CHAPTER XI

IMPEDIMENTS AND SUGGESTIVE MEASURES
No doubt, India made a rapid stride in the foreign trade of garments from a very small base but it is not a state of complacent. Both the exporters as well as policy makers in India are of the traditional attitude of feeling self-satisfied with little achievement. Similar phenomenon is being observed in the case of garment exports while India's place in world continues to be a marginal supplier despite big export potentiality.

The first setback in 1982 to our garment export should be taken as a lesson and not resting on past laurels and records. India will have to face more stiff competition particularly from neighbouring countries which are trying hard to enter into world cotton garment market also in a big way to which India substantially contributed. The industry has envisaged to export garments of worth Rs. 1000 crores by 1990 but in the present condition it seems hard to crack the nut unless some structural changes are observed in the industry and also in the government's outlook. Simultaneously, the exporters are to be assured of proper and cumbersome free facilities.

The export of garments suffered from certain impediments though they were not much as in the case of textile exports.
However, some problems naturally emanated from textile industry, garment industry being an offshoot of it. Any factor, acting as a constraint, should be localised and dealt without much lapse of time. This becomes more important as the garment industry has proved a panacea to the textile industry to breathe freely. Moreover, it has huge capacity of providing employment to thousands of persons. Hence, the industry needs adequate support from the government. So far, very little has been done for it, looking at its contribution to foreign exchange earnings.

**Higher cost of inputs**

India has the advantage of low wage structure even though Indian garments faced high price constraint against competitors like South Korea, Hong Kong, Taiwan, China, Pakistan and Mexico in the world market. This was mainly because of the higher prices of fabrics prevailed in the country. It was estimated that the prices of cotton fabrics were higher by 10 to 15 per cent. This much difference becomes significant as fabrics constitute about 60 per cent of the cost of garment. A World Bank publication stated that, "the Banks various studies have identified such cases as a price premium of 300 per cent on synthetic fabrics for garment manufacturers. . . . . The

high cost of synthetic yarn virtually precluded exports of
blended fabrics. Furthermore, the high cost of blended fabrics
and the quality of cotton textiles precluded development of
broadly based garment industry. Additionaly, other raw
materials of quality required for completing the garments were
also not available at competitive rates. This factor further
contributed to make the garments more costlier.

Few products

Indian garment exports suffered from limited range of
products manufactured to be sold abroad. As pointed out that
around 90 per cent of garments exported were of cotton fabrics
and that too concentrated on few ladies' wears like blouses,
dress shirts, under shirts and skirts. These items alone
accounted for more than two-third of total exports during last
few years. In 1973, four items namely outer garments, blouses,
dresses for girls and shirts constituted about 68 per cent of
total exports of garments. Such limited varieties caused an
unexpected restrain on the proper growth of overseas trade in
garments. Because of such high concentration on export of
fashion garments, little was done to build up a garment
manufacturing infrastructure to produce neither basic wears
like classical shirts for men nor alike wears like industrial
and non-industrial apparels. Moreover, the concentration on
limited types/range of garments attracted the provision of
multi-fibre arrangements signed by the most of the industrialised countries at the GATT meeting held in the wake of disruption of their economies caused by the oil crisis of the early seventies.*

Non-availability of required fabrics

We lagged behind the world trend which has drifted in favour of polyester blends. During 1966, cotton garments formed around half of the world trade but hitherto the share has been steadily reducing, barring the years of mid-seventies when spurt in oil prices made synthetics costlier. Now, polyester blended fabrics have occupied an important place in the realm of garments abroad; not only in the affluent societies of advanced countries but also in developing countries of Asia and Africa. Indian textile industry so far was not in a position to supply varied range of synthetics, particularly polyester, due to non-production or limited production. Consequently, the garment manufacturing units found difficulties in getting required blends as per demands of international markets, particularly sophisticated markets. Only those units which were subsidiaries of mills were able to procure the required blends. It was difficult for others to get required varieties and quantities of fabrics at reasonable prices.

Generally, they get fabrics at very high prices and that too of poor quality.

Even in the case of cotton fabrics we did not match requisite international standard required for manufacturing garments meant for exporting to developed market economies. Cotton fabrics produced in India lacked the finish, wash-n-wear or dip-dry or crease-resistance. All these defects lessened the exotic appeal for clothing. Only a few units in India have installed the costly machines to give permanent press effect. Hong Kong and Japan were much ahead in these aspects.

In the case of cotton fabrics also, the small manufacturing units found difficulties in getting fabrics at par with large units. They did not get the quantity required directly from the mills and consequently, they had to fall prey of middlemen/agents who charged higher prices at least 5 per cent more than the prices charged by the mills. It was also pointed out that the garment making units could not easily get the first quality fabrics in bulk and they were normally forced to buy second quality. During the last few years, the garment industry also felt short of handloom fabrics of quality it required and their irregular supply. All these prohibited the industry to affect the changes in products according to the changes occurred in fashion trends and likings.
Lack of set of modern machines

Another important constraint that draws our attention was the lack of proper assembly of modern machines required for manufacturing apparels. Many types of machines needed by the industry were not available in the country and whatever machines were available were not to the mark in terms of quality products and were restricted to range of functions. Contrarily, the success of competing countries attributed to the use of different types of machinery and latest technology and to go on improving the quality of their products.

Industrial sewing technology has changed rapidly to accommodate multifibre fabrics. There are machines to manufacture every part of made-up garment. They are capable of accurate stitching with perfect finishing. They serve also as labour and time saving device. Machines for cuffs, collars, pockets, button holes, neck-ties, interlock, overlock etc. are very common in a garment unit to work speedily. In a large sized unit, other machines for cutting, cloth laying, finishing and permanent pressing are indispensable besides industrial sewing machines.

