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RESEARCH ARTICLE

SERVING THE BEST IN THE WORLD “A Case of Ludhiana Shawl Manufacturers”

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The Indian shawl industry is one of the most innovative global producers of shawl products. There has been a revolution in shawl industry. This is indeed a significant The Indian shawl industry is one of the most innovative global producers of shawl products. There has been a

Abstract

revolution in shawl industry. This is indeed a significant contribution to the Indian economy by the shawl industry which has a bright future. Indian shawls have now made a good mark in exports. To compete, it needs to overcome the problems faced by its manufacturers and exporters and built up a strong relationship with its customers. So the main purpose of this study is to study the shawl industry in Ludhiana.

The review of literature focuses on the various factors affecting the business of the manufacturers and exporters and the problems faced by them that acts as a hurdle in their relationship. So for this a survey was conducted in which 30 samples were used to study the objectives. The questionnaire was made to fulfill all the empirical objectives.

The detail analysis of the filled questionnaire is done to find out what are the marketing practices, various factors affecting the manufacturers and exporters in their business and what methods they are using. The exporters are not even satisfied with the government policies.

So to conclude at the end if the India wants to compete in the international shawl market then the government needs to support the manufacturers and exporters and provide them with the required subsidies. Also the manufacturers and exporters need to enhance their knowledge and update their technology and to exploit niche international markets.

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Introduction

Shawl is a famous industry of Ludhiana. This is indeed a significant contribution to the Indian economy by the shawl industry which has a bright future. Indian shawls have now made a good mark in exports. Lack of knowledge about export markets, poor infrastructure, non-availability of raw material, inadequate incentives from the state and central government and technical limitations are the major problems being faced by exporters of Ludhiana. Some of the problems faced by them are as follows:

1. No subsidies by Government.

2. Payments are received after long time.
3. Long shipment booking.
4. Procedure for export is time consuming and costlier.
5. No incentives like power, water and electricity.

REVIEW OF LITERATURE

Gupta (2009) in his study titled, “Surge in prices of manmade yarns due to boost in excise duty” remarked that prices of manmade yarn have increased by 3-4 percent, due to the effect of the budgetary announcement in which excise duty on synthetic yarn has been boosted from 4 percent to 8 percent. It is obligatory for units to pay excise duty at the fibre and yarn stage, but optional if further processing of the synthetic yarn is undertaken. This decision has been opposed tooth and nail by the textile sector. 4% additional duty has been imposed on synthetic yarns increasing burden in cost of raw material, manufacturing, finished products etc.

Kulkarni (2009) in his study titled, “Is Eco fashion worth the price tag?” has analyzed that today’s consumers are well aware of the threats imposed by global warming, and the necessity for ecological living. But the fact of consideration is the price involved in adopting the lifestyle. Eco clothing is still at a nascent stage, and requires a considerable amount of money and time for the cotton cultivators to change from conventional to organic crop. Similarly, manufacturers need more investments in machinery for eco clothing.

Ramkumar (2009) concluded in his study titled, “ India ripe for new Tex-Revolution Nonwovens & Technical Textiles Features The ITJ ” that the International textile trade is at cross roads now and the effect of the economic meltdown is visible in export related trades such as the Indian textile industry. Apart from the effect of economic meltdown Indian textile Industry is facing problems in three fronts:-

1. Raw materials
2. Skilled labor
3. Technology

Ravichandra and Selvarani (2009) inferred in their study titled,” Problems faced by knitwear unit workers in Tiruppur District,Tamil Nadu- Empirical Study” that apparel has retained an important place in human life starting from historical era to today's modern world¹. Apparel industry in the contemporary market is truly a global industry.

Shah (2009) in his study titled, “Survival of textile industry rests on three key factors” states that the Indian textile industry experienced a reverse trajectory in its exports during 2008, which is not a welcome situation. Economists predict that economy will start reviving only by 2011. The interim would be a period of stress for Indian textile industry.

Chattopadhyay (2008) in his study titled, “Indian Apparel Fabric Market Needs High Quality Innovation” has concluded there are many instances of product developments regularly practiced by the Unorganized Sector of the Indian textile Industry. It is the low cost, simplicity and speed with which such innovations are translated into commercially viable and profitable products by the so called 'Unorganized Sector'. Such novelty or fancy items have shorter product life cycle.

Athalye (2007) in his study titled, “Continuous Dyeing” analyzed that the continuous dyeing of Cotton, Polyester & their blends is gaining importance over the traditional exhaust dyeing process owing to the major advantages in terms of uniformity of shades in long yardages, high productivity, simple/ short dyeing process, low utility cost in terms of consumption of dyes, chemicals, water, energy & low effluent generation.

Curran (2007) in his study titled,” Clothing’s big bang: the impact of the end of ATC on developing countries clothing suppliers” concluded that significant changes occurred in sourcing patterns in the EU almost overnight. The big winners were India and China. Almost all other developing countries lost market share, although often not as much as had been feared.

Jain (2007) in his study “The U.S Textile Industry: Post NAFTA” has examined current trends, which have resulted primarily from NAFTA. Specific focus has been given to yarn production levels, price, imports, exports and labor. The purpose of the research presented in this paper was to examine the effects of NAFTA on the US short staple spinning industry. Recently, there has been a great deal of attention given to the decline of the US textile and apparel industry, particularly the causes surrounding the decline.

Ray (2007) in his study titled, “**Moving up the Value Chain?: Comparison of the Indian Textile Industry with the Chinese Textile Industry ' Post-MFA**” concluded that International trade in textiles has been governed by the Multi-fiber Agreement (MFA) since 1974 and its successor, the Agreement on Textiles and Clothing (ATC), since 1995. The phasing out of this agreement has particular relevance for India, since India, along with China, is expected to make important gains in the textiles market. This paper examines the relative performance of the **Indian Textile Industry** with the Chinese industry and examines the prospects for future growth of the **Indian Textile Industry**.

Switha (2007) in his study titled, “Price Volatility in the Cotton Yarn Industry: Lessons from India” has looked at how India has addressed cotton yarn price volatility in the handloom sector. In an era of modernization and globalization, India's handloom weavers have found their margins squeezed by volatile cotton yarn prices, increasing domestic and international competition, and a crowded value chain. This study examines the steps India has taken to address the yarn price vulnerability of its handloom weavers.

Objectives of the Study

1. To study marketing arrangements being adopted by shawl manufacturers.
2. To find out the problems prevailing in shawl industry of Ludhiana
3. To identify the impact of various factors on shawl business of Ludhiana

RESEARCH METHODOLOGY

The research attempts to know what are the marketing practices being followed by the shawl manufacturers exporters in Ludhiana and problems faced by them to help them place themselves in domestic and international markets. It also tries to find out what are the various factors affecting the business of the manufacturers and exporters.

Data sources:

Analysis is totally based on primary data. Secondary data was used only for the reference. Analysis has been done by primary data collection, and primary data has been collected by interacting with various people. The secondary data has been collected through various journals and websites.

Research Design

In order to get the appropriate results on a clearly defined research topic, the design chosen by the research is descriptive in nature.

