CHAPTER 9

FINDINGS:

The major findings and inferences drawn on the basis of the analysis of secondary and primary data in the study are as follows:

1. The regression equation of wholesale price index of all commodities on the wholesale price index of dyestuff is $Y = 15.39 + 0.82X$. The value of correlation obtained by using the Karlpearson's method is 0.99. This indicates a strong positive relationship between the wholesale price index of dyestuff and the wholesale price index of all the commodities.

2. The compounded annual rate of the dyestuff production in the organised sector during 1989-93 works out to 12 per cent as against the 15 per cent growth of in the small-scale sector. The SSI sector has outpaced the organised sector due to its cost competitiveness arising out of excise concessions and negligible expenditure on pollution control.

3. Analysis of the production trend from 1984-85 to 1994-95 using the second degree parabolic method gives an equation for calculating the future expected production on the basis of the past trend. The equation is $Y = 38.02 + 3.71X - 0.02X^2$ where $Y$ is the production and $X$ is the
number of the year. The trend equation indicates an 2.08% growth for the industry in the organised sector.

4. Analysis of the import of dyes from 1984-85 to 1994-95 gives the equation for calculating the future expected import rate. The trend equation is \( Y = 12.59 + 0.95X + 0.03X^2 \) where \( Y \) is the import quantity and \( X \) the number of the year. The trend indicates a 7.05% growth in import for the industry.

5. The analysis of the export trend from 1986-87 to 1994-95 gives the equation for projecting the future expected export in value terms. The equation is \( Y = 599.63 + 151.84X - 8.19X^2 \) where \( Y \) is the quantum of export and \( X \) is the number of the year. The trend indicates a 21.75% growth in export from the industry.

6. The Indian exports of the dyestuffs have risen at a compounded annual growth rate of (CARG) of 26 per cent from Rs. 1.12 crore in 1963-64 to Rs 1128 crore in 1993-94. The Indian dyestuff exports grew sluggishly till 1986-87 really accelerating after that due to the phasing out of the production of dyes by the developed countries. India is the third largest exporter among the developing countries with a share of 2 per cent in the world exports.

7. The dyes for cellulosics such as the reactive dyes, the vat dyes and the direct dyes have registered a CARG exceeding 30 per cent in value terms during 1987-1993.
In fact, the reactive dyes recorded the highest CARG of 59.2 per cent in terms of volume and 42 per cent in terms of value among the exports of dyes. An interesting fact to be noted is that the export realization of the vat dyes is the highest among all the dyes. Vat dyes constituted just 5 per cent of the total dyes in terms of volume, but 16 per cent in terms of value. The reason for such astonishing figures of export performance of this class of dyes is the shift from synthetics to cellulosics in the developed markets. This trend is expected to continue in the future also.

8. The leading exporters in the organized sector are Indian Dyestuffs Industries, Jaysynth Dyechem, Atic Industries, Colourchem, Sudershan Chemical Industries, Atul Products, and Metrochem Industries. All these units (except Sudershan Chemicals) were covered in the study and the export data were collected from these units only.

9. The major destinations for the Indian dyestuffs are the EEC countries, the USA and the other developing countries. Around 41 per cent of the dyestuffs are exported to other developing countries and about 32 per cent is exported to the EEC countries. The USA accounts for 20% of our exports. Indian exporters are facing stiff competition from China and Indonesia in the global market. China is competitive mainly because of state subsidies, the availability of cheap raw materials and low labour costs. Though China is more price-competitive than India, the quality of its products is considered to be poor. India is
a preferred source for the giants in the chemical market in Europe as compared to China in terms of the relatively better quality, reliability and stability. But China still remains one of the biggest threats for the Indian exports in the long run.

10. The biggest issue facing the export of the Indian dyestuffs is compliance with the ever-tightening environmental standards in the developed market. The Indian exporters also face problems on account of the cumbersome advance license procedures, inadequate shipping infrastructure, unhealthy competition amongst exporters and a far from good image of the Indian dyestuffs in the developed markets.

11. The overall demand outlook for the dyestuffs industry is bright as the production of dyestuffs is shifting from the developed nations to the developing countries like India, China and South Korea. The total demand for the dyes has shown a surge for two reasons. One, better opportunities for exports due to the shift from the synthetics to cellulosics in the developed markets and two a higher domestic demand due to the shift from the cellulosics to the synthetics in India. Thus, companies concentrating on the dyes for cellulosics will benefit from export opportunities and those focusing on the disperse dyes will profit from the burgeoning domestic demand for synthetics.
12. It can be seen from the analysis that input costs in India are higher than those in the international market. The reasons for higher input costs are high excise levies, plethora of taxes and uneconomic sizes of the plants. In order to achieve the global market potential, besides the actions required to be taken by the industry, active support is also required from the Government in the form of rationalisation of the tax structure and import duties.

13. There are a large number of different units manufacturing various intermediates in India. Since many of these units are involved in the process cycle, the taxation also gets added at various levels of operations leading to multi-point taxation whereas in developed countries the said processes are completed under only one roof.

14. The factor analysis performed on the data collected from the dyestuff manufacturers indicate that the marketing success of any company depends on (a) the company's image and reputation in the market, (b) the terms and conditions offered by the company to its clients (including the price), (c) the distribution channel adopted by the company.