In the same context, it is worth to mention that the industry in the country neither possessed right types of equipments nor modern technique for the production of alike clothings. Only few of the units geared up their factories,
to some extent, for manufacturing of industrial garments as a specialised operation.

Most of the machines were not produced in the country, being short of demand and causing uneconomical production. Hence, to overcome this difficulty, the import licences were granted but the procedure, in general, was felt cumbersome, rigid and time-consuming. Moreover, the import of machinery was subject to exorbitant duty whereas the imports of such machinery were free from duty in the neighbouring countries because for them also the garment industry is 100 per cent export oriented.

**Low labour productivity**

The industry suffered from low labour productivity. The labour force working in the industry were not extensively trained and did not possess specialised skill. Only a few large factories have skilled and trained personnel.

Despite competition offered by the established exporting countries, some other new suppliers like Pakistan, China, Bangladesh, Singapore, Sri Lanka and Philippines have started posing stiff competition against Indian exports.

**Handloom products to the USA: A muddle**

In the third year of the agreement of MFAI, the US authorities
showed their concern over the definition of cottage industry. They expressed that the handloom garments exported by India to their country were though made of handloom cloth but were manufactured in large factories and not in the cottage industry. They further expressed that in order to avail quantitative exemption, the handloom garments should be made of handloom cloth as well as should be cottage industry products, in other words, the products should be hand-stitched. In fact, the US garment industry was bringing pressure on the authorities to protect indigenous industry against imports from India. However, with the special efforts, the authorities abroad convinced that readymade garment sector in India is basically cottage-based, providing large employment as in other developing countries.

Again, similar concern over handloom 'kurtas' was expressed by the US authorities in the mid-1980 and restrictions were imposed on imports, reporting adverse effect on the US industry. The US plea was that some consignments of 'kurtas' had modern look and could not be treated as traditional wear. Actually, they wanted the Indian government to restrict the definition of 'kurtas' but latter did not agree and decided to implement strict check on kurtas which would have modern designs and collar in order to satisfy the American garment industry. Indian officials had also expressed their resentment over the unilateral fixation of three million dozen pieces of handloom products from
India whereas agreement signed before did not permit such sort of change. The known protectionist proclivity of the USA further enlarged the area.

**Measures for improvement**

Drop in export of readymade garments from India for the first time in 1982, had given a shattering effect to our repeated pretext of patching up shortfalls. Recessionary conditions and protectionist policies abroad affected our exports but their total effect had been always exaggerated. Actually, there had been some other factors, as we discussed, responsible for comparatively low growth as well as poor performance in 1982. The quotas under FMA had been fixed countrywise and the major importing countries had given reserved consideration to India. If these quotas would have been allotted on a global basis, India might have driven to walls against other Asian competitors.

It is, therefore, essential to find faults within ourselves. The suggestions put forth if implemented in a planned way with long-range view, barring an ad hoc basis, would be helpful to give fillip to the garment exports. The present condition further intensifies the need for a fresh appraisal of the present export efforts and stresses on evolving some new or developing the existing tools, conforming with the realistic approach to defy the basic drawbacks.
With the rising labour cost in North America, Eastern Europe, Australia and lately in Japan, many new opportunities have emerged to step up exports of garments substantially to these developed countries. Inflationary trends in these countries are causing the wage rates to go up, favouring India.

The volume of world trade in garments is largely correlated with the standard of living and through industrialisation many countries rose their GNP amazingly during last twenty years or so and have become promising markets for garments. Oil producing countries too have become affluent. In developing countries also, GNP has been witnessing growth through with slow paces.

The industrial development in the advanced countries has reached to the stage of sophisticated technology, and therefore, economic resources have been diverted to industries of higher technology, leaving enough opportunity for the development of labour-intensive industry, like garment industry, in other countries to feed these markets. Additionally, handloom and cottage sector of Indian textile industry enjoy overwhelming competency against monotony and uniformity of mill-made designs and colours and is capable of catering to the needs of fashion and style-conscious affluent society. In the recent years, however, handloom cloth importing countries (from India), especially Hong Kong have taken the pose of threat by producing garments of better finish and look.
Broad range of products: Product diversification

It is feared that exports of garments will not witness the growth in the coming years due to credit squeeze, sluggish economic growth and recessionary trend in the free economy countries coupled with increasing protectionist attitude. On the other hand, garment export trade has presented fluctuations to seasonal nature of demands abroad. In such circumstances manufacturers and exporters of clothing in India have to diversify and to enter into new lines of products and to diversify the markets. Broad-based range of products with the efforts of exploring new markets, especially non-quota markets, will enable India to make good dent in the world trade garments. So far, we have taken the advantage of certain product line meant for few markets. This tactic would not help in future in the light of recent stagnant exports.

Our exports of garments to hard currency areas have been largely restricted to fashion garments like shirts, ladies dresses, blouses etc. This sort of excessive dependence is always exposed to hazard and risk. Despite improved delivery services, the industry cannot easily plan for its future development on sound footing unless there is some rest to rely upon. Increasing export of general garments and alike garments can give such support.

In the present circumstances India cannot exact the demands
for synthetic and blended garments in the highly sophisticated markets of West and Japan. It is, therefore, obvious that India can do better if proper attention is paid to high quality cotton garments designed to suit these markets. The exports of blended fabric garments can also be increased if proper fabrics are made available at international price. The Japanese market is still untapped in respect of gents wear. Therefore, there is need to diversify the product line in this field, particularly for Japan.