Data Collection:

The data collected in this project is primary by using Questionnaire. In this case, the respondents read the questions, interpret what is expected and then write down the answers. The questions used are dichotomous, rating, ranking. The data was collected by distributing the questionnaires in different areas of Ludhiana to shawl industrialists.

Sampling:

Sampling Design:

The sampling design includes the following steps:

Universe: All Textile manufacturers and Exporters

Population: All manufacturers and exporters in Ludhiana.

Sampling Unit: any shawl manufacturer and exporter of Ludhiana

Sample size: 30 for shawl manufacturers
 15 for shawl exporters

Sample Technique: It is a method of deciding a sample from a given population. Non probability sampling is used as each exporter is not getting an equal chance of being selected. Under this convenience sampling is used. The

study is carried on by convenience sampling technique keeping in mind the time and financial constraints for the research.

DATA ANALYSIS AND INTERPRETATIONS

RESULTS AND FINDINGS

- The exporters face many problems in their daily business which they feel to some extent even affect their business.
- That most of the exporters have to search for international markets by visiting their personally that they do not have advance technology for their promotions.
- The government that should provide the major aid to the exporters is the biggest hurdle or the factor affecting their business.
- Poor infrastructure of the city especially the power cuts and no airport facilities are the other major problems.
- Shortage of labor and rigid labor laws are also affecting the business.
- Major import of raw wool is from Australia.

Table 1.1 Product manufactured

PRODUCT	NO. OF RESPONDENTS
SHAWL	30
SCARF	22
MUFFLERS	11

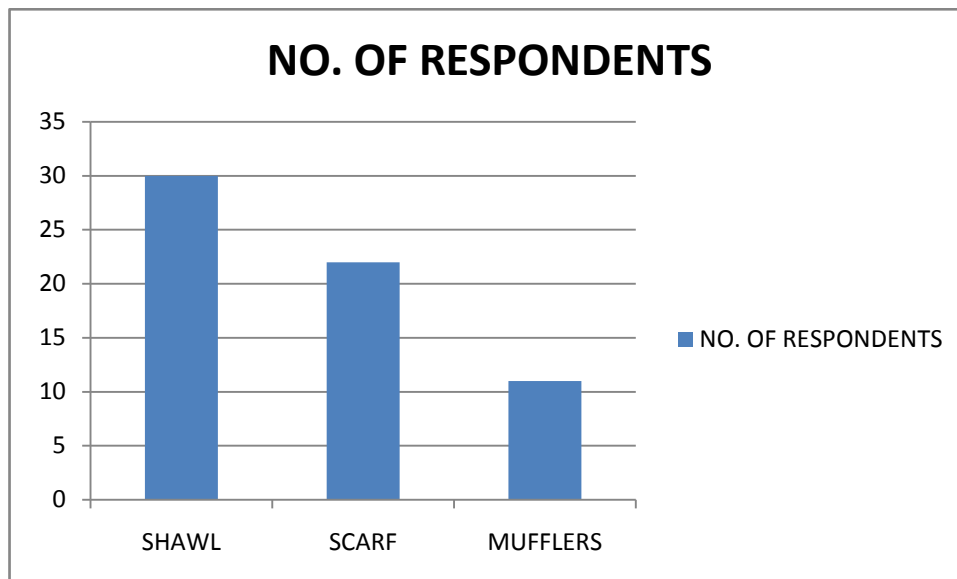


Figure 1.1 Product manufactured

Analysis : All the 30 manufacturers manufacture shawls, 22 out of them manufacture scarves and 11 out of them manufacture mufflers.

Table 1.2 Annual production

ANNUAL PRODUCTION	NO. OF RESPONDENTS
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<50,000	9
50,000-1,00,000	12
1,00,000-5,00,000	14
5,00,000-10,00,000	2
>10,00,000	3

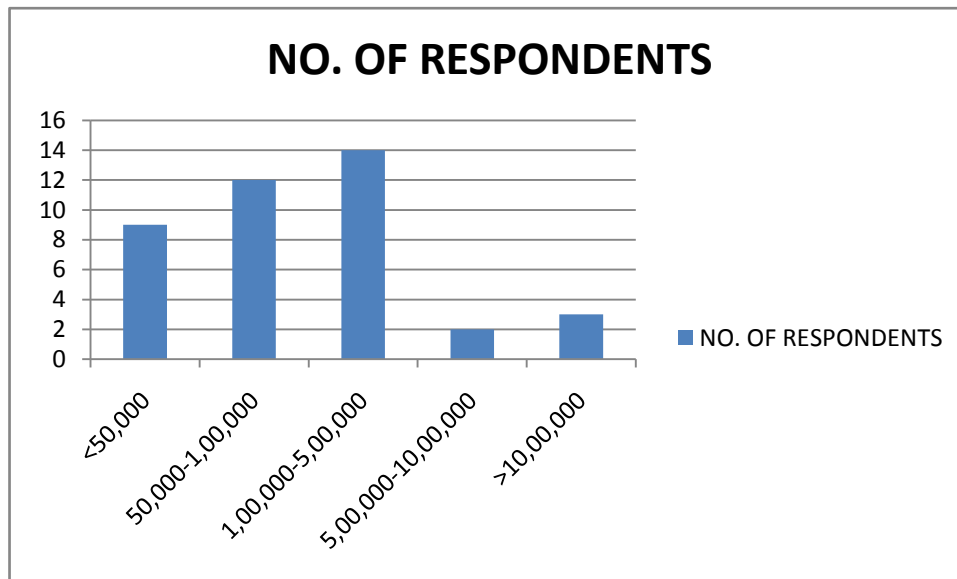


Figure 1.2 Annual production

Analysis : The annual production of most of the manufacturers is 1,00,000 – 5,00,000.

Interpretation: Production is taking place on large scale.

Table 1.3 major problems

MAJOR PROBLEMS	NO. OF RESPONDENTS	% age
INFRASTRUCTURE	2	6%
GOVT. SUPPORT	15	45.45%
TECHNOLOGY UPGRADATION	11	33.33%
REALIZATION OF PAYMENT	5	15.15%

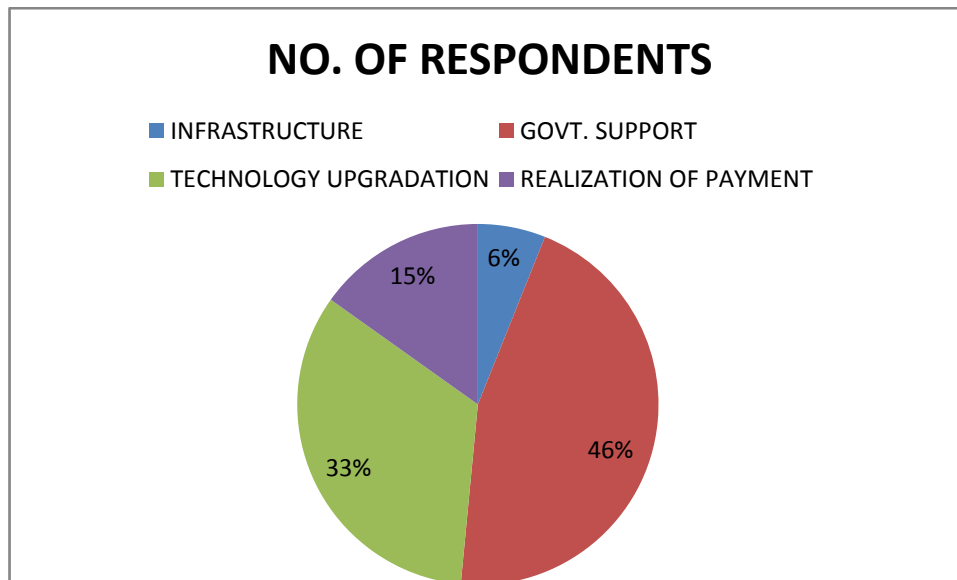


Figure 1.3 Major problems

Analysis: 46% of the manufacturers feel that lack of lack of government support is the major problem, this is followed by technology upgradation and realization of payment.