15. Shade cards and samples are offered to the customers by all manufacturers in the organised sector and by 80% manufacturers in the SSI sector. This is followed by regular customer visits by 85% of the manufacturers in the organised sector. Their counterparts in the small-scale
sector promote their products by participating in trade shows.

16. It has been found that inability to supply the desired product to the customer in time adversely affects the sale of the manufacturers. Though the manufacturers plan their production on the basis of the market analysis, occasionally there is a mismatch between the demand and the availability of the dyes.

17. In the opinion of manufacturers, commission to the intermediaries and credit period are the two major trade pushes required for selling their product through middlemen.

18. The quality of the dyestuff product is judged on the parameters like all-round fastness of colour, consistency and easy reproducibility. The manufacturers in the organised sector are more particular about this.

19. Major after sales services demanded by the customers are those pertaining to shade-matching and solving problems related to the application in the product supplied.

20. It has been also found that 79% of the trade intermediaries take the advantage of cash discount and 78% of them get the benefit of quantity discount offered by the manufacturers.
21. About 70% of the sellers of the dyes have a mutual understanding with both the technicians and incharge of purchase both whereas 17% rely on technicians only.

22. It can be observed that manufacturers in the organised sector do not have any personal contacts for selling their dyes. In the small-scale sectors, 90% manufacturers sell their production on the basis of personal contact rather than any systematic marketing channels.

23. About 80% of the manufacturers feel that competitive pricing helps them achieve the sales targets. However, in case of speciality type of the dyes, the price is not such an important factor.

24. Manufacturers engaged in a longterm relationship with selected customers have achieved higher rate of sales growth as against suppliers who are not involved in such a relationship with their customers. They have also been able to reduce their inventory-holding and control costs over time to a greater extent. However, they obtain lower prices over a period of time compared to suppliers who are not engaged in a long-term relationship with the customers. Manufacturers engaged in a long-term relationship with selected customers have also been able to achieve a higher level of performance (return on the investment) over a period of time compared to firms that do not have any long-term relationship with their customers.
25. It has been found that competition between agents of different company, according to 38% of the trade intermediaries is only average. 62% of them feel that competition is either very intense or intense. Regarding competition between agents of the same company about 81% of the trade intermediaries feel that it is average or negligible.

26. From the point of view of the trade intermediaries, the factors that are important in selling dyes are (i) product quality and availability; and (ii) the terms and conditions of sale (including the price also).

27. More than 94% of the trade intermediaries promote dyes by offering shade cards and samples to their customers followed by regular visits.

28. About 90% of the trade intermediaries are of the opinion that the manufacturers inability to supply the desired product to the customer in time adversely affects their sale.

29. More than 90% of the trade intermediaries opined that what they expect from manufacturer is good commission and extended credit on the dyes purchased by them.

30. More than 70% of the trade intermediaries were of the opinion that customers expect the quality of the dyestuff to be good. It is judged on the basis of all-round fastness
of colour, consistency and easy reproducibility.

31. In the opinion of more than 70% of the trade intermediaries, the major after sales service demanded by the customers are shade-matching and the solving of problem related to the application in the product supplied.

32. It has been found that 85% of the trade intermediaries avail the advantage of cash discount and 53% of them avail the benefit of quantity discount offered by the manufacturers.

33. About 78% of the trade intermediaries have a mutual understanding with both the technicians and incharge of purchase for selling dyes.

34. More than 90% of the trade intermediaries sell dyes through their personal contacts.

35. It can be observed that 78% of the trade intermediaries feel that competitive pricing is required for selling dyes. However, 22% of the trade intermediaries are of the opinion that competitive pricing is not necessary for selling dyes as they deal either with the manufacturer-exporter or with the manufacturers who process fabric for the upper segment of the market.

36. It has been found also that 25% of the trade intermediaries sell dyes directly to their consumers. 33%
of the trade intermediaries sell these through the dealers only and the rest of the 42% of them use both the selling networks.

37. From the point of view of the end-user competitive pricing is the major criterion in selecting the supplier of the dyes followed by prompt delivery and quality of the product. After sales services and the supplier's (middlemen) reputation are not of much important.

38. About 80% of the customers avail of the cash discount and all of them avail of trade discount offered by manufacturers or trade intermediaries.

39. In case of small process houses, the technicians and owners are the major decision-makers in the purchase of dyes. In 48% cases, the decision is taken by the technicians and in case of 50% cases it is taken by the owners.

40. Consumers expect the services of shade-matching followed by the solving of the problem related to product application as the technical services.

41. It can be seen that in case of 25% of the mills and process houses, the customer plays a role in purchase of the dyes and expects the processor to consume dyes manufactured by a particular manufacturer only. In case of 75% of the mills and process houses, the influence of the buyer of the fabric on purchase of dyes is nil.
42. Most of the customers have switched their dyestuff supplier due to the technical problems in the dyes itself. Price is the second important factor that has made the customers to switch the dyes supplier. These are followed by attraction by competitors, the personal interaction between the employees of the manufacturing firms and the customers, and inconvenience.