
<tr>
<td>2005-2006</td>
<td></td>
<td>8,500.00</td>
</tr>
<tr>
<td>2006-2007</td>
<td></td>
<td>11,000.00</td>
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<tr>
<td>2007-2008</td>
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<td>9,950.00</td>
</tr>
<tr>
<td>2008-2009</td>
<td></td>
<td>11,250.00</td>
</tr>
<tr>
<td>2009-2010</td>
<td></td>
<td>11,500.00</td>
</tr>
<tr>
<td>2010-2011*</td>
<td></td>
<td>12,500.00</td>
</tr>
<tr>
<td>2011-2012*</td>
<td></td>
<td>12,500.00</td>
</tr>
<tr>
<td>2012-2013</td>
<td></td>
<td>13,000.00</td>
</tr>
<tr>
<td>2013-2014 (April-June)</td>
<td></td>
<td>4,150.00</td>
</tr>
</tbody>
</table>

* The increase in turnover is due to price increase and quantity wise it is on the decrease side.

As far as the export is concerned, all leading brands Nike, Cutter & Buck, Tommy Hilfigur, Point Zero, Fruit of Looms, Adidas, GAP, Katzenberg, Van Hussain, Fila, Arrow, TESCO, Oliver, Inditex (Zara), etc., and leading chain stores like C8A, WalMart, Target, Primark, Sears and Mothers Care, H&M, Decathlon, Carrefour, Lindex, Hanes Brand, Polo, Ralph Lauren, NEXT, Kiabi, Columbia Sportswear, Bhs, Wal-Mart, Aldi stores, Guess Jeans & Spring Field are sourcing from Tirupur.
3.8 THE ACHIEVEMENTS OF TEA

Dr. A.Sakthivel visualized the directions and dimensions of growth of knitwear sector sufficiently in advance, conceived, planned and executed massive projects to sustain the growth and retain the dominance in knitwear exports. The projects completed are given below:

3.9 TIRUPUR EXPORT KNITWEAR INDUSTRIAL COMPLEX (TEKIC)

An exclusive industrial complex for manufacture of knitwear for export, namely, Tirupur Export Knitwear Industrial Complex, about 8 kms from Tirupur, in a sprawling 100 acres site to relieve congestion within the city and facilitate expansion of production capacities. This is the first Industrial Complex promoted by private enterprise, consisting 189 industrial sheds with full-fledged infrastructure facilities such as power, water, roads, rainwater drainage, sewerage, security, post and telecommunication. The investment in this complex has crossed Rs.300 crores and value of production is estimated at Rs.800 Crores per annum.

3.10 INLAND CONTAINER DEPOT (ICD)

TEA LEMUIR Container Terminals Private Limited, about 10 Kms. from Tirupur arranges for loading and unloading of export and import cargo in Tirupur itself. Exporters in Tirupur are now completing the customs
formalities in Tirupur itself and sending the goods in containers directly for shipment through all southern ports and Mumbai.

3.11 TEA PUBLIC SCHOOL

TEA Public School is situated in lush green location, the school has all facilities of a modern educational institution and imparting education of very high standards to students irrespective of caste, creed or religion upto 12th Standard. In 2012-13, Central Board of Secondary Education (CBSC) stream has also been commenced in TEA Public School.

3.12 TEAKTEX

This processing and production complex is located in Kanjikode near Palakkad. A most modern process house is functioning for enhancing the quality of processing of knitwear cloth and garments to international standards. A few knitwear production units are also working in the complex. This is a joint venture project of Government of Kerala and knitwear exporters in Tirupur.

3.13 NEW TIRUPUR AREA DEVELOPMENT CORPORATION LIMITED (NTADCL)

A Public Limited Company promoted by TEA jointly with the Government of Tamil Nadu, Government of India and Infrastructure Leasing and Financial Services Limited (IL&FS), Mumbai to supply water from Cauvery River-about 55 kms from Tirupur for industrial and domestic use not
only by the people of Tirupur but also those in more than 30 villages, route
the pipeline. The massive project was executed with the cost of
Rs.1,150Crores, also envisages underground sewerage system for Tirupur,
collection, treatment and disposal of sewerage and solid waste.

