

**A STUDY OF EXPORT MARKETING OF INDIAN READYMADE GARMENTS :
TOWARDS A STRATEGY FOR COMPETITIVE ADVANTAGE**

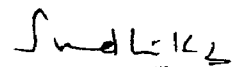
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Thesis submitted in fulfilment of the requirement of the degree of Doctor of Philosophy

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CERTIFICATE

The thesis entitled "*A Study of Export Marketing of Indian Readymade Garments : Towards a Strategy for Competitive Advantage*" being submitted by **Mr. Darlie Oommen Koshy** to the Indian Institute of Technology, Delhi for the award of the degree of Doctor of Philosophy is a record of bonafide research work carried out by him, under my guidance and supervision. He has fulfilled the requirements for the submission of this thesis which has attained the standard required for a Ph.D. degree of the Institute. The research findings presented in this thesis have not been submitted anywhere else for the award of any other degree or diploma.



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(DARLIE O. KOSHY)

ABSTRACT

The departure of world textile and garment trade from the rules of the free trade and multi-lateral frame work of the General Agreement on Tariffs and Trade (GATT) has a long history of about 34 years spanning from 1961 to 1994 starting with the short-term agreement (STA) regarding trade in cotton textiles followed by the long-term agreement (LTA) regarding trade in cotton textiles and then the four Multi-Fibre Arrangement (MFA) regimes. The Agreement on Textiles and Clothing (ATC) under the GATT'94 has set out a time frame of 10 years between 1995 AD and 2004 A.D. for the phase-out of MFA quotas and integration of the textile and clothing trade into the frame work of World Trade Organisation (WTO) replacing General Agreement on Tariffs and Trade (GATT). Under the quota regime, India too has enjoyed assured market for garments and the comparative advantages she enjoys in labour, cotton availability etc. remained her underlying strengths and guiding principle. With the phase-out of MFA quotas and termination of the same at the end of the 10 year transition period, the garment exporting countries are expected to compete intensely for market share in the importing countries without the protection of bilateral quota system. The share of textiles and clothing together in India's total exports in 1992 was 31.19 per cent and clothing alone represented 18 per cent, clearly indicating the role and importance of garment exports in India's economy. However, India's share in the world garment exports has only marginally increased from 1.8 per cent in 1980 to 2.4 per cent in 1992 as compared to the increase in China's share during the same period from 4 per cent in 1980 to 10.5 per cent in 1992. The empirical analysis carried out in the present research study reveals that India's competitive position is weak in the major destination markets. The present research study is an attempt in this context to assess the competitiveness of Indian garment exports and to reveal the sources of competitive advantages using Michael Porter's framework of value chain analysis. For this purpose, two surveys were conducted, one of Indian garment exporters and the other of overseas garment importers consisting of department stores, importer-wholesalers and brand manufacturer importers in the major garment importing countries

namely the USA, Germany, France, U.K., Netherlands, Italy, Sweden and Japan. One of the major findings of the exporters' survey is that there is no distinctive positioning by the Indian garment exporters on account of lack of differentiation in the value chain configuration of basic and fashion garment exports. Another most striking aspect is the lack of attention paid on 'delivery' as a value chain element by the 'rest of the garment exporters' and the lower level of performance shown by the top-100 exporters for this element for basic as well as fashion garment exports. The relative performance assessment by importers on the value chain elements clearly reveals that the garment exporters grossly over estimate their performance and there is considerable value chain mismatch. From the importers' survey findings it becomes clear that 'delivery' (erratic and unreliable) is the value chain element which erodes Indian competitive advantage considerably. Design, Service and Price are the Indian value chain elements which find favour with the importers and of these, 'price' is a qualifying criteria and 'design and service' are order winning in nature. The research study thus focused on assessing the competitive position vis-a-vis the largest competing supplier countries (LSC) and revealing competitive advantage for India from the point of view of different countries, importer-segments including retail stores, and different product groups so that the value chain of Indian garment exports may result in proper match with importers' value chain, thus, offering more value than competing supplier countries resulting in competitive advantage. The strategic implication is that India has to prevent competitive erosion as well as forge ahead with competitive advantage using competencies like design, price, service supported by upgradation and expansion of factor advantages while maintaining price competitiveness to derive long term sustainable competitive advantage. The main findings indicate a better position for India in the fashion spectrum and consequently the need is to position India as an integrated 'creative marketer of quality apparel' using creativity, quality and productivity as key elements of the new strategy for competitive advantage. The recommendations emerging from the study might be of considerable help in bridging the positioning distances between India and the largest competing supplier countries (LSC) and for moving towards competitive advantage.

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