There is significant prospects for exports of alike or institutional garments like, military and police wear, uniform for industrial workers, boiler suits, industrial apparel, overalls, uniform for service personnel - medical, transport (air, sea, rail and road), postal, hostel, restaurants, warehousing; dresses for school children and service and training organisation etc. The development of institutional garments in India on proper lines can help in increasing exports significantly as the country possesses sufficient quantity of right type of cotton and skill to manufacture the same but the textile industry has hardly made a beginning in this direction. There is need to build up adequate capacities for large quantities to supply on regular basis. The demand for institutional garments does not have the tendency of fluctuating as in the case of fashion garments. Moreover, the industrial clothing is not subject to quota restrictions. Simultaneously,
the market for industrial clothing is expanding with the fast industrialisation.

The major problem with the institutional garment manufacturing units is the difficulty of getting right type of fabrics, mainly drill or denim at international prices. The fabrics normally available are not pre-shrunk and fast-colour quality. Moreover, 11 ounces weighing indigo drills/denims, for which there is good demand abroad, are practically not available. Again, wider width drills/denims are not available. The manufacturers generally get the drill of 28" width in 18 metre-piece length from mills for manufacturing boiler-suit but they require 35" and 36" width drill. If fabric is supplied in larger piece lengths of 50 or 100 metre-length, wastage can be reduced. Indian textile industry can significantly help in this direction by producing required drills/denims/corduroy. The Indian Institute of Foreign Trade has conducted a market survey for institutional garments in selected West Asian countries during 1980. Despite findings and recommendations, the report included the views expressed by institutional garment manufacturers, exporters and textile mills. It is suggested that sales-cum-study teams to West Asian countries should be sent to make an on-the-spot assessment of the export potentiality and prospect. This region also provides vast scope for industrial and institutional garments.

In the wake of recent fall in export, the AIEPC also suggested
the supply of cotton drills at international prices as there is perceptible scope in the EC and West Asian markets for alike garments. There is also scope for exporting industrial clothing to Japan.

Besides regular and institutional garments, India should try to sell abroad other items like nightwears, work-shirts, children wears, sportswears, trousers and so on.

During last few years, the most noteworthy development occurred is the growth of knitting as an alternative to weaving and this development has been getting the increased favour of consumers and enjoying big boom in the world market. However, India has so far not availed the opportunities of exploiting the segment of the trade. Virtually, knitting industry in India has been so far producing very old and conventional type of wears. This needs prompt change. Moreover, labour being cheap in India, hand embroidery and batik motifs can be offered with highly reputed Indian touch at competitive prices.

Assuring the availability of required blended fabrics

In order to exploit the large potential it is essential to assure the availability of required blended fabrics at internationally competitive prices to converters and manufacturers
so that blended fabric garments can be put in the world market on competitive basis. The required fabrics cannot sufficiently made available from domestic sources as the textile industry has yet to equip itself for such commitments. The problem can be eased by exempting the polyester imports from duty incidence meant for the manufacturing fabrics to be used to make garments for export. Again here the proposal jointly submitted by TEXPROCIL and ICMC needs consideration. All these are required to be attended without much lapse of time in the light of drastic fall in handloom fabric garments. Recently, the government has taken some steps to allow duty-free imports of cotton-polyester blended fabrics.

It is true that the mills cannot supply the cloth according to every manufacturer's/exporter's requirement which are in small quantities. In this regard, establishment of a cell will be useful for coordinating the small and large such requirements and procuring the required fabrics from mills and distributing the same among manufacturers/converters of garments. This will be of much helpful to small exporters who cannot procure the desired fabrics from mills directly. The government should ensure the availability of required cloth from its mills and/or mills working in the private sector. The government should introduce the scheme, as urged by the exporters and manufacturers, under which the textile mills are persuaded to earmark 10 per cent of their capacity of producing quality fabrics or the
government should make obligatory to selected mills to produce cloth of quality of cotton and blends for the garment industry.

In order to reduce the cost of manufacturing garments, cotton and blended piecegoods should be made available in the desired width to attain economy by avoiding wastage. The higher costs of trimmings, decorative materials etc. make Indian garments less competitive. This aspect should also be attended properly. It will be fit to allow duty-free import of embellishing materials of quality, not available in the country. On the same basis, the packaging material should be allowed duty-free.

There is a provision for import of fabrics under appendix 19 of the policy but the procedure laid down is extremely cumbersome and time-consuming which have reduced its significance as it becomes almost impossible to use the facility considering the time available for export order and shipment. There is, therefore, need to simplify the procedure so as to make the provision really helpful to the industry for export purpose of blended fabric garments. This will provide immediate relief to the industry.

**Exploring new markets**

About 80 per cent of garments exported from India were shipped to the USA, the EEC, Switzerland, Sweden and Japan. The other major supplying countries' exports were also
concentrated in these countries. From the fall of exports in garments in 1982 and exports in 1983 below the level of 1981, it is inferred that exports from India to these countries have reached to the stage of stagnation and in future, growth can be achieved only by diversifying the product range, as elaborated earlier, and market diversification. In fact, the possibilities of expanding exports to quota countries are limited and that too involve many problems.

In this context, there is surmounting need for diversification of markets to non-quota countries - Australia, East European countries, Latin American countries etc. OPEC countries have also emerged as potential markets. Among the Latin American countries, middle income nations like Chile, Costa Rica, Venezuela and Mexico are to be tapped.

According to a study*, the liberalisation in imports in Latin American countries has enlarged the opportunities to sale more. The countries of this area (particularly surveyed), had limited base of textiles and garments and, therefore, were largely dependent on imports; high-priced garments from the USA and Western European countries (the UK, France, West Germany and Italy) and low and medium price garments from Far East countries (South Korea, Taiwan and Hong Kong), and will continue to affect imports to meet the fast increasing requirements, particularly in Chile and Argentina. The imports of textiles and garments are totally banned in Brazil. Under the atmosphere

of growing restrictions in the developed countries, Latin American markets will serve better outlets for Indian garments. Different sales-cum-study teams have been sent to different markets during last 4-5 years under the diversified efforts. However, little has come out of these in a positive way because of non-compliance of the suggestions to the desired extent. Similarly, some of the African countries like Algeria, Nigeria, Libya etc. will be promising markets. Labour costs in ESCAP and ASEAN countries have gone up sharply. If efforts are backed by institutional and governmental support, penetration in these areas on a sustained basis will be possible.