TEA teamed up with the Dyers Association of Tirupur, collected
Rs.10.00 crores towards equity contribution of the industry and handed it over
to the Hon'ble Chief Minister of Tamil Nadu on the inauguration of project
work on 20\textsuperscript{th} June 2003 at Tirupur. This project, an outstanding example of
Public Private Partnership of massive scale, funded by leading international
financial institutions like US AID, is the first of its kind in the whole of Asia.
Water project is already completed where Industries and people from wayside
villages and Tirupur are happy because the long felt need is fulfilled. Our
Hon'ble Prime Minister had applauded this achievement in various forums.

3.14 NIFT-TEA KNITWEAR FASHION INSTITUTE

An institution to cater to the manpower needs of knitwear industry and
export business in all areas of designing, manufacturing, marketing and
administration. Promoted at an investment of Rs.2.5 crores with support from
the Government of India (Ministry of Industry) and ICICI, the institute has
state-of-art machinery and equipment, including CAD and offered testing,
training and designing services to the industry. The Bachelor Degree
programs offered are Apparel Fashion Design, Fashion Apparel Management,
Garment Production and Chemical Processing, Apparel Manufacturing and
Merchandising. The Institute also offers Master Degree in Apparel Business and Apparel Production. The college is now affiliated to Bharathiar University, Coimbatore.

### 3.15 INDIA KNIT FAIR (IKF)

To attract buyers from all parts of the world to the citadel of knitwear industry, TEA and AEPC constructed a Trade Fair Complex of international standards in a place about 12 kms from Tirupur, providing easy and fast access from Coimbatore airport to buyers visiting the Fair. So far, 35 knitwear fairs have been conducted in Tirupur. The substantial increase in export of autumn / winter wear from Tirupur is on account of these fairs. Now India Knit Fairs-both summer and autumn / winter - are well known globally any buyers from world over look forward to these fairs with lot of interest.

A Convention Centre was constructed in the IKF Complex for conducting programs, meetings etc. and unveiled in May 2007.

### 3.16 NETAJI APPAREL PARK

Once again, Sakthivel visualized that Tirupur should have world-class production facilities to face the competition and challenges emerging in the post quote-free regime. As a creator of par excellence, he conceived a huge project to build knitwear manufacturing facilities superior to those existing in developed and competing countries. The foundation stone was laid in July 2003 and work commenced in September 2003. The Park, first of its kind in
India has come up in a 166 acres site in a strategic location in NH47. The Park includes 52 knitwear units, with a total built-up area of about 2.0 million sq.ft.

The Park was opened by Shri.P.Chidambaram, Hon'ble Minister of Finance and presided over by Shri.ShankarSinhVaghela, Hon'ble Minister of Textiles, Government of India, New Delhi on 10.01.2005 at New Tirupur, the new name for the park site.

With state-of-art machinery and world class infrastructure created with an investment of Rs.300 Crores the park provide direct employment to more than 15,000 persons. The park contribution for knitwear export turnover of Tirupur is about Rs.1500 Crores per annum.

A working women's hostel, with an accommodation of 1000 inmates was constructed in NAP by Tamil Nadu water investment company limited under IIUS scheme.

3.17 TEA-St. JOHN LOGISTICS PVT.LTD.,

TEA and St. John Freight Systems Ltd., have formed a Joint Venture Company in India of 50:50 ratio, in the name of TEA - St. JOHN LOGISTICS PRIVATE LIMITED and it was registered on 16th February, 2006. The new JV Company having registered office in Tirupur and Administrative Office in Tuticorin would float a subsidiary company in Antwerp, Belgium shortly for warehousing and distribution of garments in
Europe. The JV Company will give one stop solution for end-to-end service with focus on Supply Chain for garment distribution at Antwerp, Belgium.

TEA - St. John JVC will employ sales team in Antwerp. The JVC has committed to provide seamless supply chain solutions in Europe for Tirupur sellers and European buyers. This joint venture company is also planning to act as a trading house with exceptional logistics back-up advantages, which will add tremendous value to relationships with existing buyers and also help to forge new partnerships.

In future, the JVC plans to have own retail shops / showroom in major cities in Europe and own warehouse in Antwerp. Further to success of this venture, similar joint venture subsidiary company could be started in UK and USA also.

3.18 TEA E-READINESS CENTRE

Tirupur Exporters' Association entered into a Memorandum of Understanding with Microsoft Corporation (India) Pvt Ltd., to set up e-readiness centers, which offer e-readiness programme, e-learning modules and enhance solution delivery capability for local system integrators, resellers and independent solution vendors.

