GOVERNMENT OF INDIA
MINISTRY OF SSI

SMALL INDUSTRIES SERVICE INSTITUTE,

RAJAJINAGAR, BANGALORE

PRESENTS

DIAGNOSTIC STUDY REPORT FOR READYMADE GARMENTS CLUSTER, BANGALORE

PREPARED BY
SHRI R GOPINATH RAO,
ASST. DIRECTOR (HOSEIRY)
& CLUSTER DEVELOPMENT EXECUTIVE.

DIAGNOSTIC STUDY ON READYMADE GARMENTS INDUSTRY IN BANGALORE

INTRODUCTION

Clothes are an epitome of a culture. People in different parts of the world have their own styles of dressing which symbolize their culture and status. The last two centuries have seen an upsurge in the use of man made textiles like polyster, nylon, PP, acrylic etc in almost every part of the world.

The textile industry including readymade garments occupies a unique position in the Indian economy. Its predominant presence in the Indian economy is manifested in terms of its significant contribution to the industrial production, employment generation and foreign exchange earnings. It contributes about 14% to the industrial production and about 4% to the GDP. It has immense potential for employment generation particularly in the rural and remote areas of the country on account of its close linkage with agriculture. It provides direct employment to about 35 million persons including substantial segments of SC and ST women. In fact, the textile industry is the second largest provider of employment after agriculture. The contribution of this industry to the gross export earnings of the country is about 37% while it adds only 1 – 1.5% to the gross import bill of the country. It is the only industry which is self reliant and complete in value chain i.e. from raw material to the highest value added products i.e. garments/made ups. As a corollary to this the growth and promotion of this industry has a significant influence on the overall economic development of our country.

The diagnostic study of the readymade garment cluster, Bangalore is presented in this report. The report is based on the interaction and deliberations with the SME actors in the cluster, the entrepreneurs with which the SME actors do business, related associations, Institutes, Govt. agencies and Apparel Export Promotion Council, Bangalore. The secondary information was collected from various sources like related articles, book reports, statistics from various departments, associations, Internet sources etc. Informal interviews were also conducted with enlightened and experienced

entrepreneurs, promoters, machinery repair workshops, owners, artisans, contractors, agents etc., who have long stint in the Readymade Garment manufacturing business and technical experience.

READYMADE GARMENTS INDUSTRY IN PERSPECTIVE AND ITS PRESENT SCENARIO IN THE STATE.

The garment industries in the State are concentrated in Bangalore where some of the largest export houses of the country are existing. Today overseas buyers view Bangalore as an important location for sourcing of garments after Bombay and Delhi. Brand images are being felt in this region and there is a great potential for production of value added goods. Ready made garment industries are also concentrated in Bellary district. The units in Bellary are specialized in manufacture of jeans and other leg wears for men. The next place of concentration of this industry is Shimoga district followed by Dharwad district as per the information furnished by the Directorate of Industries and Commerce. There is also a concentration of hosiery industry in Belgaum. The district wise distribution of registered readymade garment units in SSI sector in the State is given below:

DISTRICT WISE DISTRIBUTION OF READYMADE GARMENTS

S.No.	District	No. of units	Investment on plant and machinery (Rs.lakhs)	Total investment (Rs. in lakhs)	Employment (Nos)
1	Bangalore Urban	2039	1167.78	17111.24	4577
2	Belgaum	772	13.99	533.21	2685
3	Bellary	1282	792	1092.18	6144
4	Bijapur	613	35.17	522.23	3553
5	Bidar	612	9.45	233.24	2482
6	Chitradurga	256	5.19	131.62	985
7	Chikmagalur	334	9.10	157.14	1432
8	Madikeri	235	4.45	98.23	1292