The State Trading Corporation was searching the sources in East European countries for the exports of garments according to their specifications. Despite, the STC has chalked out a promotional plan to boost export of fashion garments, particularly to non-quota countries, through its seventeen foreign offices. So far, the STC failed to develop export of garments to any significant size though it has taken up this task since its inception. The exporters of readymade garments affected by the STC stood at Rs. 12 crores in 1980-81 and Rs. 13 crores in 1981-82.

The AEPG sent a sales-cum-study team in February, 1982 to West Germany and the UK to boost the export of classical shirts. The delegation found that there was tremendous scope for increasing the exports of gents shirts to these quota
countries. Subsequently, it was found that India can export this item in increasing quantities to the countries visited. On the same line, there is need to explore more such markets for different range of products, including regular garments, under the promotional activities. It was learnt that the AEPC has a programme of sending survey teams to those parts of the globe, in order to explore the new market and augment exports from India.

**Modern machinery set-up and large scale assembly**

In order to attain substantial growth in export, India has to equip the industry with modern machines and techniques and has to keep a close eye on rapidly changing technology in sewing. At the INDIA-ITME'80 conference improvements occurred in the field of textile machinery technology were underlined. Incorporation of high degree of automation was highlighted, covering every aspect of textile manufacturing. Developments in the knitting technology, finding universal application, were also pointed out. The conference found the increasing use of electronics and micro-processors in this sector. The high-waged advance countries are bent upon to use latest technology in their garment manufacturing industry and they are rapidly incorporating such developments. According to ILO, "Technological changes which have occurred in the clothing industry involve refinement to traditional cutting and sewing machinery, a limited
application of new technologies such as lasers, computers and ultrasonics, and more widespread application of improved management methods.\textsuperscript{1} "In the field of advance cutting technology, lasers, numerical control, water jet and refined die are in the use."\textsuperscript{2}

In order to overcome the non-availability of required machinery and equip it with modern technology, the government has placed the import of garment making machinery under OGL. This is a right action though there is immediate need for abolishing the heavy duties levied on such imports in the wake of the entrance of neighbouring countries in world trade of garment, otherwise India possibly lose the ground. The garment manufacturers of Singapore and Hong Kong all allowed to get all machines duty-free. The Tandon Committee has recommended the duty-free import of machinery if the garment factories export minimum 25 per cent of their production. In this connection, it will be befitting to encourage related concern to establish their units in the Free Trade Zones or under 100 per cent export oriented scheme so as to relieve the importing units from cumbersome import procedure and financial burden regarding custom payment. On the same line, the closed textile mills of the EEC can be made available. These mills, if imported,

\textsuperscript{1} Quoted by R.P. Poddar, op. cit., p. 268.
\textsuperscript{2} Ibid.
will produce the fabrics of international standard and can be used to manufacture of both high fashion garments and leisurewear garments for export purpose to quota and non-quota countries. The import of machinery can also be encouraged by providing development rebate and other benefits. It is felt that the industry can be built on required lines by only financial support and fiscal reliefs granted by the government. Importation of finishing/packing machinery also needs the same privileges mentioned above.

**Fashion designs**

The younger generation is more prone to fashions and to sell, therefore, fabrics and made-up garments must possess novel effects and variations. Similar thing is fitted, more or less, to every age group of either sex. Western Europe is the pace-setter in the domain of fashions since long and even today rest of the world looks at it for novelties. In the East, Japan has emerged as a fashion promoter, particularly in ladies garments and children wear. The Trade Development Authority of India, therefore, purchased about 50 designs (to be distributed among the Indian participants) relevant to this non-quota market during the five-day fair organised by itself at Osaka in September, 1980. The designs were purchased from the world famous fashion houses.

For realising the better unit value, it is of utmost
importance to go on improving fabrics and garments in respect of designs and fashions. At present, many garment exporters largely rely on the latest designs and fashions imported from abroad. This sort of practice is not useful for long-term and sustained growth in export trade. India must develop her own creative designs to match with international fashion trends. We have no less craftmanship in this field but for the proper utilisation of such ingenuity, there is need to equip the established design and fashion centres by AEPIC in the important garment manufacturing centres in the country with proper design creators and technical expertise. An apex body will be useful for coordinating and providing the latest designs and patterns without delay to converters/manufacturers/exporters. This body will also act as a disseminating and channelising agency for information among the concerned persons. This institution can be entrusted with the task of disseminating the experiences of exporters among themselves and manufacturers. Such process will largely help in developing new designs and fashions for the would-be trends in world markets, particularly of highly sophisticated and fast-changing fashion markets.

If India develops the technique of manufacturing garments in anticipation of the changing fashions and designs, the optimum utilisation of quota will be possible. All these require a scientific professional management approach. This organisation, thus, can largely help by creating innovative designs, depicting a fine blend of Indian and European styles. The State Trading
Corporation had a plan to start a design centre to offer new
designs in fashion garments for sophisticated markets of
America and Europe, prepared from a wide range of Indian fabrics.
For the purpose, there is need of frequent training and
education.

In order to keep the industry abreast of the changes in
fashion and likings, the services of experts, having practical
experience of free economy markets, should be availed. It was
pointed out by the team visited the US market in 1981 that the
Far East countries and China invite American designers and
fashion journalist to get first hand informations about
consumers' requirements there. These designers and journalists,
after return, make the American buyers and importers acquainted
with the capabilities of the country they visited about
exacting the garment requirements by publicising. This practice,
in Indian context, needs consideration not only for the USA
but in the case of other countries also. At the same time,
the government industry should send some selected manufacturers/
exporters of garments, particularly of shirts, who are
interested to affect the changes in the positive direction,
to the Far East countries to study marketing techniques they
apply.