Interpretation: Manufacturers expect more support from govt. to make their industry flourish.

Table1.4 improvement of physical infrastructure

PHYSICAL INFRASTRUCTURE	NO. OF RESPONDENTS	%age
ROAD NETWORK	11	23%
RAILWAY FACILITY	5	11%
AIRPORT INFRASTRUCTURE	3	6%
DRY PORT(AT LDH)	5	10%
OTHER PORTS	3	6%
POWER	21	44%

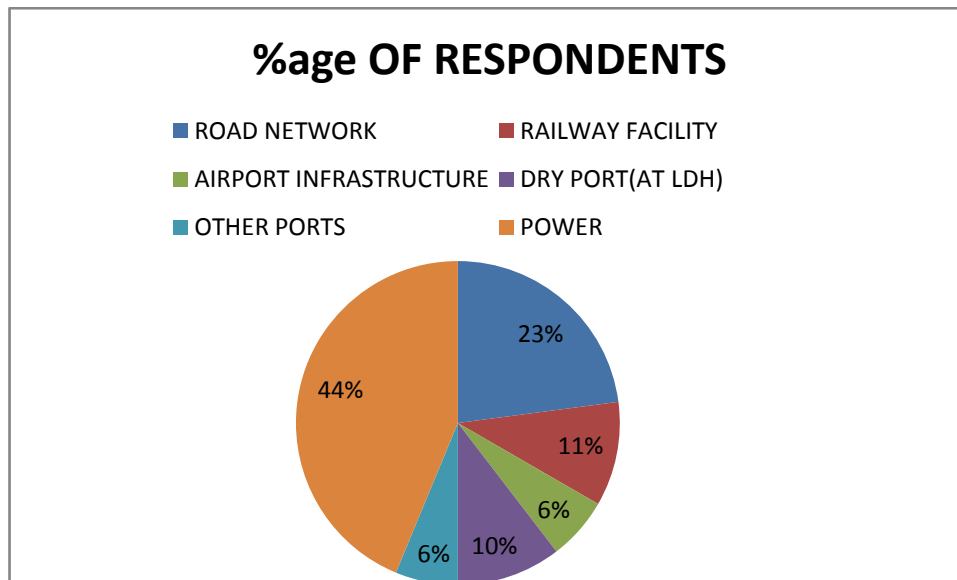


Figure 1.4 improvement of physical infrastructure

Analysis: 44% of respondents say that power shortage is the major problem. 23% say that road network is not proper. This is followed by improper railway facility and dry port at Ludhiana.

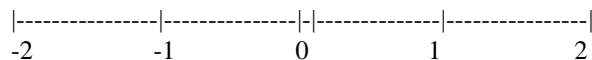
Interpretation: Power is the foremost infrastructural factor that needs to be approved.

1.5 satisfaction level towards VAT refund policies

	SATISFACTION LEVEL TOWARDS VAT REFUND POLICIES				
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
factor	-2	-1	0	1	2
no. of respondents	0	15	7	6	2
	0	-15	0	6	4

Mean=0.16

0.16



Analysis: manufacturers have neutral response towards the VAT refund policies.

1.6 Subsidy Expected

- Control in fluctuating prices of raw material
- Lower the cost of transportation
- Improve infrastructure facilities

1.7 Procedure To Avail Loan

	PROCEDURE TO AVAIL LOAN					TOTAL	MEAN
SCALE	1	2	3	4	5		
NO. OF RESPONDENTS	0	13	12	4	1		
SUM	0	26	36	16	5	83	2.77

Analysis: manufacturers say that it is neither too difficult nor too easy to avail loan.

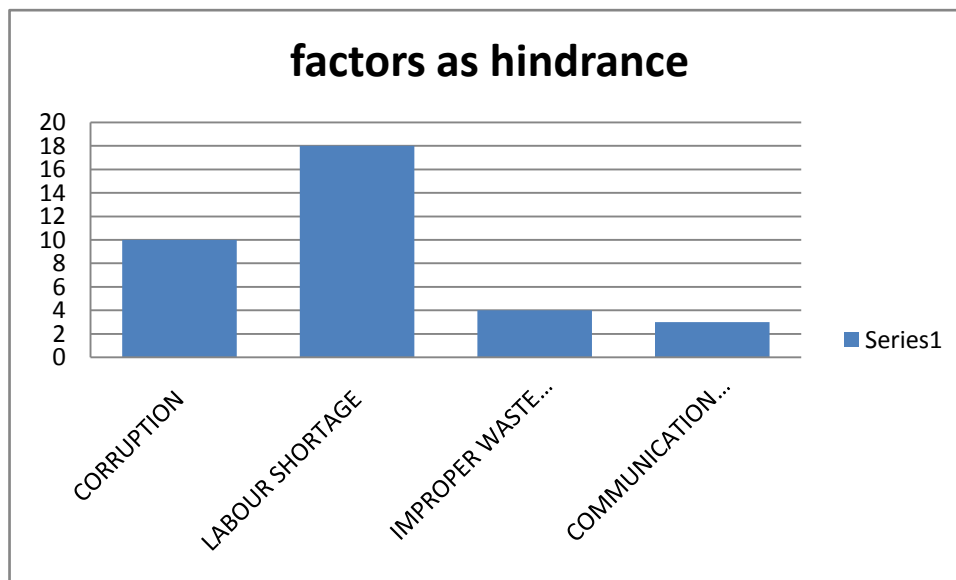
1.8 Satisfaction Towards Interest Rate On Loans

	SATISFACTION LEVEL WITH INTEREST RATE ON LOANS						
	HIGHLY SATISFIED	SATISFIED	NUETRAL	DISSATISFIED	HIGHLY DISSATISFIED	SUM	MEAN
	2	7	9	7	1		
SCALE	-2	-1	0	1	2		
	-4	-7	0	7	2	-2	0.06

Analysis: manufacturers have neutral response towards interest rate on loans.