9	Dharwad	1595	21.78	425.51	7031
10	Gulbarga	655	12.86	228.86	3363
11	Hassan	300	7.14	150.51	1751
12	Karwar	204	3.46	101.12	781
13	Mangalore	584	25.30	573.06	3718
14	Kolar	676	26.72	494.14	4942
15	Mandya	299	8.86	214.44	2050
16	Mysore	567	18.16	377.18	3536
17	Raichur	139	13.78	170.13	638
18	Shimoga	1251	15.76	506.48	5442
19	Tumkur	557	10.42	250.82	11965
20	Bangalore Rural	518	15.53	244.66	2268
21	Bagalkote	49	1.26	17.27	197
22	Chamarajnagar	46	27	3.97	157
23	Davangere	111	1.75	25.04	301
24	Gadag	136	1.87	40.78	360
25	Haveri	37	0.70	7.92	99
26	Koppal	14	.31	3.11	34
27	Udupi	36	7.64	90.39	281
	Total	13917	1518.62	23804.48	113164

(Source: Directorate of Industries and Commerce, Govt. of Karnataka, Bangalore)

Field studies have showed that there are approximately 40,000 readymade garment-manufacturing units in India. Around three five million people are working in the industry. Many leading world fashion labels are being associated with Indian products. India is being looked upon as a major supplier of high quality fashion apparels, which are being appreciated in major international markets. The credit for this goes to our garment exporters. However, till today our clothing industry is dominated by sub-contracting and consists mainly of small units with a few machines of medium quality, relatively high fashion, but small volume business. Thus the need of the hour is to enlarge both manufacturing as well as the marketing base. Tapping new markets especially

Central Africa CIS, East European Countries, Latin America, Australia and I South Africa is also essential for growth and development of Indian garment industry.

DESCRIPTION OF THE CLUSTER

Garment industries in Bangalore started from the period of British. M/s. Bangalore dressmaking Co. was the first unit, started to manufacture garment in Bangalore during 1940, which was started by Mr. Vittal Rao. During the rule of British, there was a need of clothing dress materials. This led to the development of R.M.G industries in Bangalore. Apart from RMG industries, there were silk weaving industries in Bangalore, which led to the development of silk exporters also. After India's independence in 1947, the industries started picking up slowly to cater the needs of dresses of the common man and local market. The industry started flourishing. Most of RMG industries are concentrated in Bommanahalli and Peenya industrial estate. After the dereservation of garments, big players like Mafthlal, Aravind Mills, etc. started entering the field and occupied places in the sector which indirectly effected the small scale sector. There are about 2500 RMG units in and around Bangalore. Most of the buying agencies in the world have established their branch office in the city. Apart from this, Apparel Park, at Doddaballapur has started functioning in a big way. Some of the leading exporters like Gokaldas Images, Raymond, Pooja garments, have already taken the plot for their units in the apparel park. There are 28 garment units including processing industries have taken the plots. This has contributed in a big way to the development of clusters of RMG industry. In India, RMG units are concentrated in the cities like Delhi, Mumbai, Kolkotta, Bangalore, Chennai, Jaipur, Tirupur, Ludhiana. There is a different in the end products manufactured at Bangalore and other places. RMG are mainly made for export house. There are many SSI units mainly doing job work providing supports to the SME like GE, Aravind fashion, Sonal Holding, Texport Syndicate units in the cluster. The technology and manufacturing process are same as used in other regions.