Microsoft will also develop a Tirupur Cluster Portal, which will have a public interface and a certain person accessible to SME community in Tirupur. Microsoft will help and provide online platform to facilitate
collaborative exchange for addressing issues like regulatory compliances, environmental issues quality and certification procedures, Project Management and Textile design development.

3.19 QUALITY ISSUES IN GARMENT EXPORTS

The perceived quality of a garment is the result of a number of aspects, which together help achieve the desired level of satisfaction for the customer. Quality has to be also defined in terms of a particular cost framework. The international quality requirements are expressed in many ways, especially through the kinds of quality programmes initiated by importing companies like J.C. Penny, Liz Claiborne, and Tommy Hilfiger. Apart from this, the national bodies’ quality certificates and international quality programmes like ISO 9000 series, lay down the broad quality parameters.

In the apparel industry, fashion dictates the market place, and there are a multitude of variables in terms of raw materials, manufacturing processes, systems and techniques. In this case, monitoring and controlling of quality assumes considerable significance. The textile industry constituents which produce the raw material of fashion, namely fabrics, consider product quality from the point of view of fibre, yarns, fabric construction, colour fastness, surface designs and finishing properties, etc. Quality control in the garment industry extends from the pre-fabric stage to the finished garments.

Quality expectations depend on the type of customer segments and retail outlets. In the case of Indian exports, the quality aspects are determined
and communicated by the buyers directly to the exporters. Nimkar (1992) listed the following fabric properties relevant to garment manufacturing: (a) overall appearance, (b) feel and fall properties, (c) correct construction, (d) physical properties, (e) colour fastness properties and (f) special finish properties and presentation. Many of the problems of quality in garment exports relate to product performance, features, reliability, conformance, durability, serviceability, aesthetics and fabric related aspects. Some of the other major problems faced in the fabrics for garments are explored here, especially with reference to Cotton and silk fabrics (Amersey, 1989; Koshy, 1989).

The cotton fabrics generally made use of by the garment exporters are woven checks and stripes, including Madras-checks, sheeting, cambric, poplin, voil, chambray, chintz finished cotton fabrics, twill, jacquard prints, printed poplins, mat/basket weave fabrics and seer sucker. The list is not exhaustive. The garment exporters source fabrics depending on the specific requirement, from the mill, powerloom, and handloom sectors. Each sector poses different problems to the garment exporters. In the case of cotton fabrics for garments, powerlooms are the single largest source owing to the availability of varied designs and cost-effectiveness. The presence of kitties (small cotton seeds and particles) and 'pattas' in the fabrics are constant problems in the case of powerloom fabrics. Broken ends and reed marks, thick and thin places, width variations and heavy price fluctuations' are
common problems in powerloom cotton sourcing. In the case of mill-made cotton, fabrics have to be ordered well in advance and the long lead-time proves difficult for garment exporters.

Owing to the heavy price fluctuation in yarns and dyes, the fabric prices change considerably, upsetting the exporters' plans. The major problem in mill-made fabric sourcing is the need for substantially large orders. This may not be possible for small exporters. The mills are reluctant to undertake small orders and the strike out of matching the fabric and colour is a frustrating exercise for the exporter. The problems in sourcing handloom cotton are all too well known to require detailed mention. Colour variation, missing ends and picks, pattas, irregular weaves and unreliable supplies make sourcing a difficult proposition. However, for heavier fabrics and coarser counts, handloom fabric is an important source.

One critical problem faced by a number of silk garment exporters is the delay in shipments due to non-availability of imported silk yarns in time and in the required quantities. Another problem is the roll length of the fabrics, as the required lengths are very difficult to come by. There are a lot of dyeing problems as well, and the colour fastness of the dyed fabrics is inadequate. In silk fabrics, problems of warp breakage and fabric damage are quite prevalent. Silk is very much prone to stains, and during stocking and garment-making there are often rejections due to stains.
3.20 FUNCTIONAL QUALITY ASPECTS OF GARMENTS

Certain important functional quality problems affecting garment performance are listed below to facilitate understanding of the different variables of quality.

