CHAPTER – V
SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 INTRODUCTION

The readymade garment industry in India owes its existence to the emergence of a highly profitable market for exports. In the recent years, however, domestic demand has also been growing rapidly. Exports of hosiery ready made garments account for a very large chunk of India's foreign exchange earnings. The changes in the life style since the onset of liberalization era, and given the base of the industry for international market, Indian garment industries have taken big strides. The entry of Indian and global fashion designers has stimulated the market further. With the rising tailoring cost and relatively low prices of standardized product (compared with neighboring countries) attract the lucrative European and American markets. In this chapter, an attempt has been made to recapitulate the key findings and conclusion of the present study. Based on these finding, a few suggestions have been offered.

The study was aimed at measuring the volume of profit generated by the exporters of readymade hosiery garments in the study area. For this purpose, a field survey method and personal interview technique were employed to collect first hand information form 400 sample respondents who are actively involved in export of readymade garments. The data collected were analyzed by using statistically tools like percentages, average, range, standard deviation, two-way table analysis, Chi-square test, multiple regression and factor analysis. Henry Garrett ranking method was also
employed to find out the prospects and problems encountered by the garment exporters in Tiruppur District.

5.2 FINDINGS

The following are the major findings.

1. The study reveals that the Indian garment market has achieved at Rupees 430 billion with men's wear accounting for 46%, while the share of women's and kids wear were pigged at 36% and 17% respectively. The smaller brands are, however, under pressure with the key 125 brands collectively growing by 35% to 40% and old brands have grown by 10% to 40%. The new brands have a potential growth at 30% to 100% on tailor made segments accounted for the demands of western wears.

2. It is learnt from the analysis that the readymade garment industries concentrates more on casual wears, women's dresses, men's and kids wear.

3. The study pinpoints that men are more brand conscious than women with brands.

4. Men's wear accounted for nearly 59% of the branded market and has grown at 20%.

5. World textiles and apparels trade forms 6% of the total world trade.

6. Improved market access following liberalization of textile regime provided to let the value of global clothing exports go up from $194 billion in 1997 to $350 billion in 2005. Together US and EU markets account for two third of world readymade garment imports.
7. India's readymade hosiery garment industry continuous to have a global share of 2.5%, despite its impressive progress in the recent years. However, it is the largest export segment making up for 6% of total exports and constitutes over 50% of the total textile exports.

8. The readymade hosiery garment exports reduced since 1999. This was due to a switching over of European countries' preference to Sri Lanka and Bangladesh. The European countries levied a 14% import duty on Indian exports whereas the Bangladeshi exporters were levied a duty of 4% only.

9. Bangladesh has taken over India's market in segments like shirts and is also getting into shorts and trousers in which India is strong. An additional quota of 8000 tons by the European countries has provided certain relief to the Indian exporters.

10. The readymade garments segment, accounting for more than half of the countries total textile exports, registered its growth in Dollar terms during the first half of 2000-01 valued at $2.74 billion. The increase was 7.8% in terms of volume and 9.7% in terms of value when compared to the same period in the preceding fiscal. With an increase of 12.6% in volume terms and 20.2% in value terms, the exports to countries governed by the quota system amounted to 470 million pieces valued at $1.94 billion. Nearly 70% exports of Indian garments totaling $5.2 billion in the recent period were under Multi-Fiber Agreement (MFA).
11. The garment industry suffered a setback after the imposition of 16% excise on branded ready wears. The branded market is however, doing better, in volume growth if not in financial terms.

12. It is found from the study that over 25% of the 5800 SME (small and medium sized enterprises) ready-made hosiery garment manufacturing units were closed down resulting in an estimated loss of Rupees 54 billion turnover.

13. The analysis reveals that the ready-made garment export progress showed a tremendous growth after the millennium period.

14. The product variation reveals that 60% share was occupied by cotton made fabric and 40% by blended fabrics. Among the shirts casual wear occupies 30% and formals with 15% of the share, whereas semi-formals contributed with 25% of share.