Since designs are not copyright they can be purchased, if
required, observing the trend. Participation in fashion parades
which are regularly organised throughout the world, will be of
immense use. Foreign fashion magazines and journals, particularly of Europe and America, must be used as an important source of fashion designs. More stress is to be given on European styles and designs as American market is highly influenced by the fashion trend in vogue in Western Europe.

In respect of fashion trend, a market survey report 'Indian Madras' prepared by Warner, Management Consultant, New York, depicts the behaviour of the fashion conscious market the USA. This Report can be applied to all sophisticated markets of West. The Report stated, "The United States' garment industry is known to be demanding, volatile and highly dynamic. Each season brings different fabrics into the market, but the acceptance of any given fabric in the garment trade is based upon the originality and appeal of its design plus the merchandising concept behind it. Not all fabrics used are new but are often repeats of past year's designs. However, print patterns as well as colours constantly change, although at times are occasionally reintroduced. Our experience indicates that the cycle for any given fabric's given use reports itself every six to eight years." The Report further added, "The market for women's and girls' wear tends to change at a more rapid rate, but we must keep in mind that this segment of the industry consumes the greatest amount of yardage. A similar but less radical pattern occurs in men's and boys' market, but changes are slower by comparison because good merchandising
practices play the major role in maintaining market demand. Merchandising practices are simplified in the men's and boys' market because fashion and styling changes are introduced at a slower rate."

**Periodical surveys**

If one has to sustain in the overseas garment trade, it is imperative to have the account of changes in fashion and trends frequently. Additionally, the habitants of different nations have likings and preferences. Similarly, distribution channel and marketing systems differ from one country to another. All these necessitate the periodical surveys of and on. Sometimes new types of demand may come to knowledge which may open doors to virgin markets. Competition being very tough, scientific and appropriate market techniques are to be evolved on the basis of findings of surveys.

It is true that detailed study of all markets cannot be undertaken together, therefore, selected markets should be surveyed first where exporters normally face competition and are potential. These surveys should be conducted frequently on a planned way to keep the industry vigilant. It was noted that subsequent surveys were conducted after much lapse of time.

in the past. Meantime, we lost the market due to lack of market intelligence. The old traditional concept of selling out what we produce needs change. Now, India has to produce what the buyers abroad want and for such adaption, extensive countrywise market research on garment consumption patterns are very essential. Moreover, such studies should be supported with feedback information in regular intervals to give proper direction to production for export. The placing of staff abroad in key markets and fashion centres will be of immense use. They will provide up-to-date and quick expert information.

Survey of the Gulf market by IIFT

A survey conducted by IIFT in 1974-75 of the Gulf countries pointed out that these countries' consumers had preferences for different synthetic blended fabric garments imported from Hong Kong, Taiwan, China, Japan, Lebanon, France, Italy and the UK. It was found that the younger generation was inclined to Western fashions and styles while the conservative Arabs preferred local stitched national attire.

It was also revealed that the representatives from Hong Kong, Taiwan and other countries used to visit this region once in a year with numerous samples to display in the hotel suites. The importer, indenting agents and dealers were invited to the shows to look at and feel the apparels, examine the materials used
in manufacturing, the design and patterns and stitching at the instance. The survey report further said that Indian representatives, on the other hand, used to visit once and never again with limited number of samples having incomplete details about material, pattern, packaging, size, colour, laundering etc.

The UK, France, Italy and Lebanon had the practice of sending design outlines and fabric cuttings as per orders in beautiful booklets with proforma invoice attached to these Gulf countries.

**Centrally planned countries' markets**

It is worth to note that the centrally planned countries of Eastern Europe are not so prone to fashion as the countries of Western bloc and they place bulk order for garments of alike pattern. Among these centrally planned countries, the USSR has been a big market and there exists tremendous possibility of boosting export of garments as our exports accounted for only one to two per cent of the total imports into that country. Other countries of this bloc are good markets for garments. Indian exporters, so far, had not exerted much to acquire a good chunk because of their ignorance about the potentiality of these markets. Another reason but very important one was that these countries are in practice to trade with few and
continue with them on the earlier reliability unless there is something contrary. That is why socialist countries' markets are difficult to penetrate. The State-controlled contracting agencies of these countries are very particular about the adherence to right quality and timely shipments. They, therefore, generally rely on few with whom they have good experience, keeping aside any other form of relations developed. They trade simply on commercial basis.

However, these markets are free from flux and can be relied upon for regular shipments from India if suppliers win the confidence of these potential markets. These markets are important in another sense that they are quota-free. India, therefore, should make earnest endeavour. Hungary and Bulgaria intended to establish joint ventures separately in the garment sector with India. Bulgaria's imports were subject to the gaps occurred by its exports. Bulgaria itself is an important exporter of garments.

A study team, sponsored by the AEPC, visited in October, 1981 the USSR and East European countries Hungary, Czechoslovakia, Bulgaria and Germany D.R. to assess the scope for increasing exports of garments. According to the Team, these markets, especially the USSR, were promising one for garments including high fashion and casual wear. The items identified of their requirements were blouses, shirts and dresses, trousers and shorts for ladies, sport shirts, leisure
wear, quilted jackets, flannel shirts and flannel pyjama suits for men and boys.

The study team pointed out that there was price-competition among Indian exporters, under-cutting one another and helping indirectly the buyers. In the same context, the exports to the USSR were patronised by a cartel of selected few. This state caused concern to a good number of exporters who were deprived of shipments to the USSR. The Team visited, therefore, approached buyers, mainly of the USSR, for diversifying the avenues for imports from India. It was reported that the ABPC's efforts in this direction largely went futile.