BROAD PRODUCT GROUPING

In Bangalore, garment units are mainly concentrated in the following area

1. Bommanahalli
2. Bommasandra
3. Peenya
4. Yeswanthpur
5. Rajajinagar Indl Estate and Industrial town

Products: -

Ladies

i. Jacket
ii. Blouses
iii. Chooridar
iv. Petticoats

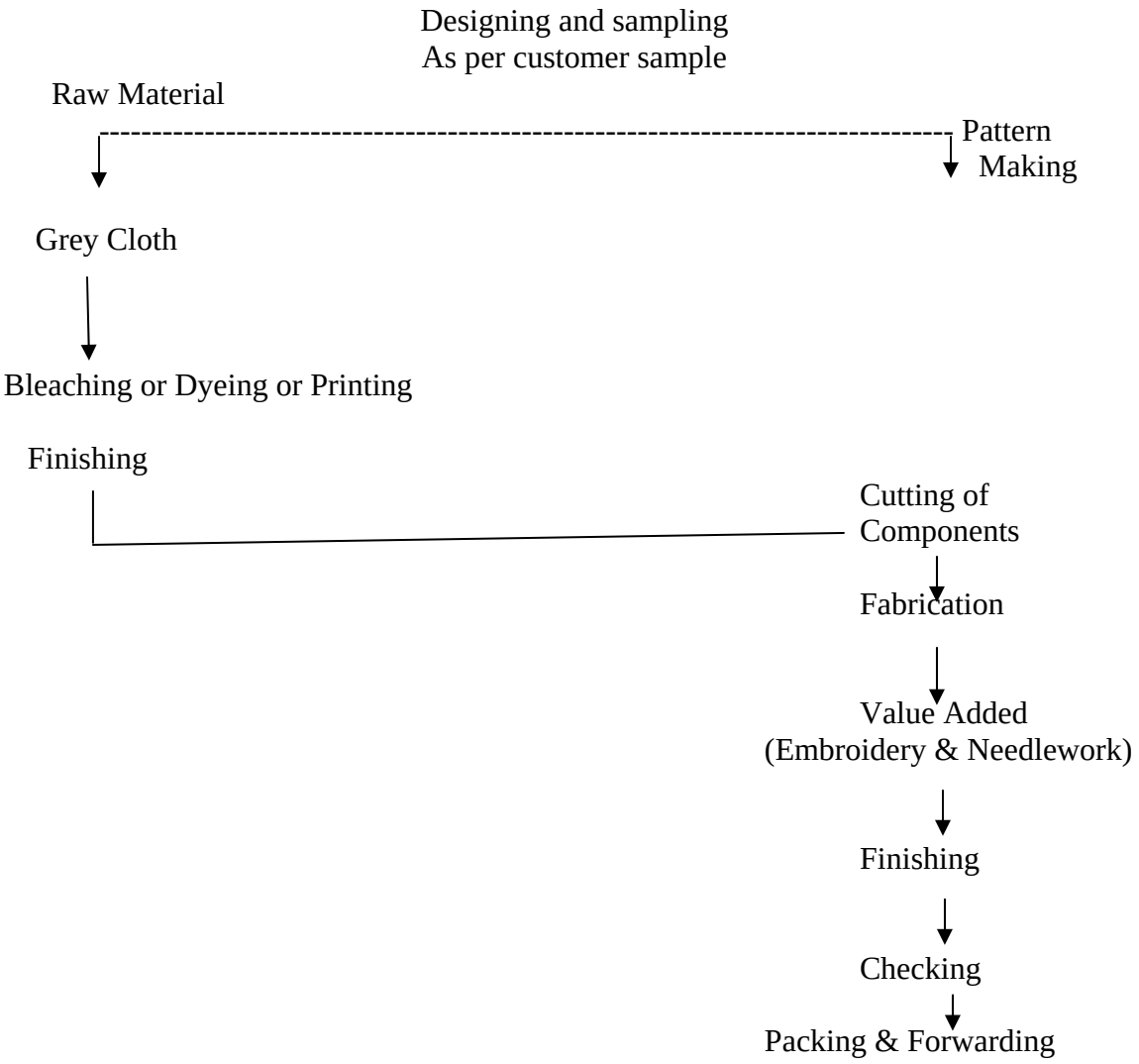
Gents:

i. Trousers
ii. Shirts
iii. Coats
iv. T Shirts

RMG units in Bangalore are mainly manufacturing ladies/gents dresses, kids sweaters are normally received from other cities like Kolkotta, Delhi, Indoor etc.

Defining various Sub-activities:

The process of garment manufacturing comprises of following main operations:



Current Output

There has been increase in the number of RMG units in Bangalore since 1990. At present there are about 800 active readymade garment manufacturers and exporters, still number is likely to increase as per the reports of apparel park at Doddaballapur, near to Bangalore. Karnataka Industrial Area Development Board is in the process of acquiring

the lands for the further expansion of the park. There are about 1600 fabricators who are doing job work for these exporters, apart from domestic market needs. There are 50 embroidery units who are supporting these units for value addition. As per the reports received from AEPC, total export upto December was around Rs.3050 Crores.