1.9 Factors As Hindrance In Growth

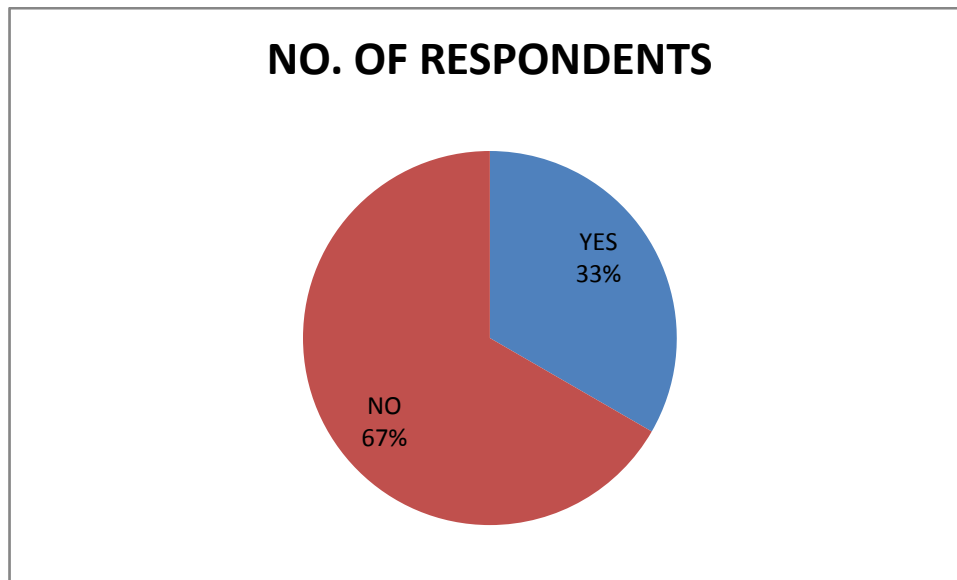
FACTORS AS HINDRANCE	NO. OF RESPONDENTS
CORRUPTION	10
LABOUR SHORTAGE	18
IMPROPER WASTE MANAGEMENT	4
COMMUNICATION NETWORK	3



Analysis: 18 respondents feel that labour shortage is the major hindrance. This is followed by 10 manufacturers saying that corruption acts as a hindrance.

Table 1.10 Import Of Raw Material

IMPORT OF RAW MATERIAL	NO. OF RESPONDENTS
YES	10
NO	20

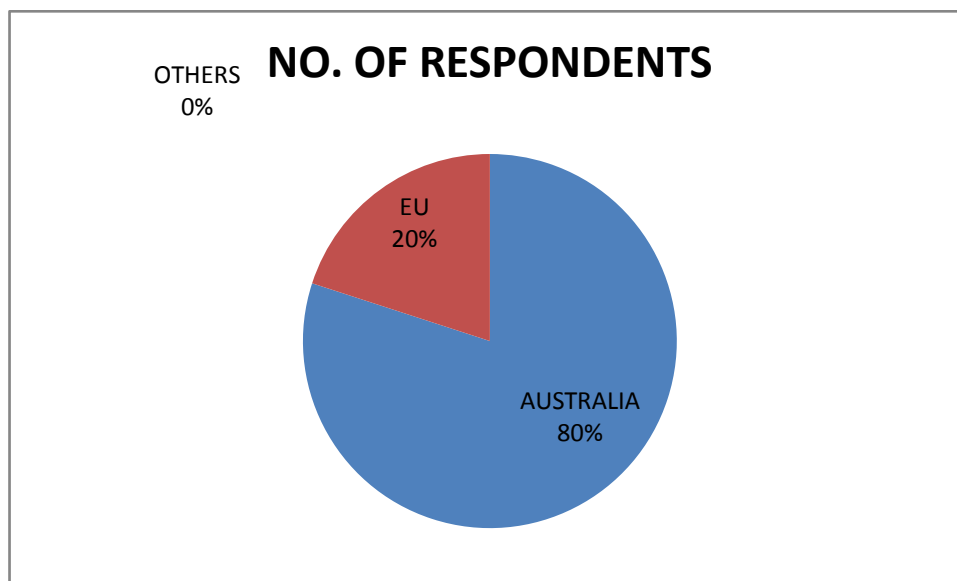


Analysis: 67% of manufactures do not import raw material and 33% import.

Interpretation: Major players import the raw materials and the small domestic companies buy from them.

1.11 Countries from which raw material is imported

COUNTRIES FROM WHICH IMPORT ID DONE	NO. OF RESPONDENTS
AUSTRALIA	8
EU	2
OTHERS	0

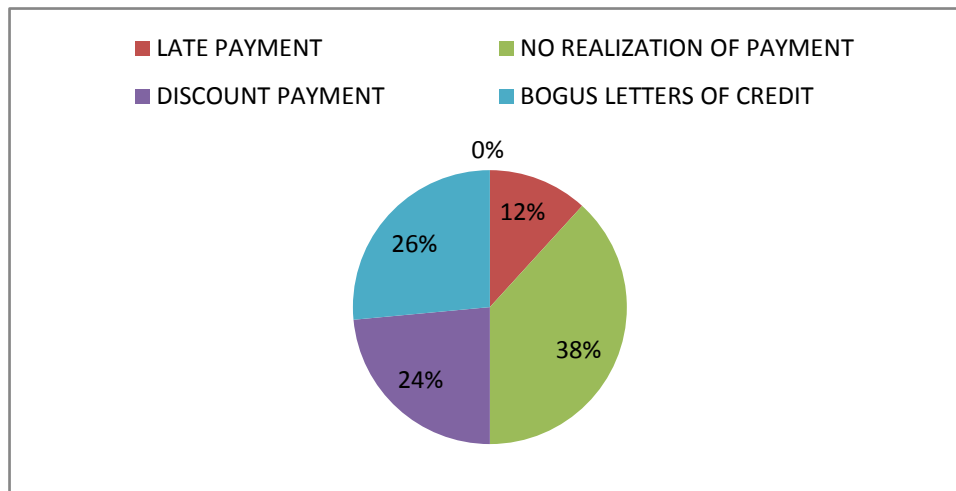


Analysis: 80% manufacturers import from Australia and 20% from EU.

1.12 risks attached in payments

RISKS ATTACHED IN PAYMENTS	NO. OF RESPONDENTS	
LATE PAYMENT	4	12%
NO REALIZATION OF PAYMENT	13	38%

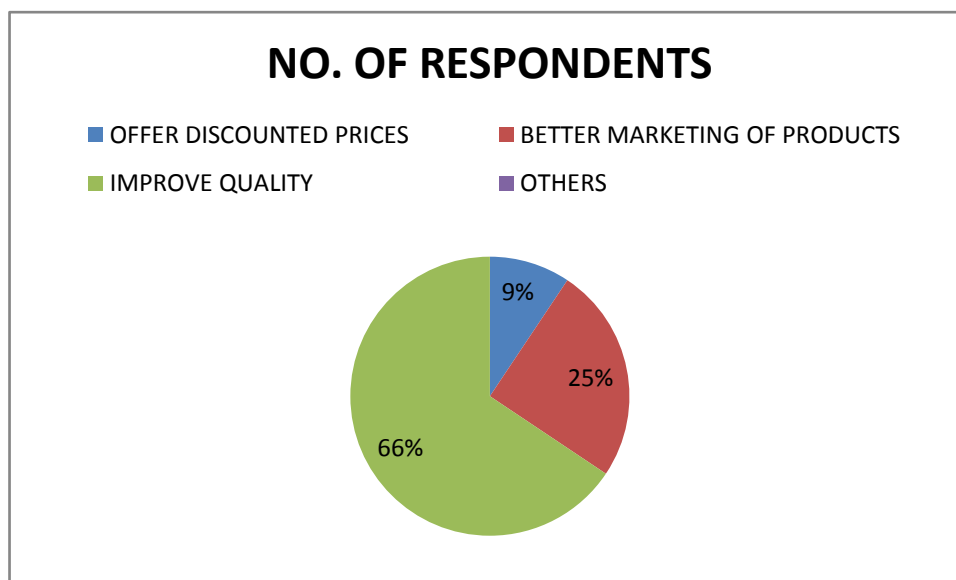
DISCOUNT PAYMENT	8	23%
BOGUS LETTERS OF CREDIT	9	26%



Analysis: 38% of respondents say that No Realization of Payment is the major risk attached in getting payments, while 26% say Bogus Letter of Credit is also a risk for them, for 24% Discount Payment is the risk and 12% say Late Payment is the risk for them.