Exhibition and fairs

Organising or participating in fairs and exhibition abroad and in the country is an excellent media for popularising the novel and fashion items like garments of latest style and designs. This fact is fully realised by the industry, being manufacturer and exporter of fashion garments. The Clothing Manufacturers' Association of India (CMAI) and the ABPC participated or/and organised international garment fairs. The CMAI organised continuous fourth (first in 1976) garment fair in the beginning of 1983. These fairs considerably helped in projecting India's distinct image as an exporter of garments among foreign buyers, largely from fashion conscious countries.
Of late, the AEPC, in coordination with Indian Trade Centre, Brussels, participated in the men's and boys' exhibition (IMBEX '83) for the first time. This participation was one of the programmes of an ambitious plan chalked out by the AEPC to participate in specialised fairs throughout the world during 1983-84, including the areas where the market potential has not been so far adequately tapped.

The State Trading Corporation too, under its latest promotional measures, decided to participate in International Women's Fashion Fair, New York and Fashion Garment Fair, Paris for the first time. Moreover, stress was given on country's participation in a number of trade fairs in South East Asia, Latin America and Africa. In view of the fall in the exports of shirts, study teams have suggested participation in Paris and Los Angeles fairs in America and Cologne fair in Europe on regular basis. Another study team has suggested that India should participate in Leipzig fair on regular basis as this fair is visited by all potential buyers from all East European countries. This point needs sincere consideration in the light of recent fall in exports to open market economies.

Such periodical participations, no doubt, have their utility but to expect any sudden improvement in exports and diversification of sales outlet will be a big fallacy. Such efforts are needed to be supplemented by continuous advertisement campaign and market research clubbed with frequent market
intelligence programme.

**Marketing strategy**

Even in the field of marketing, much more aggressive, extensive and long-term promotional measures are required to be followed by Indian exporters of garments in order to project and maintain the correct image of Indian garments abroad. There exists a wrong conception that India is in the handloom era. The capacities and capabilities of our garment industry is still widely unknown; not only in Latin American countries but also in the developed countries of Europe. It was pointed out that there was "ignorance and lack of information regarding production facilities in terms of fabric and labour available in India"* in the EEC member countries. All these impressions should be corrected in the proper direction. In fact, we have not established our image as a quality garment manufacturer.

It should be clear to us that unless we follow the expensive marketing and advertising campaign as adopted by the main Far East garment exporting countries, the chances of boosting exports will be bleak. It means that there is an imperative need of revising the attitude of spending foreign exchange niggardly on promotional activities if the industry is to be brought up on sound footing in the highly competitive

world markets. It was found that the importers of Indian garments were also the suppliers to small shops, having the normal purchases between 500 to 2000 pieces and that too in different varieties. Therefore, our publicity programme should cover these small shops also.

Japanese market is not fully acquainted with the properties of Indian garments and, therefore, should be educated as was done in the USA. They should be made aware of the fact that weaving defect is an inherent property of handloom fabrics and is treated as a speciality in the fashion conscious world of garments. Simultaneously, the Japanese importers and consumers are to be clarified that a fashion garment manufactured by using largely manual labour bound to have small and insignificant stitching defects and even though these garments are definitely superior to other country's fashion garments. These points are to be regularly clarified to Japanese importers and consumers who are very conscious about quality standard; then only we can do substantial business with this market. "The concept of fashion wear and casual wear as distinct from regular wear has yet to be introduced in the Japanese market especially in the field of men's wear. It may be necessary to explain the fashion wear and casual wear so that distinction can be drawn between these and the regular wear for quality standards." Likewise, in the Latin American countries like Chile, Argentina.

2 Delegation to Japan, ibid, p. 13.
and Venezuela Indian fashion garments are to be displayed and publicised as they are not properly aware of the capabilities of India in the field of manufacturing garments. In fact, the exporters do not know what exactly the demand of these countries is. Similarly, on the other hand, these countries are unaware of the India's ability of producing and exporting the garments they exactly need. Only frequent meets of both the ends and regular publicity campaign will facilitate exporters to have desirable business in these Latin American countries. No doubt, shipping distance is a basic problem. Once this constraint is subdued in terms of shipping cost and time, the goal can be achieved.

So far, with the little turnover and scare sources, the exporters could not follow aggressive marketing strategy to establish their products. If these exporters are provided financial assistance from market development for organised publicity campaigns for specific brand names, say for shirts, they can do better in the sophisticated markets. Similar assistance is a must to establish new line of products of regular wears and institutional garments in the world market. Such task of introducing new products should be associated with planned development programme, covering continuous advertising and publicity.

The AHPC can play a vital role in coordinating market
promotional activities. Moreover, it has to increase the
number of buyer-seller meets for selected items.

Foreign collaboration

The leading garment exporting countries of Far East have
foreign collaboration in designs and export sales with West
European countries and their success, to a greater extent, is
attributed to these collaborations. In fact, such collaborations
provide internationally known brand names, up-to-date technical
know-how and distribution channels. There was demand for
such collaborations in India since last many years. Of late,
the delegation visited Japan has also suggested for collaboration
arrangements with Japanese trade circle in order to establish
particular brand names as the Japanese consumers are very
brand-conscious. The Japanese traders have such arrangements
with the largest manufacturers of the developed countries as
well as South-East Asian countries. The brand names of France
are specially preferred there and therefore, Indian exporters'
arrangements with the owners of such brands will be helpful
in getting some foothold. Additionally, the arrangements with
Japanese industry will be useful as suggested by the delegation.
Japan has the most sophisticated textile and garment industries
but the garment industry has its limitations, being very high
cost of labour. In India, the imports of fabrics from Japan
can be affected and in turn, manufactures items of such fabrics
can be exported as the cost of manufacturing garments is low in the country. The services of famous Japanese designers can also be availed under arrangements. By entering into such arrangements, exports of garments to Japan can be boost up substantially. Despite good market for gents' garments, India's exports consisted only 10 per cent of this category.