1. Sewing defects
   - Open seams
   - Weak seams
   - Raw edges
   - Puckering
   - Wavy, crooked, irregular or uneven stitching
   - Incorrect stitch type
   - Skipped stitches
   - Different shades of thread used on the same garment
   - Wrong thread tension
   - Problems resulting from wrong threads etc.

2. Sizing defects
   - Garment measurement out of tolerance
   - Incorrect grading
   - Some parts of the body not matching the size of other parts.

3. Colour defects
   - Colours do not match approved samples
- Wrong colour threads or component parts like snaps, zippers and buttons
- Mismatched dye lots within a hem or between pieces or panels composing a set.

4. Garment defects

- Fabric colours mismatched
- Defective snaps
- Defective zippers
- Exposed zipper tape
- Raw edges
- Loose buttons
- Defective button holes
- Pressing defects
- Misaligned parts
- Missing parts
- Uneven hem
- Improper trimming

3.21 QUALITY AS A MULTI-DIMENSIONAL CONSTRUCT

The various intrinsic and extrinsic aspects of quality, which help in building competitive advantage, can be dealt by examining the different aspects of quality as a multi-dimensional construct, drawing from the
framework developed by Fawsi (1992). These are discussed under sub-themes to facilitate understanding of different dimensions of quality.

I. **Quality of design**

1. Not to the requirements
2. Too expensive
3. Difficult to produce
4. Serviceability
5. Not thoroughly tested
6. Requirements not well specified
7. Materials availability
8. Choice and suitability of materials
9. Safety
10. Influence on the environment in production, in use and after use

II. **Quality of production**

1. Quality of labour and machinery
2. Incoming inspection
3. Inprocess quality control
4. Systems and practices
5. Final inspection

III. **Quality of purchasing function**

1. Suppliers reliability and standards’
2. Materials used by suppliers
3. Cost of materials

4. Quantity and assortment

5. Stocks held by suppliers
   a) Delivery time
   b) Adherence to specifications
   c) Material planning and administration
   d) Non-conforming materials
   e) Suppliers' adherence to environmental and other standards

**IV. Quality of production: In-process control**

1. Quality control systems
2. Supervisors and inspectors
3. Instructions and manual
4. Control charts
5. Organisation
6. Machinery and equipment
7. Training
8. Motivation
9. Quality research
10. Quality documentation and variance analysis

**V. Quality of production: Final inspection**

1. Sampling
2. Acceptable quality limits
3. Treatment of rejected products
4. Reworking and alterations
5. Documentation
6. Lighting and other standards

VI. Quality of sales

1. Pricing of the products
2. Delivery times and outbound logistics
3. Packing and packaging
4. Reliable supply systems
5. Customer relations
6. Information on products
7. Style sheets and commercial information
8. Instructions for use and wash-care labels
9. Guarantees and warranties

VII. Quality of marketing

1. International marketing research
2. Understanding of channels
3. Level of quality awareness and competitor values
4. Ability to deliver differentiation
5. Competent sales negotiations
6. Consistent performance
3.22. STRATEGIES FOR COMPETITIVE ADVANTAGE

The countdown to the complete phasing-out of export quotas has brought to sharp focus the weaknesses of Indian garment export industry as well as the exciting opportunities to carve out an ambitious but achievable 10 per cent share in the global clothing imports by the year 2010. Of course, with the withering away of MFA quotas, the garment exporting countries would be competing intensely with each other, for market share and dominance. In view of such far reaching developments enveloping the garment export industry, an attempt has been made through this book, based on research findings, to assess competitiveness of Indian garment exports and to reveal sources of competitive advantage. Using the various sources of competitive advantage, the garment exporters have to formulate winning strategies for growth and profitability. Winning strategies emanate from a combination of 'qualifying' and 'order winning' advantages, as explained later. The garment export effectiveness has to be increased in terms of presence in better retail channels and price realisation, improved country of origin image and product market portfolio. This should lead to market share growth and profitability. Winning is all about effectiveness. Winning strategies in this case, should lead to the achievement of ten per cent share in global imports of clothing, by 2010.