1.13 measures to fight competition

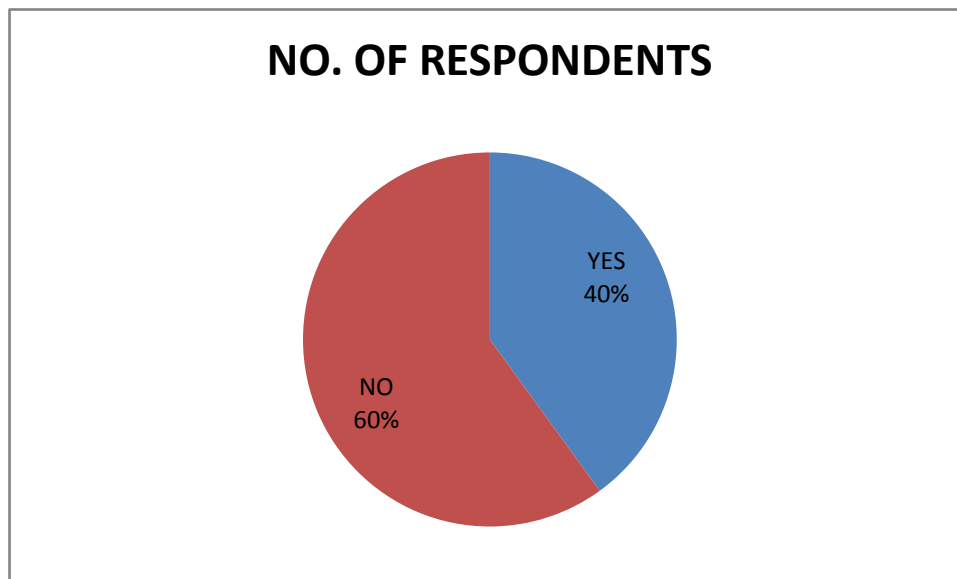
MEASURES TO FIGHT COMPETITION	NO. OF RESPONDENTS	%age
OFFER DISCOUNTED PRICES	3	9%
BETTER MARKETING OF PRODUCTS	8	25%
IMPROVE QUALITY	21	66%
OTHERS		



Analysis: 66% improve their quality of product to fight competition, 25% who believe better marketing of their products would help them face competition and 9% believe that offering discounted prices would help them fight competition.

1.14 ease of retaining customers

EASE OF RETENTION OF CUSTOMERS	NO. OF RESPONDENTS
YES	12
NO	18

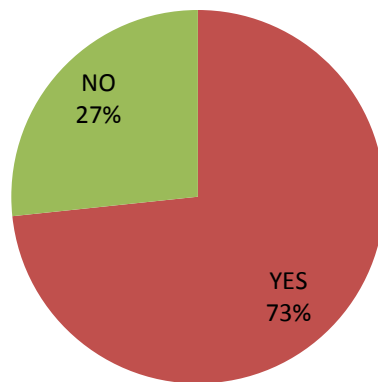


Analysis: 40% say it is easy for them to retain their customers and for 60% it is not.

1.15 increasing competition affecting prices and profit margins

INCREASING COMPETITION AFFECTING PRICES AND PROFIT MARGINS	NO. OF RESPONDENTS
YES	22
NO	8

Percentage of Respondents



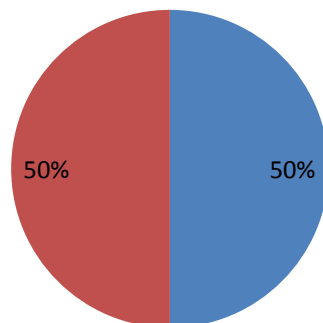
Analysis: 73% say that increase in competition affect their prices in profit margin and 27% say there is no affect.

1.16 member of shawl club

MEMBER OF SHAWL CLUB	NO OF RESPONDENTS
YES	15
NO	15

NO OF RESPONDENTS

■ YES ■ NO



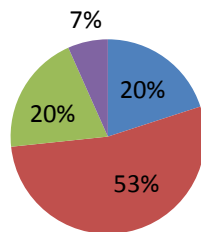
Analysis: 50% are the members of shawl club and rest 50% are not.

1.17 help by shawl club

WAYS IN WHICH SHAWL CLUB HELPS	NO OF RESPONDENTS
TECHNOLOGICAL INNOVATION TO ANSWER MARKET DEMAND	3
TRADE AND CONSUMER ADVERTISING	8
QUALITY ASSURANCE AND CONTROL	3
COMMERCIAL TESTING AND ENVIRONMENT SERVICES	1

NO OF RESPONDENTS

- TECHNOLOGICAL INNOVATION TO ANSWER MARKET DEMAND
- TRADE AND CONSUMER ADVERTISING
- QUALITY ASSURANCE AND CONTROL
- COMMERCIAL TESTING AND ENVIRONMENT SERVICES



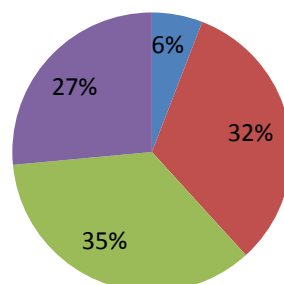
Analysis: Of the one who are the member of shawl club, 53% say that shawl club helps them in trade and consumer advertising, 20% think that it helps in quality insurance and control and in technological innovation.