During the last few years, the cost has tended to increase in the Far East exporting countries and, therefore, the US leading manufacturers of shirts were in a mood to have some arrangements with Indian converters to develop production base on the basis of full buy-back clause.* This is the right time when the government should liberally consider for allowing the trade and industry to enter into such arrangements.

**Delivery schedule and freight**

There had been general complaint over the last many years about the delay in lifting air cargoes of garments and despatching the same to the destinations abroad required at least 15 days. If there is scarcity of air space and the flights are inadequate to meet the requirements, early steps should be taken to streamline the mailing consignments waiting at airports. The delay in shipments by air nullifies the very

* ASPI: Report of Sales-cum-Study Team to USA for Men's and Boys' Shirts, 1981, p. 4.
idea of saving time and reaching the garments in time to step with the current fashions, designs and season. Whenever required, the services of the other cargo planes for shipments can be taken if the space is not available with Air India.

As we have seen, the Latin American countries (particularly Chile) are the big potential markets for Indian garments but to make good dent geographic distance is a main hinderance. Taiwan and South Korea take only 20 to 30 days compared to 80 to 90 days required by India to deliver the goods. These Far East countries could do better, being exporters of utility apparels and where time factor does not count much. On the other hand, India is largely engaged in fashion garments and, therefore, longer period for delivery in transit does not suit the exporters. Obviously, the cargoes are to be lifted by air. This aspect involves two problems, (i) very high freight cost, making Indian garments uncompetitive and (ii) non-existence of direct air flights to the continent of Latin America. It is, therefore, necessary to provide some kind of freight subsidy to garment exporters and to extend Indian air flight to Buenos Aires as suggested by the delegation which visited Latin American countries.* The delegation also suggested to facilitate the export of garments to this region with the benefit of special commodity rates as available for the USA, the EEC and Australian markets for garments.

A joint study "Problems of Clothing Industry in India" carried out by the Indian National Textile Workers' Federation and the Ambedkar Institute of Labour Studies recommended that till the air-cargo facilities develop properly at the centres, like Bangalore, Madras, Calcutta the exports affected from these centres are to be facilitated with the freight equalisation. There is also a need for subsidising the sea freight for institutional and regular garments as they are mostly routed through the sea.

Need to establish a warehouse at Miami

The delegation visited Latin American countries made an important suggestion of opening a show-room and establishing a warehouse by some public sector agency in Miami Free Trade Zone as the importers of these countries affect the part of their purchases from Miami. Such facilities will help the probable buyers to see the goods before buying as well as ensure ready delivery for which they are uncertain, owing to longer geographic distance. Moreover, they will not require to block their capital, which enjoys very high rate of interest there, in getting letter of credit much before the Indian garments touch the Latin American port.

Need for some improvements in garments

There were complaints about the stitching, presentation and
packing of garments. Stitching gave no quality effect though there has been some improvement in this direction but other aspects are largely still unheeded. In all sophisticated markets, including Japan, the quality standard in all respects of fabrics used in making garments, stitching (covering interlocking and over-locking), finishing and packing is very high. Japanese market is relatively more difficult to penetrate. Our quality standard is far away from the shipments of Far East countries.

It was observed that packing of Indian garments, for example, shirts were presented in an unscientific manner compared to the European countries like the UK, Italy etc. In Indian packing, the collars and cuffs were found pressed against cartons, giving indecent look when a shirt was put on. The low-priced shirts of Taiwan, Hong Kong and China were packed in polybags and half a dozen shirts were packed in wooden cases. It was said that smaller cartons are preferred to avoid breakage in transhipment.

The Austrian importers* suggested the following improvements in garments at the time of meeting with Trade Development Authority of India:

(1) Stitch should be straight, keeping uniform distance between two lines throughout.

(ii) Corner stitching should be finished properly so that it does not bulge outside.

(iii) Lining should be smaller than the upper fabric and should not be visible at any point.

(iv) Accessories like hooks, buttons etc. should be of good quality.

(v) There is need for 60 degree colour fastness as most of the cotton garments are washed together in the washing machines at a temperature of 40 to 60 degrees.

All these aspects are to be attended sincerely as these have significance in gaining desirable shares in such markets.

It is generally resurrected that Indian packing is poor but little is done in this direction for improvement, only being reluctant. In fact, packing requires simple know-how and machines and low capital and can be done with comparatively low wage semi-skilled labour. This is to be kept in mind that India is mainly an exporter of fashion garments lifted by air and, therefore, packing should be light but it should equalise the international standard. The garments packed should be accompanied with a tag/label, giving particulars about the texture of fabric, washing and ironing instructions, properties of the garments etc. according to the laws prevailing in the importing countries. Japanese market is more conscious about such labelling laws.
The maintenance of requisite quality standard and timely shipments minimise the complaints and claims. In the case of claims, they should be settled promptly. Fortunately, the importers of Indian garments are satisfied in this regard.

**Quota distribution and AEPCC**

Whatever may be the procedure of allocating export quotas to manufacturers/exporters, the unutilised quota at a given date and quota surrendered by them should be put in the kitty for reallocation. This practice will discourage bogus exporters and ensure the full utilisation of quotas. Huge quantities had remained unutilised with agencies such as the State Trading Corporation. In 1980, the transfer of quota system gave rise to speculative activities. Bogus exporters having overseas links made quick money by disposing of their quotas for 1981 period. The transfer of quota brought them chance to make money by trading in quota and genuine exporters had to content without quota for certain items or insufficient quota. Later on, it was decided to amalgamate balance quantities in all categories into a common pool for reallocation from October 1982 in order to ensure better utilisation of quotas.