Total output from this cluster is about 3500 crores of which about 3000 crores are exported and rest are consumed in the domestic market. Broad sub grouping of the products is as follows:

1. Readymade garments for Gents, : 60%
2. RMG for ladies : 30%
3. RMG for kids : 10%

Geographical Indication

Development of RMG units in Bangalore was started in the year 1970 onwards by leading exporters like Gokaldas export, Ashoka export, Gokadas Images, continental exports, Leela Fashions etc. Later, small industries (fabricators) were started by taking the orders from large scale. Most important reasons for developments of RMG is the availability and sourcing of export fabrics from places like Salem, Erode, Coimbatore which are nearest to Bangalore (About 5 to 7 hours journey). The other reasons, which contributed for the development of industries, are also as follows:

Availability of space:- Space is no bar around Bangalore for the development of industries. There are 10 industrial estate developed by KSSIDC. KIADB is also providing the necessary support by giving plots to the industries for construction. Apart from this there are private industrial estates, which are supporting the growth of industries, and further garment complex has been constructed at Rajajinagar exclusively for garment industries. Land and sheds are available in Bommanahalli and in and around peenya.

Availability of raw material: - Fabrics, which are required for these industries are available from Salem, Erode, Chennai, Mumbai, and Ahmedabad and also from local suppliers (Agents). There is no problem in this area, which is helping the industries in a

great way. There is no weaving or spinning mills in and around Bangalore. Hence all the exporters are sourcing fabrics from other places, as said above.

Skilled labour: - Low-income group of family adopted tailoring as the main source of income for their livelihood. Tailors were abundantly available in the city. Some of the leading training institutes also helped in this area by contributing (trained) skilled labours. This is the main factor that led to growth of this industry. But recently during the visits it is found that there is severe scarcity of skilled labours and machine operators, which has effected production schedule heavily. This has to be taken up very urgently to avoid the cancellation of export orders as suggested by the units.

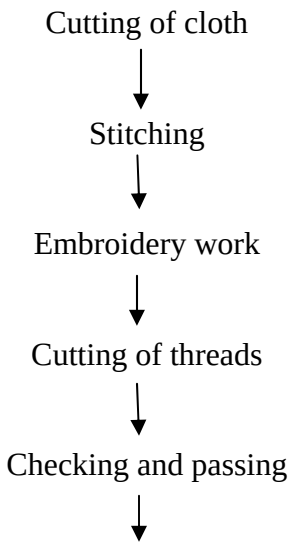
Existence of airport/cargo container depot/infrastructure:- Bangalore being the Silicon valley of India have all the facilities of handling passengers and presence of cargo container department further facilitated the growth of the cluster. Presence of high way NH-4 and 7, ring road connecting the industrial estates, road transportation within the city facilitated the growth of the industries. One of the most important factors is the proximity of Chennai Port/international airport to this city. This helped a lot to the industries for transporting the goods quickly. This has really contributed in flourishing the export import business not only for RMG Enterprises but also for those involved in other trades. Union Ministry of state for Road Transports and highways has announced that construction of four lane elevated expressway between Bangalore and electronic city will be commenced during current financial year. This will further add support for the exporters for quick movement of goods. Apart from this international airport is in progress at Devenahalli, near to Bangalore (30Kms).

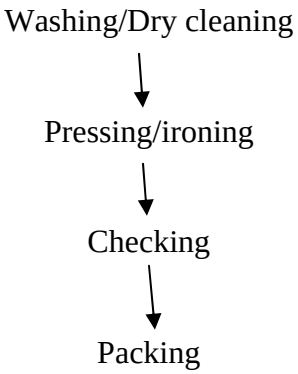
Flexible specialization: - The entrepreneurs in the cluster are capable of manufacturing wide range of garments with different designs, different materials, different sizes etc. Subcontracting arrangements have made the manufacturing more flexible and specialized. The cluster can handle huge orders. Most of the buyers in the world have their branch offices in the city. Entrepreneurs can easily approach them for suggestions and advice. This is most important in terms of time and delivery.