15. The analysis highlighted a steady growth rate from 1990-91 to 2006-07. The cotton garments showed 4.9% in 1991 and it slowly developed to 6.4% in 2006-07 with a sensitivity coefficient of 0.7%. Similarly, blended garments blended witnessed with 9.5% in the base year 1990-91 to 11% in 2006-07 with a sensitivity coefficient of 0.8%.

16. Age-wise analysis of the exporters reveals that the middle aged respondents have shown very good export performance and have achieved maximum volume of profit through exporting the ready-made garments. The Chi-square analysis also concluded that there is a close relationship
between age of the respondents and their volume of profit generated through export of readymade garments.

17. While analyzing the sex of the respondents it is noted that male respondents are performing better than the female respondents.

18. The educational qualification of the respondents and the profit generated by them was analyzed by stratifying them into four different classes. It is pinpointed from the analysis that the maximum volume of profit earned through export of readymade garments was among the respondents having school level education.

19. It is identified from the study that the unmarried respondents have achieved the maximum level of satisfaction than the married category of respondents.

20. The respondent’s Income wise analysis shows that the maximum volume of profit was earned among the respondents of high income group than the medium and low income category of respondents. The Chi-square analysis also proves that there is a close relationship between respondents' income earning capacity and volume of profit generated in operating the export oriented readymade garment unit.

21. The type of export order dealt with readymade hosiery garment entrepreneurs was studied and it was learnt that the maximum volume of profit was achieved by the export orders placed directly from the foreign,
buyer, when compared with export orders placed by foreign agents and NRI friends and relatives.

22. It is found from the analysis that the respondents doing export orient job orders have earned maximum profit. The Chi-square analysis also reveals that there is a close relationship between type of sale order and the volume of profit earned by them.

23. The period of establishing the readymade garment units and their volume of profit earned was studied. It was learnt that the maximum volume of profit was generated by the respondents who are operating the business from 5 to 10 years period. The Chi-square analysis also shows that the results are significant at 1% level and inferred that there is close relationship between period of establishing the export unit and the volume of profit earned.

24. It is quite interesting to learn that the maximum level of profit was achieved by the respondents contributing maximum business turnover. The Chi-square results showed that it is significant at 1% level and concludes that there is a close relation between volume of business turnover and volume of profit earned by the respondents.

25. The multiple regression analysis shows that out of nine variables seven variables are influencing the dependent variable. They are age of the respondents, education, income and type of export orders, type of sale order, and period of establishment and volume of export turnover. The
multiple linear regression component is found statistically a good fit as $R^2$ value is 0.848. It shows that seven independent variables contribute about

26. The factor analysis reveals that out of the ten selected variables viz., well furnished building, adequate water facilities, continuous supply of electricity, communication facilities, star hotel facilities, apparel parks, humidity, waste disposal facilities and consultancy services. Only two factors were selected namely a well furnished building and adequate water facilities.

27. It is divulged from the analysis that 37.5% of the respondents gained the knowledge on readymade hosiery garment export through their friends and 34.5% of them learnt through their peers in their peer's in the export business.

28. It is noted from the analysis that majority of the respondents have not undergone any formal readymade garment manufacturing or costume design course.

29. The problems faced by the exporter with regard to production was studied by selecting six variables and it was identified that lack of pure water for washing the fabric was ranked first and it is followed by frequent absence of tailors.

30. Quality of raw materials determines the quality of finished readymade garments. It is disheartening that lack in usage of standardized level of dyes and chemicals and Off-specification of raw material with respect to
international standards were identified as the most burning issues with regard to raw materials.

31. The issues related to cutting and stitching was analyzed and found that the lethargic attitude of the employees spoils the design during cutting and also noted that hectic work load affects the quality of stitching.

32. Having finished the readymade garment, it is thoroughly checked to get 100% defect free product. However, the study reveals that negligence among quality control employees is defaming the reputation of the organization.

33. Issues related to pollution problems were studied and noted that the exporters are unable to invest huge amount of money to construct water effluent treatment plants. Further, it was learnt that the pollution control board officers demanding more amount and taking long time for approvals and treat from agriculturist for demanding loss in agriculture were the most annoying issues to the exporters.