1.18 factors for better future of shawl manufacturing

FACTORS FOR BETTER FUTURE OF SHAWL MANUFACTURING	NO OF RESPONDENTS	%age
RESOURCE AVAILABILITY AND USE	2	5%
BETTER PRODUCTIVITY	11	33%
IMPROVING INFRASTRUCTURE	12	36%
INNOVATIVE TECHNOLOGY	9	26%

NO OF RESPONDENTS

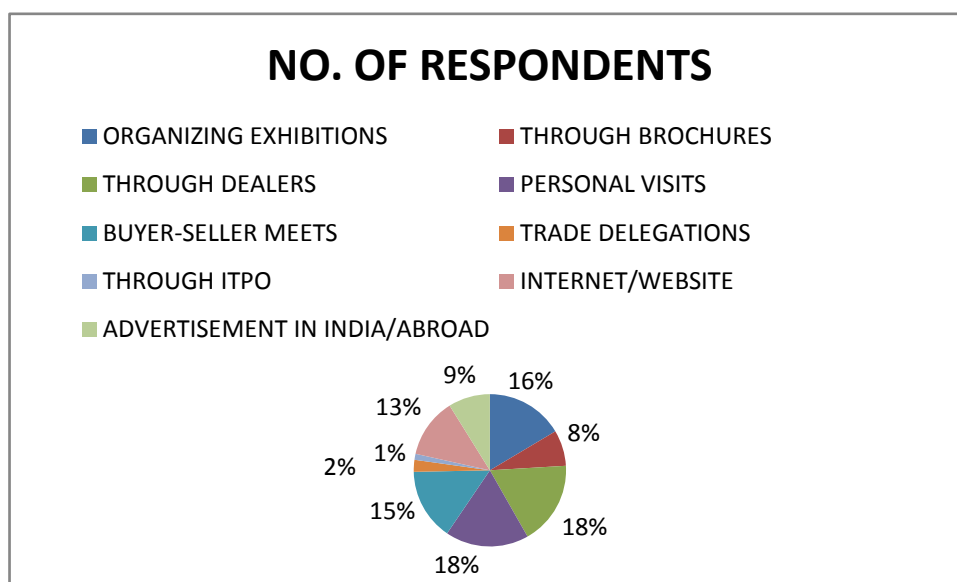
- RESOURCE AVAILABILITY AND USE
- BETTER PRODUCTIVITY
- IMPROVING INFRASTRUCTURE
- INNOVATIVE TECHNOLOGY



Analysis: 35% respondents say that improving infrastructure is the most important factor that may lead to better future of shawl manufacturing, 32% believe better productivity is the important factor and 27% believe innovative technology may lead to better future.

1.19 means of promotion

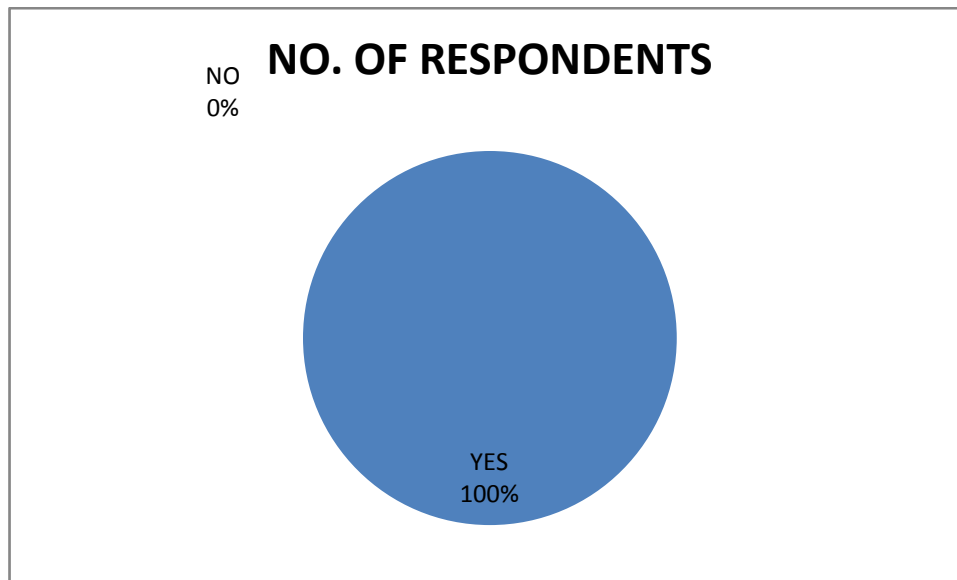
PROMOTIONAL TOOLS	NO. OF RESPONDENTS	%age
ORGANIZING EXHIBITIONS	13	16%
THROUGH BROCHURES	6	8%
THROUGH DEALERS	14	18%
PERSONAL VISITS	14	18%
BUYER-SELLER MEETS	12	16%
TRADE DELEGATIONS	2	2%
THROUGH ITPO	1	1%
INTERNET/WEBSITE	10	12%
ADVERTISEMENT IN INDIA/ABROAD	7	9%



Analysis: 18% manufacturers promote their product through dealers and personal visits, 16% promote by organizing the exhibitions and 15% through buyer-seller meets while 13% uses internet and website for the same.

2.1 Follow promotional measures

FOLLOW EXPORT PROMOTIONAL MEASURES	NO. OF RESPONDENTS
YES	15
NO	0

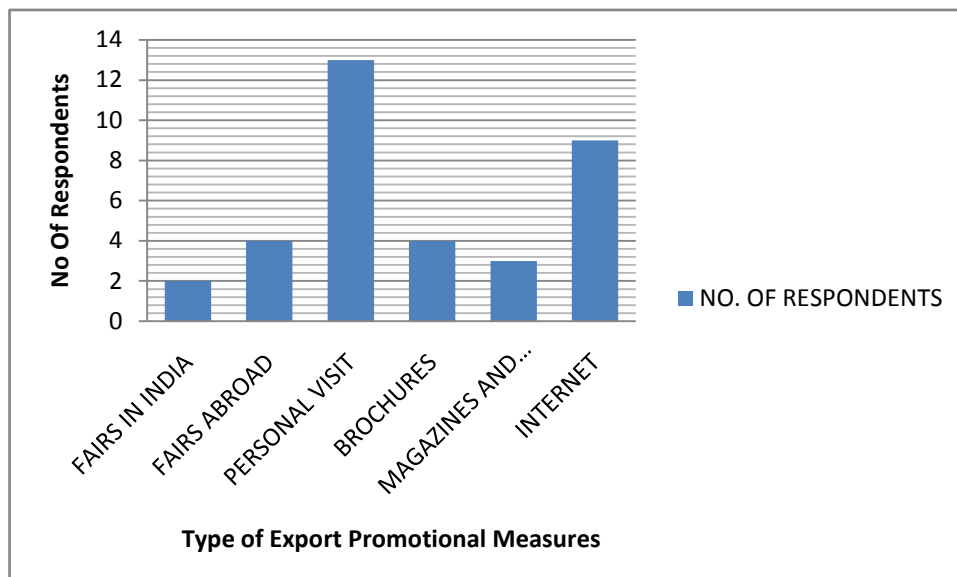


Analysis: All exporters follow the export promotional measures.

Intpretation: All the exporters believe that it is necessary for them to follow to market their products at international level.