'Differentiation' is one of the 'generic strategies' for competitive advantage. This is precisely what is missing. While 'production function' is rightly indicated as a major value element for 'basic garment sourcing', the heavy dependence on 'merchant exporters' in India and the fact that the units
are working with Outdated technology and insufficient capacity indicate the inability to be an effective 'basic garment' supplier in substantial quantities. The high price competition also points to the difficulty in moving further in this direction. 'Own manufacturing facility' with economies of scale is indicated apart from skill level of the workers and productivity for success in basic garment exports. In fashion garments also, 'modern technology' and 'manufacturing facility' are highlighted, in addition to the capability in design and product development, coupled with product specialisation. Here also, India does not seem to have developed a package for competitive advantage. The perceptible differences in the value chain elements of basic and fashion garment underline the need for 'repositioning' in this regard. The unrealistic assessment of the garment exporters and the 'rest-of-the-garment exporters' failure to reach the performance level of the top-100 garment exporters establishes the need for competitive advantage as well as strategy for distinctive positioning based on either basic or fashion garments export capabilities. Being 'stuck in the middle' without developing competitive advantage specific to the type and characteristics of the product and market is poor strategy. The 'competitive advantage' specific to 'fashion garments' or 'basic garments' as the case may be, has to be highlighted in order to develop an 'order winning' strategy.

3.22.1 Competitive positioning.

As shown in Exhibit 10.5, the Indian garment exports have to be repositioned on the above lines, emphasising the 'inherent capabilities' and
'competences' like 'design-speed-flexibility-service' by upgrading and expanding the factor advantages to derive long-term competitive advantage. 'Design-flexibility-speed-service' have to be used as the 'order-winning' aspects in the strategy while fabric, quality, cost, delivery act as qualifying criteria, which have to be also brought to an acceptable level.

India being a developing country, cannot escape the stage of its development and the problems which are inherently linked to this aspect. For example, in the last few years in India, there has been substantial investment in spinning capacity and technology. However, the weaving sector is yet to progress in the same way and the proliferation of power looms makes it all the more difficult to achieve consistent levels of technological infusion in the weaving sector.

The processing sector, including finishing technology have also been lagging behind in the same way. In other words, the entire textile complex has to undergo the process of technological advancement even for the garment industry to succeed. As labour intensive industries are more suitable to a low labour cost situation, automation which will replace human labour has to come much later, whereas technology which enhances the quality dimensions of the garment is absolutely essential. The generic strategy, therefore, suitable for India is creating value for buyers that exceeds the cost of doing so. Competitive advantage describes the way a firm can choose and implement a
3.1 New paradigm

generic strategy to achieve and sustain competitive advantage. As the research has carefully identified the sources of possible competitive advantage for India, the competitive strategy to be formulated may take these aspects into consideration and build the necessary elements which may provide a favourable competitive position which is profitable and sustainable. The competitive positioning is an element which forms part of the strategy towards building sustainable competitive advantage.

Positioning is the corner stone of marketing strategy formulation. 'Competitive positioning' has to necessarily take into consideration the strategic strengths, weaknesses, opportunities and threats facing India and its main competing supplier country, China. While several countries are racing for market share and dominance, it is clear that China is the dominant force in most of the destination markets with considerably higher market share and
impressive export growth. The main comparison among the overseas buyers' is between India and China. Of late, in the case of exports to West European countries, Turkey and Tunisia are major "suppliers. While identifying China as the largest supplier country in this research it would have inhibited the respondents from expressing opinions about the specific country, it is quite clear from the empirical analysis that China is the major competitor to India. The positioning, as shown in Exhibit 10.5, therefore, assumes a competitive positioning vis-a-vis China by making up the lacunae in 'delivery', 'fabric and product quality' to move towards building competitive advantage using 'service', 'speed', 'turn-around -time', 'flexibility' and 'designs/creative ability'.

3.22.2 Communication of fibre to fashion approach.

It is necessary to highlight the success stories of Indian garment exporters in the destination markets through a well-coordinated publicity and advertising campaign. Owing to poor communication in general about the impressive strides India is making in textile and clothing, there is hardly any appreciation for India's higher potential and value especially at international forums where garment leaders meet. There is no documented research, on Indian garment companies to look up to, for reassurance in the overseas importing community, especially considering the small scale nature of the industry. The new strategy for competitive advantage should communicate the changed image, through pictures of manufacturing facilities, successful designs from India, modern textile factories and processing houses, etc., without which
the image of the 1970s and 1980s might persist. The idea shall be to market the power house of the textile complex in India from fibre to fashion. Launching of an advertising campaign projecting 20 to 25 top garment exporters, their factories and strategies could help in bringing about substantial perceptual change in target markets, if persisted over a period of time. In the same communication campaign, the potential of the domestic market can also be highlighted for driving home the message of twin advantages: a competitive country to source from and a large domestic market to expand then-brand reach.