34. While analyzing the problems related to export documentation reported by the exporters that bill of lading and shipping bills were the most cumbersome in export documentation.

35. The problems faced by the exporter with regard to marketing was studied and was found that stiff competition from within and outside the national boundaries and low offer pricing demanded by the international buyers are the boiling issues in marketing.
36. While analyzing the problems in logistics support systems provided for the readymade garment exporters, it was found that the problem of high cost of distribution and physical transportation of goods were the first and second major issues.

37. It is found that the freight forwarder of hosiery garments finds difficult to ship the goods directly from the state of Tamil Nadu. They always depend on mother vessels which are located in Sri Lanka. Invariably the exporters find it difficult to ship the goods on time to international buyers.

38. Finance is the backbone for every organization and the same was studied and learnt that the exporters find it difficult to invest huge amount as investment and the high rate of interest charged by the private financers are the major problems faced by the readymade garment entrepreneurs.

39. While analyzing the benefits enjoyed by the readymade garment exporters it is found that they take pride in being and entrepreneur and the same gives them an unique social status.

40. Similarly, the respondents opined that they have had an opportunity to visit various countries and established a wide contract with different international buyers. Through this transaction they have gained a good profit from their business and generate employment opportunity in the study area.

41. While analyzing the benefits enjoyed in financial dealing it is identified that the entrepreneurs are much happy with the free flow of money circulation and simultaneously increase the personal and organizational assets from their profits.
5.3 SUGGESTIONS

1. Readymade hosiery garment export was very famous and accrued a good profit by the Indian hosiery manufacturers. Nevertheless, the export business was strained when European countries levied 14% import duty and the same countries practiced a biased attitude by practicing just 4% import duty to Bangladesh and Sri Lanka. Hence, it is suggested that uniformity in import duty should be followed for all garment exporting countries.

2. Bangladesh has taken a lead in penetrating the readymade garments market, especially in shirts and trousers, where India is stronger in manufacturing and exporting high quality of shirts and trousers and establishes a good trade mark. Hence, it is suggested that the Indian Foreign Service office establish good rapport with the respective foreign governments to promote Indian readymade garments.

3. The garment industries which are concentrated in export trade have suffered drastically and nearly 5800 SME's readymade garment manufacturing units have closed their operations resulting in a loss of Rs.54 billion in turnover. Hence, it is suggested that every forum of exporters should discuss these issues and initiate necessary steps to rejuvenate the export business.

4. The garment industry requires a continuous and steady supply for its sophisticated machinery. But due to frequent power load shedding and
fluctuations, hosiery manufacturers are constrained to obtained through
diesel generator set which not only costly to operate but also tend pollute
the environment and carry additional maintenance cost.

5. The Indian garment industry is in constant need of updated and reliable
information on export policies, procedures, environmental conditions etc.
Most of the exporters opined that they are lack in information about the
type of model and design in international markets. Hence, it is suggested
that the government should take necessary steps to percolate the latest
design information till the SME exporters.

6. The Indian textile industry has performed well in the area of spinning.
However, the area of weaving and processing of the fabric, there are some
deficiencies and the readymade hosiery exporters find difficulty in getting
good raw materials from modern textile processing industry. Hence, it is suggested
that the readymade garment exporters create a separate
information cell among the exporters association to source high quality
fabric from global sources.

7. The readymade garments exporters opined that they are unable to deliver
their produce on time when the goods are exported through sea, because
most of freight forwarders are using only feeder vessels, as the mother
vessel is could not berthed in Chennai and Tuticorin ports. Hence the
present project of “Sethusamudram project” should be completed at the
earliest in order to enhance the export trade.
8. Though the export scene shows a resurgence with exports in the first two months of the current fiscal recording with a growth of 29.6%, which was still not bright. Hence, it is more important to show greater attention not only from the government but also from the RBI, commercial banks and associated agencies to the exporters’ needs. Apart from the above, a more proactive policy framework is required to recover from this negative growth.