Entrepreneurship: - Bangalore is well known for these enterprises. Since Bangalore is a metropolitan city and no language barrier. It is also noticed that most of the owners of the garment industries are from North India. Officers and skilled workers are local and some

of them are from neighboring states. Growth of these industries resulted due to weather condition of the city, which was pleasant and cool. As a result most of the industrialist from North settled in Bangalore and established RMG units. Apart from these, leading textile mill manufacturers opened dealers/trader for supplying fabrics like Century Mills, Aravind mills, Nahar mills etc. All these have contributed for the emergence and growth of RMG clusters in Bangalore. The main drawbacks of these entrepreneurs are that they work in isolated from each other because of trade secrets.

Garment is designed according to the sample supplied by buyers. The counter sample is prepared and all the components and raw material details are recorded. Then costing part of the garment is done at the sample stage. After getting the approval from the buyers and also for the cost, raw material is procured and processed according to the requirements in the textile processing mills. Then according to design and size, patterns are prepared. The fabrics are cut according to the pattern and stitched. The value-added work like embroidery is done either before or after stitching operation, as per sample. The goods are checked for measurements and packed for forwarding to final destination. There are so many items produced under the name of readymade Garments. Process of manufacture of each item varies from each other that detailed manufacturing process of all the product cannot be given in this report. The common process of manufacture is given below: -





CORE CLUSTER ACTORS

Readymade Garments – Main stream of Bangalore

The economy of Bangalore is inextricably mixed up with that of readymade garment industry. 30% of the Readymade Garments of the country are made in this region. This is 3rd biggest readymade garment manufacturing cluster in the country. Till 1990 the business performance of this cluster (mainly exports) and the emergence of new units kept on increasing steadily. However, after 1990 till 2000 the effect of liberalisation was slowly felt and the level of competition kept on intensifying. During 2000-2003, around 30% of units were closed due to lack of orders and competitions. Other units are running well but still some of the units are planning to close down due to financial, marketing and labour problems, which was revealed during the visits.

Structure of the Industry.

The readymade garment industry can be categorized as under –

Category – 1: - The buying houses, which procure direct export orders and then distribute the orders in the clusters and export products to various countries, are in this category. The buying houses depute their representatives for ensuring quality and timely delivery etc. This chain has contributed lot for development of the industries. Some importers also place the orders directly to the manufacturing exporters of the readymade manufacturers. There are 50 such buying houses in the cluster.

Category –2: This group comprises the manufacturers of RMG and exporters and exporting directly to various countries. The Apparel export Promotion Council releases quota and monitors various issues including quota for these units. These units play a major role in production of garments in the sectors. Apart from their own production arrangements, they are also dependent on fabricators who are doing job work for them (stitching etc). There are about 800 such units exist in the cluster.

Category- 3: - Fabrication of garment is the main activity of the readymade garment industries. The big houses/exporters provide the cut material/components to these fabricators and these fabricators stitch the garments and send them back to the main units for further processing. Fabricators are being paid on piece rate basis. These units are located in and around cluster. There is about 1600 number of units working as fabricators.

Category – 4: - This group is the machine embroidery group. They do machine embroidery on cloth or on cut components using Indian and imported computerized automatic embroidery machines. They play a vital role in value addition to the main products. There are about 50 units in and around the cluster.

Category – 5: - This group comprises processing units for fabric. They're only 4 major processing units in Bangalore, which are overloaded with work. There are about 50 small-scale processing units supporting this cluster in this field. Out of the 4 processing units, 2 units produce the fabric and also process them as per the requirement of the RMG units/exporters. These processing units are well equipped most modern machines and testing labs. Productions are maintained as well planned and quality is monitored at every stage and very accurately. There is a demand for processing mills/units and sometimes exporters get processed fabrics outside Bangalore due to lack of processing mills

Category – 6: - This group comprises of dealers, merchants, traders manufacturers/agents of fabrics, threads, button, other accessories etc in the cluster. Only a few number of these groups sell their products directly to the manufacturers of RMG units. Most of them sell their products through dealers. These dealers first get the sample approved, procure the order and then place order with the manufacturers of the fabric and other materials. Finally, they supply finished products to the exporting

house/manufacturers as per the demand. There are sufficient traders, suppliers located near the cluster.