2.2 Types of export promotional measures

TYPE OF EXPORT PROMOTIONAL MEASURE	NO. OF RESPONDENTS
FAIRS IN INDIA	2
FAIRS ABROAD	4
PERSONAL VISIT	13
BROCHURES	4
MAGAZINES AND NEWSPAPERS	3
INTERNET	9

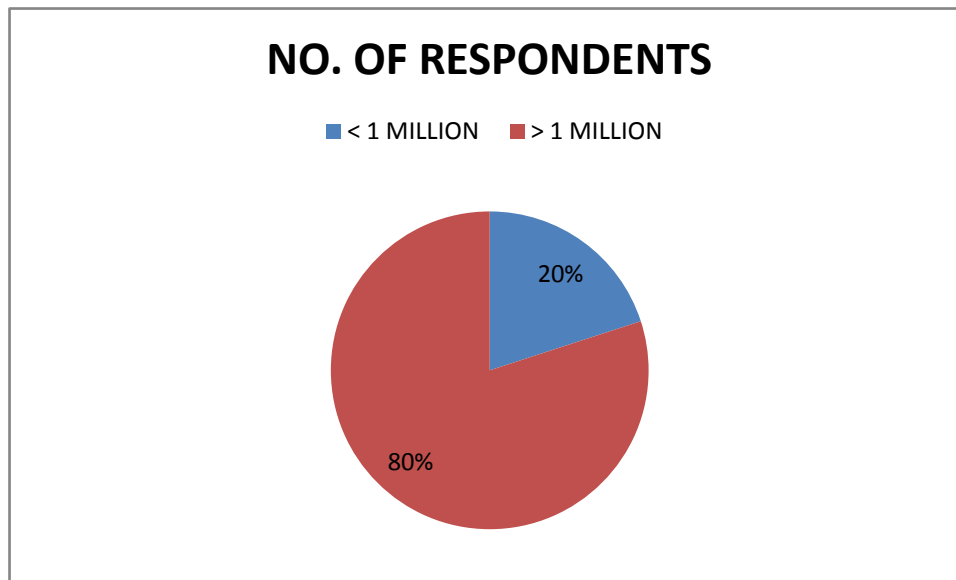


Analysis: 13 of respondents go for personal visits to promote their products, whereas 9 use internet as the medium, 4 participate in fairs held abroad and distribute brochures.

Interpretation: Different exporters use different medium but it is seen that maximum of them choose personal visits to make the links.

2.3 Export promotional budget

EXPORT PROMOTIONAL BUDGET	NO. OF RESPONDENTS
< 1 MILLION	3
> 1 MILLION	12



Analysis: 80% spend more than >1million on export promotional measures whereas 20% do the same with <1 million.

Interpretation: Because maximum of them go for personal visits and that too twice or thrice in a year so they have a lot of expenditure.

2.4 Branding Of Product

BRANDING OF EXPORT PRODUCT	NO. OF RESPONDENTS
YES	4
NO	11

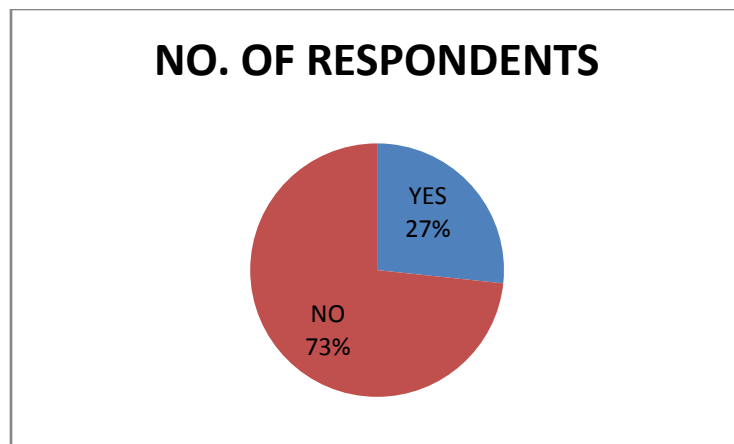


Fig 2.4 Branding Of Product

Analysis: 73% of exporters do branding of their products and 27% say they do.

Interpretation: 73% do not do branding due to contract manufacturing.

2.5 Share Of Total Production Out Of Total Production

SHARE OF EXPORT PRODUCTION	NO. OF RESPONDENTS
0-20%	2
20-40%	5
40-60%	6
>60%	2

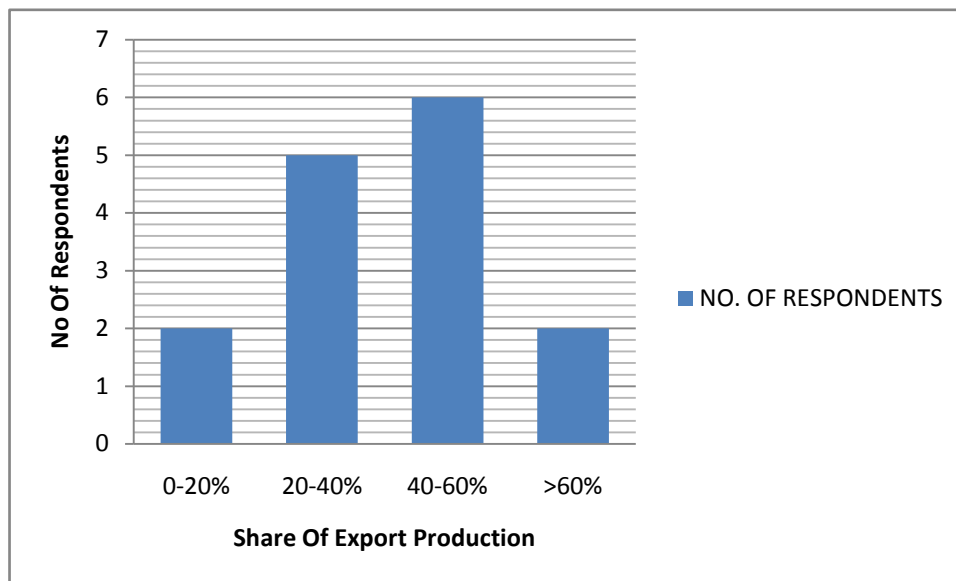


Fig 2.5 Share Of Total Production Out Of Total Production

Analysis: Out of 15, 6 say that out of their total production 40-60% is for export, and 5 say it is 20-40%.

Interpretation: Maximum production is for export purpose.

2.6 Export Performance

EXPORT PERFORMANCE	NO. OF RESPONDENTS
<10,00,000	0
10,00,000-1,00,00,000	3
1,00,00,000-10,00,00,000	8
10,00,00,000-50,00,00,000	4
>50,00,00,000	0

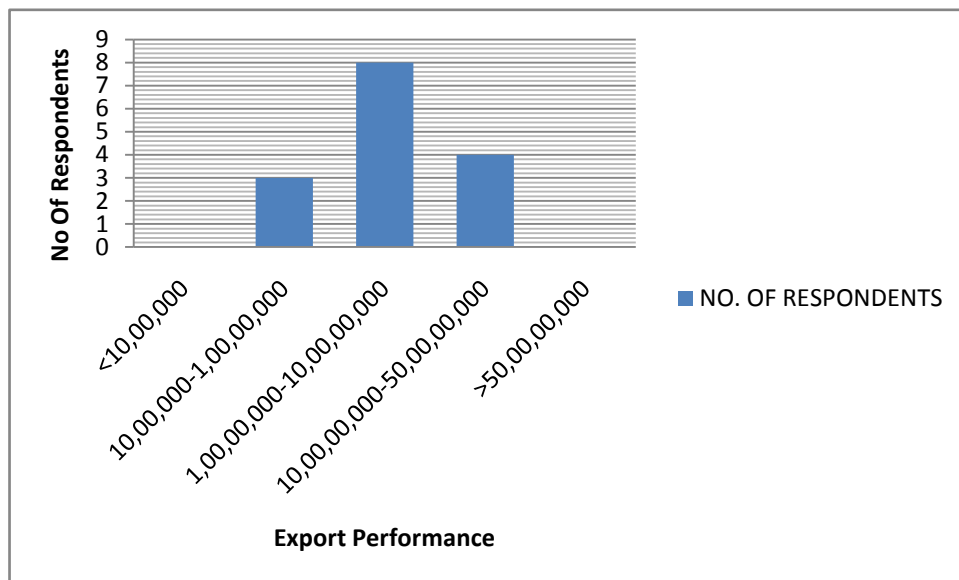


Fig 2.6 Export Performance

Analylsis: Maximum no of respondents have their export performance in range of 100,00,000-10,00,00,000. Then in the range of 10,00,00,000-50,00,00,000.