9. While referring to some of the financial problems faced by the exporters in their dealing with banks, it is observed that the procedures for pre-post shipment credit needed to be simplified specifically mentioning that for obtaining necessary finance from banks, it should be sufficient to present a confirmed Lease Credit, with no insistence on submission of collateral security.

10. The exporters opined that the cost of funds being made available from banks for their working capital requirements is astronomically high when compared with agriculturists and even corporate. But the exporters are being charged to pay penal interest as high as 25% for delayed repayments. Hence, it is recommended that the banks should either reduce the interest rate or put the interest rate on par with other borrowers. It is also appealed to the RBI to waive the penalty for a period of 180 days on overdue credit.
11. M/s Dun and Bradstreet (DNB), a market research firm established in the USA, which serves the needs of the international business community by providing business to business (B2B) information and related risk assessment services. DNB country reports provide the most comprehensive information available to facilitate doing business in a foreign market. It is suggested that such a data base like DNB country report be developed within our country in order to enhance B2B transaction. This can help the garment manufacturing exporters to obtain the correct information about the importers and help them to conduct business safely and profitably. This data base needs to be updated on a regular basis for safe transactions.

12. It is suggested that a simple policy for import of fabrics for export production of garments (with out cumbersome procedures) is adopted. A scheme for import of fabrics for export production could be conceived exclusively for those exporters who have attained the status of export house and above. Although the existing import-export policy allows imports even on a positive value addition, the above proposed scheme for import of fabrics should be allowed with a minimum of 50% value addition. However, imports under this scheme should be free from standard input-output norms and the variety and quantity of fabrics to be imported.
13. It is opined that for garment exporters who are not having status holder such as export house or star export house, the existing Exim policy provision under duty free replenishment certificate scheme allowing import of any kind of fabric within the standard input-output norms may be applied.

14. The garment exports have shown phenomenal growth in the past decade and this has been possible mainly due to the efforts of small entrepreneurs who entered the garment export trade and work hard to achieve success. The average export shipments of small exporters are of very small size. Hence, it is suggested that a good motivation for these small exporters to enter in this trade are given various incentives by the government, which includes exemption of export earning under section 80-HHC of income tax act.

15. The garment industry is not anti-employment and has been working within the ILO convention. The industry strongly recommends building a case, taking into consideration of labor productivity and welfare of the laborers within the labor laws. However, inflexibility in the areas of erring workers who under the garb trade unionism hamper production schedule leading to cancellation of orders or loss of precious foreign exchange should be stopped. Hence it is suggested that the existing labor laws which are primitive need to be modified in order to meet accepted productivity norms. Further it is also suggested that the current strike notice period
should be reviewed and a minimum of 60 days notice should be prescribed.

16. It is suggested that opening of India's Trade Centers in strategic locations for coordinating our efforts in promoting Indian garment products and services globally.

17. Most of the exporters opined that they had a strained with customs officers. Hence it is suggested that the customs department look at exporters as nation builder and they should be treated with due respects. In addition, customs officer of the rank of Appraisers and Assistant Commissioner should be motivated through suitable training programmes.

18. Development of exports is indirectly linked to development of tourism. Tourists who visit the country are potential buyer of Indian garments. If they are satisfied with their visit they will be attracted to buy Indian readymade hosiery garment in their country by recommending through proper channels in retail outlets, who in turn place purchase orders with their bulk importers.

19. The study reveals that the respondents belonging to middle age category have achieved maximum business turnover than the young and old aged exporters. Hence, it is suggested that the youth category of respondents should be motivated through the associations like TEA, APEC and leading export companies. Simultaneously, the banks and government should
positively encourage the youth category of exporters as well as the old aged category.

20. Sex-wise analysis highlights that male respondents have performed excellent business achievements than the female respondents. Since, the government of India gives more emphasis to the empowerment of women; it is right time to support the female entrepreneurs through proper encouragement and business support by providing export job orders.

21. It is learnt that school level education respondents have achieved good volume of profit than college level educated respondents & professionally qualified exporters. Hence, it is suggested that the respondents having collegiate level and professionally qualified category may be offered special training in the latest designs and fashions as per the expectation of the foreign customers.