3.22.3 Development of powerloom fabric sector.

The Indian garment export industry's extreme dependence on the powerloom sector is likely to continue in the absence of a viable alternative. The powerloom sector is seen as cost effective mainly because of absence of duties and other financial obligations of the organised mill sector. On the one hand, if the structure and modus of the powerloom sector is drastically changed, the competitiveness of the garment sector may suffer. On the other hand, without effecting a radical change in the quality level of the powerloom sector, there cannot be substantial improvement in garment exports. Quality from the point of view of yarn, cone-dyeing, printing etc. needs to be considerably improved through appropriate financing schemes for the powerloom sector as well as by establishing common facilities. Today, because of the dependence of the powerloom on non-banking channels for
finance and in the absence of proper dyeing facilities, there are many problems in the consistency and acceptability of fabric quality. The price is also highly inflated because of the interest burden and high rejection rates of fabrics. Development and modernisation of the powerloom sector forms a pre-condition for the success of the garment export efforts. In the long-term, the powerlooms need to be organised as modern loom clusters with a centralised hub of various support facilities in a mono-product zone format.

3.22.4 Apparel fabrics from organised mill sector.

The fabric requirements of the garment export sector have been mainly met from the powerloom fabric sector. However, the advantages of powerloom fabric production mainly emanate from the lack of financial obligations, as faced by the organised mill sector. With the limited fabric range produced by the powerloom sector and the inherent quality problems, the garment sector cannot improve its performance either in terms of unit value realisation or in terms of diversification of products. The author had recommended during the 1989 Gartex National Seminar, that the mill sector should be made to work in tandem with the garment export sector, thus orchestrating a 'partnership' approach in value added marketing. A comprehensive approach needs to be formulated, incorporating the organised mill sector into the overall garment export strategy so that Upgradation in quality, higher unit value realisation and product diversification could be accelerated by 2020.
3.22.5 Modernisation of garment export industry and backward integration.

There is no doubt that modernisation of the garment manufacturing units, powerloom fabric producers and fabric processors are critical for the quantum jump of the garment sector, in terms of quality and growth. Fabric processing, finishing, washes, lamination, coatings etc. have become essential in the whole value chain of garment manufacturing and marketing. However, the thrust area is are better needles, machinery and special purpose machines as well as improving production systems and practices to enhance functional quality and productivity. The specific areas of backward integration would envisage for knit fabrics, compacting, washing, and printing equipment. In the case of woven garments, dyeing facilities washing plants, fabric brushing, coating facilities etc. need to be considered as part of backward integration.

The remarkable benefits of vertical integration in the knitwear sector need not be over emphasised. In the case of the woven garment sector, the integration needs to be mainly with fabric processing, finishing and such other value adding activities.

3.22.6 Infrastructure.

The infrastructure of many of the garment clusters leaves much to be desired. For instance, Okhla Industrial Estate in New Delhi, which has a high concentration of garment units in Delhi has very poor infrastructure of roads and electric supply. Similar problems exist in a number of places. One good example to emulate is that of the label Ali Export Processing Zone in Dubai,
which has one of the best port facilities in the world for its excellent export infrastructure. From India, garments have to be often airlifted because of delays which are associated with infrastructure. This leads to high incidence of costs and erosion of profitability, through delays. As the garment manufacturing centres in India have acquired, a certain level of specialisation, it is desirable to develop infrastructure in each of the production centres related to the specialisation of the production centres. For instance, in Delhi, fashion garments, and of late, men's suits are important. The infrastructure developed needs to necessarily reflect the product concentration. Bangalore, for instance, has high concentration of outerwear. Madras has high concentration of men's shirts. Infrastructure development from the point of view of specialisation of each area will give a fillip in promoting each city in the international market place accordingly. Such focus brings rich dividends. India needs to bring a sharper focus on infrastructure. The road-to-rail, road-to-port, sea-air route linkages and logistics support have to drastically improve if the garment business has to acquire a prime position.