It is also necessary for the government to declare quota policy well in advance for proper execution by the AEPCC. Quota policy for 1983 could reach to the exporters in January 1983.
The power of administering quota should continue in the hands of the AEPC though the working may be streamlined. Delegation of power of administering the quota to government agency will not help much as our experience reveals in other fields. On the contrary, the trade may fall in the hands of officialdom, not knowing the intrigue of the trade. The Commerce Ministry established a study Group to give advice on the garment export quota policy for 1983 as well as on the feasibility of transferring administration of quota from the AEPC to a government body. For 1983, the AEPC continued to allocate quota and did necessary certifications.

In the last few years, the Council has become almost a quota distributing authority though it was set up with the goals of direct collection of information, processing the information so collected and developing innovative substance for the garment industry in order to enrich the adaptiveness to the highly sophisticated markets. Moreover, frequent dissents against the working of the AEPC have necessitated to go in detail of the functioning of the Council and to suggest remedial measures before causing any irreparable loss to the garment exports.

Revision in floor prices

The recent fall in exports and recessionary condition have necessitated to review the floor prices fixed for garments. They
are to be brought down reasonably for augmenting exports. The prices fixed were reported to be unrealistic.

_Keeping contacts with world organisations_

Recently, the AEPC has suggested that the government should get in touch with the international bodies like ILO, UNICEF etc. to secure bulk orders for supply of garments. These organisations affect purchases of different varieties of garments in lots through government bodies. The Council has further suggested to form a consortium of 15 to 20 exporters to execute such orders. These suggestions are worth to serious consideration.

_Need for developing a stable domestic market_

There is almost no domestic market for apparels. A small market of select gentry exists in the cities and that too largely consumes so called "export reject items". Very little systematic and comprehensive market research has been conducted in the country so far to assess and evaluate the consumer preference and potential of the urban, semi-urban and rural areas. Currently, dealers and stockists are the sources of market intelligence to the manufacturers of garments.

It is realised by the industry that a stable domestic market will help in cushioning the export and will give support to manufacturing units for strengthening the economic viability.
This can be achieved if imaginative and long-term policy is formulated and executed efficiently.

The development of domestic market is essential in order to save the industry from sudden fall in exports. In the wake of increasing protectionism, it has become must. The clothing Manufacturing Association of India, a representative body of manufacturers, exporters, dealers and other related sections, should sincerely exert to develop a garment sector for domestic requirements.

The South India Textile Research Association carried out a survey of the Indian garment industry in 1979 which was sponsored by the Centre. The Association after study brought out a publication 'Handloom Readymade Garments Exports'. The Study examined that despite phenomenal growth in garment exports, India's share accounted for hardly 1.5 per cent of the global demand. World trade in textiles has shown the shift in favour of synthetic, gradually reducing the proportion of cotton textiles. The share of cotton textiles was estimated at 50 per cent during the course of the study. The Team observed that there was clear gradual shift from 100 per cent cotton made garments and preference was being given to blend. India did not have any share in the increasing world in synthetics and blends and India's exports of garments were only of made of cotton fabrics, having demand in summer. The Study added that our exports were largely dominated by leisure wear type garments.
like shirts, blouses etc. and hence the industry was always exposed to sudden changes in fashion trends. The SITRA study team, therefore, advised that the garment industry should diversify the product base for the steady growth in exports. The Report suggested that polyester-cotton with woven designs which cannot be easily manufactured by the mills, polyester-silk blended suiting etc. can be tried on handloom and hoped that such constructions may win over the consumer likings. It also suggested to diversify the product range by manufacturing constructions like trousers and hospital wear. Use of fusible interlinings in garments was also suggested. The team said that some sort of collaboration with foreign designers would be of much help. It also advocated of sending candidates abroad for training.

The Report pointed out that the machine utilisation in the industry was low at 60 per cent. If the industry has to run on efficient and economical lines, the industry should strive to increase the machine utilisation. The Team stressed on research and development of fabrics and designing garments in addition to quality control and continuously affecting mild changes in fashions. One of the important recommendations of the Study Team was that every garment unit may restrict activities in manufacturing limited number of specifications and not many. The team also recommended that an Institute of Fashion Technology should be set up to promote export. For this purpose the team
suggested the following functions to be performed by such Institute: (i) To arrange training programme periodically in quality control and similar aspects, (ii) To arrange seminars on productivity and similar aspects, (iii) To undertake research on different aspects of the garment industry, and (iv) To facilitate consultancy services to the garment manufacturing units.

The SITRA Study Team after visit to Singapore and Hong Kong elucidated the working of the garment industry located there. The Team observed that the concerns operating there enjoy much freedom in executing their plans and activities. They can import requisite material from any country free of duty, enabling them to choose the best. Hence, all the factories have equipped themselves with modern and up-to-date machinery and manufacture items at a comparatively low cost. Labour also cooperates to incorporate improved technology. The machine utilisation was also found high between 75 to 90 per cent while it is 60 per cent in India. The units there produce 15 to 30 garments per sewing machine per shift compared to nearly 10 pieces in India. These factories abroad are equipped with the feedback information system. They continuously receive intelligence for the current as well for future projection in respect of colour, design, fashion, style, quality, types of fabrics required etc. The industries of these countries also send frequently persons to different regions to study the changes in fashion and to collect the catalogues, samples etc. in order to get first-hand developments
for developing new styles in their factories.

In case of quota markets, Hong Kong units have diversified their products by using costly fabrics as well as to earn high unit value realisation. Those units are giving more emphasis on the production of better quality shirts, fashion blouses, sophisticated leisure wear and knitwear in order to take maximum advantage of quota fixed. In the case of non-quota items, fast diversification was observed in garments made from leather and fur.