Category – 7: - In this category, there are suppliers of machinery, tools, machinery repairers, manufacturers and supplier of packaging materials and other inputs. In case machinery, there are few Indian made but they are not suitable for high-speed production, hence all the exporters/manufacturers are importing from China, Taiwan, Korea, and Japan. There is a need in this area where Indian technology has to be developed and also to prevent foreign exchange. The exact number of these entrepreneurs is not known but they are sufficient in number to cater to the needs of the cluster.

The existence of inter-firm and Intra-firm linkages: -

One of the most important attributes of Readymade Garments Cluster Bangalore is the existence of inter-firm and Intra-firm linkage. The firms are mostly integrated horizontally and not vertically. Because of high scale of operations and sub-contracting relationship, the cluster is capable of executing all sorts of orders. Even there are firms, which have no manufacturing base but still book large orders, and get the products manufactured through fabricators and execute the orders. There are few firms, which are vertically integrated and do most of the operations in house. The large scales of operation and sub-contracting arrangements have resulted in flexible specialization.

The following table gives an indication of the members of enterprise in various categories.

S.No.	Category	Approx. No. of units
1	Category 1	50
2	Category 2	800
3	Category 3	1600
4	Category 4	50
5	Category 5	4 Large scale/ 25 SSI
6	Category 6	Sufficient
7	Category 7	Sufficient

OTHER CLUSTER ACTORS

Associations having direct stake on the cluster

President

Clothing Manufacturers Association of India

No.2, Geetha Mansion, K.G Road,

Bangalore 560002

Ph 080 -22267966

This association was formed long back to solve the problems of the RMG units, having head office at Bombay and this local office receives the advises from the head office. Presently the association is looking after the day to day problems of enterprises and not all involved in developmental activities, no computer facilities and has to be improved. There are about 300 members

President

Karnataka Hosiery and Garment Association

234, 4TH Garudachar Complex, Chickpet,

Bangalore – 560053, Ph –080 22254998, 9445003059

This association formed in 1990 and is mainly dominated by dealers, retailers, and a few manufacturers. This association played the role in development and organized few events for RMG units. The association has to be strengthen through proper computer facilities and necessary support like organizing programmes in the area of marketing.

President

Peenya industries associations

Ist Stage, Peenya industrial estate,

Bangalore- 560058

Peenya industrial estate is one of the largest and oldest of its kind whole of South East Asia. About 2500 members have registered in the association. But it found that there are only 3members of garment units have become members. There is no support or assistance from this association to garment sector. Majorities of them are engineering

industries. There is a SCX arrangement provided by SIDO but it used for only engineering industries.

INSTITUTE HAVING INDIRECT STAKE ON THE CLUSTER

Apparel training and Design Centre

No.17-G, 40th Main Road, II Stage, Industrial Suburb,

Yeshwanthpur, Banaglore- 560022,

Ph- 23572181, 23377780.

This Institute was established in the year 1996 at Bangalore with the mission to upgrade the technical skills of the Apparel Manufacturer's Employees in the garment industry. The Apparel training and Design Centre is a Premier Training Institute sponsored by Apparel Export Promotion Council, Min. of Textiles, Govt. of India. Presently the Institute is running successfully and providing the training in the following disciplines.

Main courses –

a. Diploma in Apparel Manufacturing Technology (AMT)
b. Diploma in Fashion Sampling/Coordination
c. Production Supervision and Quality Control Course
d. Pattern Cutting Master Course
e. Machine Mechanic Course
f. Finishing/Packing Supervisor course
g. Sewing Machine Operator course

Short term courses:-

a. Export procedure and documentation
b. Fabric sourcing and appreciation
c. Measurement & Quality Control Course
d. Apparel Merchandising course
e. Pattern making for (1) Men's wear (ii) Ladies wear (iii) Kidswear

National Institute of Fashion Technology

C.A Site No.21, 27th Main Road, Sector –1,HSR Layout

Bangalore-560034

Phone(s): 080-25632550 to 60

This Institute was set up in the year 1986 under the Min. of Textile, Govt. of India. The Institute is in evolving fashion business education courses in the country through the network of seven professionally managed centres at New Delhi, Bangalore, Chennai, Gandhinagar, Hyderabad and Calcutta. The centre provides a common platform for Fashion Education Research and Training. The Institute has created an environment that encourages innovation, creativity and experience. It is multi disciplinary and multi dimensional Institute especially with the intention to continue to play the pathfinder's role.