3.22.7 Export promotion.

The export promotion of the apparel sector in the hands of the AEPC has been mainly focusing on quota, administration, buyer-seller meets and India Garment Fair. Such export promotion has limited scope in influencing fashion cues. A new approach has to be formulated. The fairs should have both 'fabrics for garments' and 'garment stalls' under the same roof, as
marketing of garments is inextricably linked to fabrics from India. Product based garment fairs need to be organised, for example, 'sportswear in Bangalore' or 'men's wear in Madras' and 'women's wear in Delhi or Bombay'. In such fairs, manufacturers of relevant fabrics shall also be given stalls. It has to be emphasised that India's main strength is the availability of fabrics within India and the abundance of inexpensive labour. Both these essential aspects' have to be combined to make a comprehensive marketing effort. With only imported fabrics, India will become a CM (cut-make) country, depending entirely upon productivity and in the process diminishing the "f.o.b. package programme approach". Combined groups of 'fabric manufacturers and garment exporters' have to together make presentations to select overseas buyers for bringing sharp focus to India's capabilities.

3.22.8 Design and brand marketing.

From the late 1980s onwards, NIFT has been training the fashion designers. The contribution of the designers trained at the different fashion institutes, in the export sector is still very marginal. Even taking the top-20 designers in the country into account, it is reckoned that their total domestic and export turnover would not be very significant. However, the electronic and media coverage received by the designers both at the national and international level are enormous and if it is converted in to rupee value, it will probably exceed a few hundred crores. The time has to convert this designer-equity to an economic multiplier. Garment exporters and domestic marketers
can help in making efforts in this direction. In addition, the garment exporters promoting their own brands from India have to intensify their brand building strategies, with the help of design-marketing.

3.22.9 Environmental challenge for garment exporters.

Exporters in developing countries including India, are increasingly finding themselves faced with barriers formed by various environmental conditions and regulations. The pioneering role in this regard has been taken by countries in the European Union (EU), especially Germany and the Netherlands. The German ban on azo-dyes became effective on April 1, 1996. Following the German ordinances, which prohibits the use of azo-dyes, the Netherlands government have initiated ban on the import, trade and use of specialised azo-dyes in clothing, footwear and bed linen. It is necessary for the Indian garment industry to formulate a comprehensive long-term approach to the environmental barriers by identifying the environmental aspects for select product groups while forming necessary infrastructure for testing and for disseminating information.

3.22.10 Programme management approach.

The success of the proposed strategy for competitive advantage will depend upon a "Programme Management Approach for the Sector". This means the synthesis of subsystems under a common programme, which will accept a long-term plan and move all the building blocks in one direction for achieving the 'Programme Management Objectives'. This would, mean that the subsystems of fabric, processing, trim, embellishment, woven garment,
knitwear, jewellery and accessory sectors, freight and forwarding services. Export Promotion Councils, the government policy making bodies, Ministry of Textiles, Ministry of Commerce and all sub-systems which are identified for the purpose, accepting a common programme for the textile and clothing sector and then moving step by step towards this direction in the time span spelled out to become a major clothing exporter to the world. Competitive advantage can only be realised through a concerted approach, which then increases value through the links of the value chain to achieve the desired outcome for the buyers. When proximity in price is maintained with a higher value, the differentiation results in long-term sustainable competitive advantage and premium price. The 'common programme management' should lead in the long run to positioning of India as the 'creative marketer of quality apparel' focusing on quality, design, delivery and

3.22.11 Competitive Positioning:

To emerge, as "creative supplier of quality apparel" to the world in the garment export sector, there are two distinctive approaches: one approach is to offer sewing capacity, concentrated production capacity and sell space, so to say, in advance on CM or CMT basis to undertake garment conversion. Here the underlying approach is technology driven, cost competitive, and productivity and quality-oriented. The other approach is to offer pro-active fabric development, collections, range, design adaptation etc. for the buyers to interact and place orders which can be termed as FOB approach. This is a
design-marketing driven, fashion-oriented approach. There are very few supplying countries among newly industrialised countries or in the ASEAN region which can undertake elaborate pro-active design and product development support for the FOB approach.