22. Most of the readymade garment exporters opined that they had not undergone any specialized training particularly for costume design as per the expectations of foreign buyer from several countries. If they are given an opportunity to study a short term courses on costume design it will help the exporters to understand the intricacies in the design patterns of the readymade garments satisfy the requirements of the myriad foreign buyers.

23. The respondents who are concentrating in the high volume of turnover have gained more profit in readymade industry. Hence, it is suggested that
the high volume of turnover is very much essential to develop the export of readymade garment industry.

24. Most of the respondents doing job work were dominating in readymade garment industry. Hence, it is suggested that the entrepreneurs should concentrate their main orders and also the job orders of the neighboring export companies.

25. In the globalized scenario, the Indian hosiery garment industry is facing a stiff competition particularly from China, South Korea and Bangladesh. At this juncture, it is suggested that the Indian readymade garment exporters should concentrate more on quality, because sub-standard quality garments will simply be sidelined in the export trading and this will reflect with huge loss, in case the foreign orders are rejected.

26. The respondents having five to ten years of experience have achieved the maximum business turnover and profit that the below five years category and above ten years category. Hence, it is suggested that the respondents having below 5 years experience and above 10 years experience should be encouraged by the leading readymade garment exporters through sharing their orders and recommend the banks to issue timely working capital. This kind of moral support will give a better impetus to the exporters who are growing at a modest pace.
5.4 CONCLUSION

The Indian readymade garment industry is fragmented into men's readymade garments, women's western wear market and the children's garment segments. Leading players in the garment sector are consolidating and expanding their operations to command a large share of the market. Liberalization has yet not made much impact on EPZ's in terms of share in total -exports or ownership structure as domestically owned units continue to dominate EPZs. However, in the case of EOUs there is noticeable surge both in the number and share in exports. Their investment pattern and structure are also changing rapidly and their spread is extending country-wise.

The EPZs/EOUs have an important role in the current transitional phase of economic development. This can be harnessed fully with appropriate changes in their management structure and operational parameters.

Some thrust areas have already become manifest for both the streams. These are electronics, gems and jewellary and garments for EPZs, and textiles and yarn, agro-based and engineering goods for EOUs. With the requisite infrastructural support and conducive policy framework, the tremendous growth potential of these sectors can be tapped.

Also, EPZs need to be promoted as ideal sites for relocating businesses through ventures or contract manufacturing for exports. For attracting large-sized EOUs, liberal access to the domestic markets would be necessary,
particularly, in the sectors using indigenous raw materials. Therefore the duty structure on such sales should be rationalized and made more realistic. Besides the policy for domestic tariff area sale should be more flexible, with regard to export turnover, potential for technology-transfer and linkages of proposed units for area development.

The whole gamut of procedures for bonding movement of materials for job work and issue of samples needs to be simplified. Physical bonding should be replaced by fiscal bonding in a phased manner in sectors where it is feasible to do so. It is the need to relax the rigours of bonding but term "bonding" itself should be replaced appropriately as it sounds anachronistic in the context of liberalization.

The package of fiscal incentives should be reoriented to provide nexus with exports. Besides, performing units should be granted additional incentives in terms of longer tax holidays or greater access to domestic markets. There is an urgent need to streamline sub-contracting policies pragmatically to make them easily operable. As has been mentioned earlier, the major incentive of DTA sale remained on paper due to an unviable duty structure an cumbersome operational procedures. The five-year tax holiday does not hold much attraction as export earnings in the DTA are also exempted from tax on a year-to-year basis.
Performance could be evaluated in terms of NFEE rather than VA achievement. Such a criterion seems more rational as it would take care of export obligation as well. It would give the readymade garment entrepreneurs the requisite flexibility in the dynamic market situation. This research is a rewarding exercise to the researcher and the researcher will be delighted if the suggestions are implemented by the hosiery garment entrepreneurs, state and central government.
SCOPE FOR FUTURE RESEARCH:

- A problem and prospects of Hosiery industries
- Export performance of Hosiery industries in India.
- Country wise comparison of import and export progress of Hosiery product.
- Role of financial institutions and the development of Hosiery entrepreneurs.