2.7 Factors affecting export of products

FACTORS	RESPONDENTS	MEAN
Export Quantitative Restriction	49	3.26
Certification	49	3.26
Inspection fee	43	2.86
State trading administration	36	2.4
Non trade barriers	48	3.2

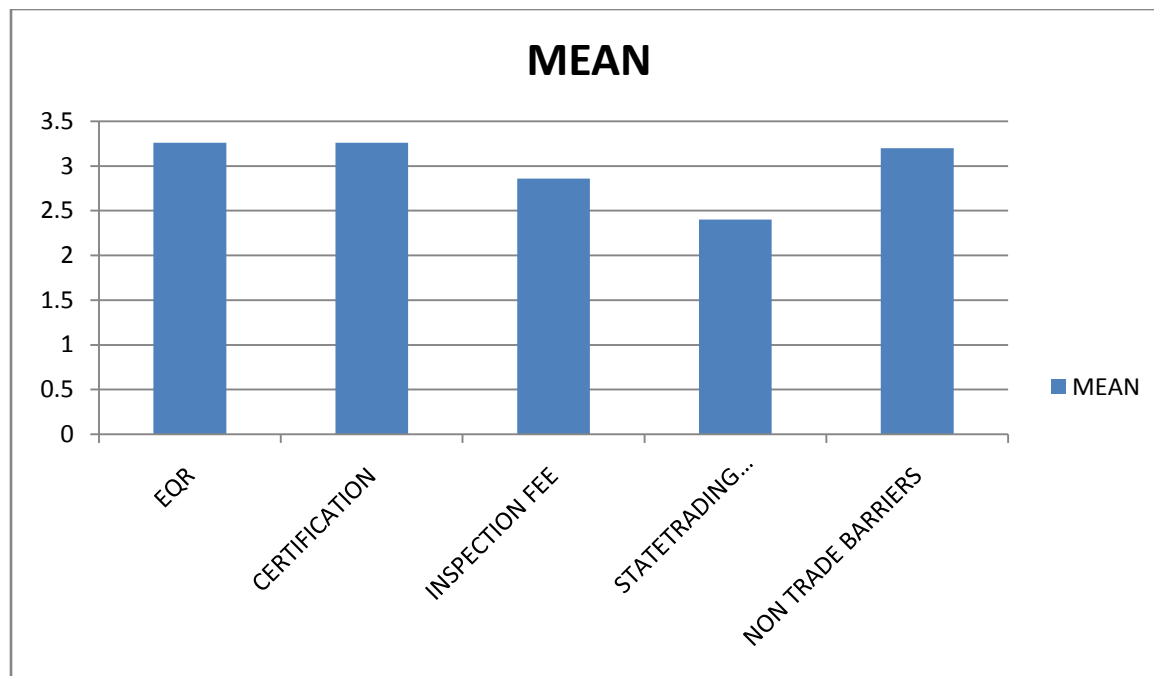


Figure 2.7 Factors affecting export of products

2.8 Satisfaction Level With Export Incentives For Exporters

SATISFACTION LEVEL WITH EXPORT INCENTIVES				
HIGHLY SATISFIED	SATISFIED	NUETRAL	DISSATISFIED	HIGHLY DISSATISFIED
2	5	3	3	2
-2	-1	0	1	2
-4	-5	0	3	4
	MEAN=0.13			

Analysis: Since mean is 0.13 so maximum respondents are neutral towards export incentives that the get.

2.9 Problems In Exporting

PROBLEMS FACED	NO. OF RESPONDENTS
TRANSPORTATION	2
CUSTOM DELAYS	3
LESS INCENTIVES	5
LATE RECOVERY OF DUTY DRAWBACK	5

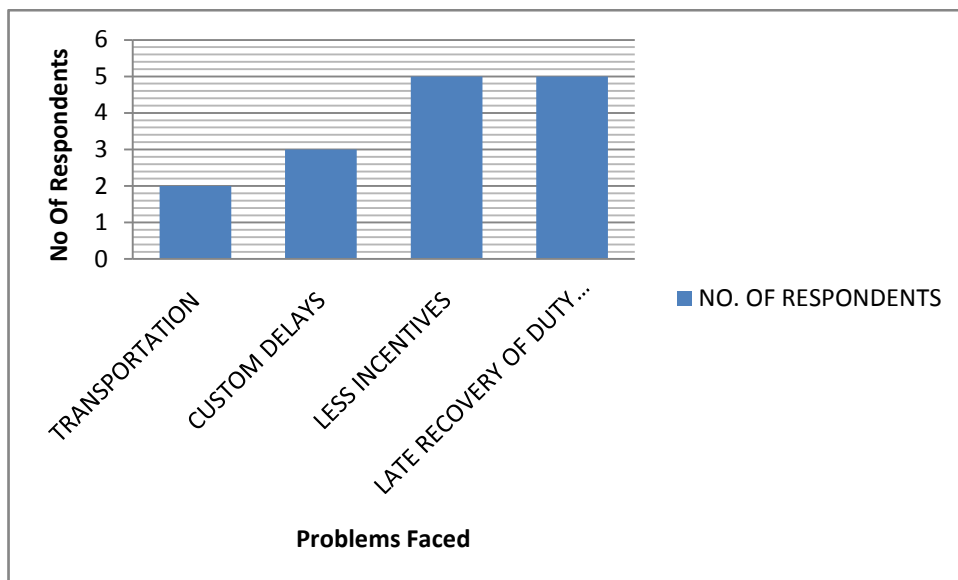


Fig 2.9 Problems In Exporting

Analysis: 5 of respondents say that less incentives and late recovery of duty drawback are the problems faced by the exporters, 3 say custom delays while 2 have transportation problems.

SUGGESTIONS

- Export formalities should be made simple and exporters should be made aware of the procedures and provided assistance by the government.
- Government shall also work on improving the image of brand India by ensuring quality of manufactured goods and also make manufacturers aware of different quality standards followed by various countries.
- Facilitating organizations should step forward to guide and help exporters.
- Internet as channel for internationalization should be promoted.
- Online databases need to be marketed and international companies must be made aware of their use.
- The government should provide easy credit facilities to exporters at reasonable rates of interest. The interest rates in most of the developed countries are far less compared to those prevalent in India. This makes the final product expensive and hence less competitive in the international markets.
- The documentation process, which has been found cumbersome by many exporters, should be simplified so as to reduce the time, though the government has tried to initiate this with the aligned documentation system (ADS). The process still needs further simplification so as to reduce unnecessary paper work.
- The excise and custom authorities should be made more effective and efficient.
- More R&D and infrastructural facilities should be developed.

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