3.2 Strategic Model for Achieving Competitive Positioning of Indian Garment Export Industry

With such clear distinction between CM and FOB based apparel manufacturing countries, the best opportunity for India seems to be positioning itself as already explained, in the stance of 'creative supplier of quality apparel' being design and product development driven while keeping the fundamentals of CM manufacturers' approach as far as costs and productivity are concerned. Turnaroundtime, flexibility and small order quantity producing capability are essential ingredients of this approach. Such approach has a higher chance of success for the Indian garment export industry. However, all the sub-systems in the textile complex, namely, fabric producers, processors and the garment manufacturers have to work in unison.
to achieve such a ‘global positioning’ for India. At the macro level, several garment exporters with the strategic intent of Gokaldas Exports and Gokaldas Images in Bangalore, ACC in Madras and Orient Craft and Shahi Exports in Delhi have come up making significant impact. Least 500 exporters of such kind come up, there is an opportunity for the Indian garment export industry to move towards achieving sustainable competitive advantage. The working pattern and production structure developed by Gokaldas Exports in Bangalore is an interesting case study. Gokaldas Exports with about 40 factories with highly integrated approach of having own dyeing facility, laundry, embroidery machines, manufacturing of zippers, labels, carton, chord and poly wadding machines etc. have given a workable model for the Indian industry to emulate and adapt to face the challenges of the future. Gokaldas Exports not only has the required capacity but also has developed a certain level of specialisation while retaining flexibility.

The group controls many inputs and value addition activities, considerably reducing lead time delays and bottlenecks. The buyers are provided with extensive design support enabling him to design, or develop colour palettes for the new designs. The company has become an example of design-driven and reliable garment marketer to the world. The product mix of this company has both basic and fashion garments though there has been an increasing accent on specialised outerwear and garments made of own fabric developments. The product development effort of the company is very
impressive especially with many captive fabric manufacturing units involved in product development and at least two garment factories being involved the whole of year producing sample garments.

This approach has enabled them to create unique competitive advantages not available to others. Moreover, given the volatile labour situation in India, a huge labour force under a single roof is a Damocles' sword. By having smaller units spread over a manageable geographical area in and around Bangalore, Gokaldas Exports have pre-empted this threat. In the case of Gokaldas Images in Bangalore while following broadly the working method of Gokaldas Exports setting up dedicated manufacturing facilities for brand manufacturers with or without collaborations. Moreover, both these companies have substantial integration with retail operations in the domestic market. For instance, Gokaldas Images has 'Weekender showrooms' for the young casual segment, 'Weekender Kids' for children's wear and 'Personality' for men's wear. Gokaldas Exports have 'The Wearhouse' and ACC Madras have the niche retail concept especially promoting washed garments called 'Colour Plus'. In times to come the possibility of garment exporters integrating activities both for export and domestic market synergistically will be very much part of a successful game plan. The key to winning, however, lies in fully utilizing the various methods of achieving competitive advantages in garment exports. The American Apparel Manufacturers Association (AAMA) have through specific studies, postulated
the new 'rules of the apparel sourcing', which are essential in their formulation of winning strategies:

1. 10 days product development cycle
2. 8 days manufacturing throughput time
3. 98% on time delivery
4. 98% complete deliveries
5. One week fabric inventories
6. Drastic reduction in support personnel
7. Delivery of floor-ready merchandise.

3.23 CONCLUSION

India poised to emerge as the largest clothing producer in terms of number of units produced in the world if both domestic and export sectors are taken into consideration. Liberalisation of the economy and the MFA phase-out have opened the doors for a giant leap by the industry. Both domestic and export markets offer enormous potential for growth in the coming years. In the exports front India has the potential to achieve 10 percent share in the world imports of garments. This potential has to be converted into realistic achievement. With cotton and synthetic fabrics increasing in their variety and availability, design-marketing and technology education, preparing hundreds of professionals dedicated to the fashion industry, imports of fabrics and brims becoming easier and modern production methods and systems gaining more acceptance, India has a definite edge over competitors. However, the
opportunity thus opening up cannot be made use of it, if the deficiencies in the value chain brought out through this study are not eliminated and competitive advantages developed in different elements of the value chain. As the industry moves from the era of small scale sector mentality and transforms itself into mass production-oriented industrial culture, there is likelihood of cascading upgradation effect in thousands of units across India, propelling large scale manufacturing and marketing meant for both export and domestic markets. In such a scenario, it will be a question of survival of the fittest. Those exporters and domestic manufacturers who move towards competitive advantage at a fast pace are bound to emerge successful. The supplier countries who are competing for export market share and growth can be left behind, if Indian garment exporters and fashion industry as a whole collectively formulate winning strategies for sustainable competitive advantage.