Apart from the above Government Training Institutes, there are private Institutes providing necessary support for the development of garment industries in Bangalore which are as follows:

M/s.J.D. Institute of Fashion Technology
Sharief House, No.85 Richmond Road
Bangalore-560025
Phone: 080-22279927 / 22276406
E-mail: jdfashion@jdindia.com

M/s. Vogue Institute of Fashion Technology
Football Stadium Complex,
M.G Road,
Ashoknagar
Bangalore-560025
Ph.080-25304372

M/s. Arun Institute of Fashion Technology
No.6, 2nd Cross,
Kamaraja Road
Commercial Street
Bangalore-560001

M/s.Indian Institute of Fashion Technology

No.3, 1/6, 1st Cross, M.C.Road

Vijayanagar

Bangaloare-560079

Ph. 080-23107668

E-mail: info@iiftbangalore.com

The above training Institutes started in Bangalore nearly 10 years back and rendering valuable service to the industries.

Textiles Committee
Govt. of India, Min. of Textiles
FKCCI, WTC Building
Kempegowda Road
Bangalore-560009

This Institute is providing the various testing facilities in the field of Readymade Garment. Most of the garment exporters in Bangalore are giving raw material like fabrics, threads for testing the products as per buyer's requirements. However, most of the buyers prefer their own testing centres like SGS Testing Centres for testing reports.

Society Generate Surveillance (SGS) India Ltd.
SGS India Pvt. Ltd.
23, Siva Arcade,
29th main, Ist Stage,
B.T.M Lay out,
Bangalore- 26789025 to 28. ,www.sgs.com

This testing center was started during 1980 in Bangalore giving wide range of support to all type of the industries. Society Generate Surveillance (SGS) is the world's largest international quality control, inspection, and testing and verification organisation offering a wide range of quality, quantity and related technical services. This was established in 1878 and its head office in Geneva, Switzerland and it operates in 143 countries with 300 companies, more than 1220 offices, 342 laboratories and more than 36000 employees. In India it is providing services for more than 45 years with its corporate head office at Mumbai. SGS India have a network of 54 offices and 32 laboratories, spread over whole of India and manned by more than 2000 personnel,

having multifold expertise. They have set up testing laboratory at the above-mentioned address.

Apart from the above, recently two more new testing centres are opened to support the garment industries (January 2005).

M/s.Intertek Testing Services Pvt.Ltd
No.1, 1st and 2nd Floor
1 Kumarapark Properties
South End Road, Kumarapark East
Bangalore-560001
Ph. 55358055

Bureau Veritasa India Pvt.Ltd
1,2, 3 Mereside Heights
Pai Layout, Old Madras Rd
Benganahalli,
Bangalore-560016
Ph.28531446/432

The above units have full infrastructure facilities for testing of garments and fabrics. Both the testing centers have around 100 exporters as clients. Bureau Vertisas Testing Centre has its head office at Noida, New Delhi and doing testing only on garments and fabrics whereas head office Noida monitoring testing of all items including garments.

Apparel Export Promotion Council
Sponsored by Min. of Textiles
Govt. of India, No.10 Raheja Chambers
12 Museum Road', Bangalore-56001
Ph.No.25585975
Fax: 25594172

The Apparel Export Promotion Council, a nodal agency sponsored by the Min. of Textile, Govt. of India entrusted with dual responsibilities i.e. garment export quotas and

promotion of export in readymade garments from India. This Council was established in Bangalore in year 1978 mainly with the objectives to promote, advance, increase and develop export of all types of readymade garments and to undertake all export promotion measures like to appoint representative, argents or correspondents in foreign markets to conduct propaganda and publicity regularly to get noticed by importers and general public in foreign countries. Since the quota regime has been removed from 1st January 2005 the main activities of AEPC has become very negligible and not much helpful to the industries. At present they are monitoring issuing of certificate of origin and import certificate for industries.

Government departments having direct/indirect stake in the cluster and can certainly play a very significant role for overall growth of cluster.

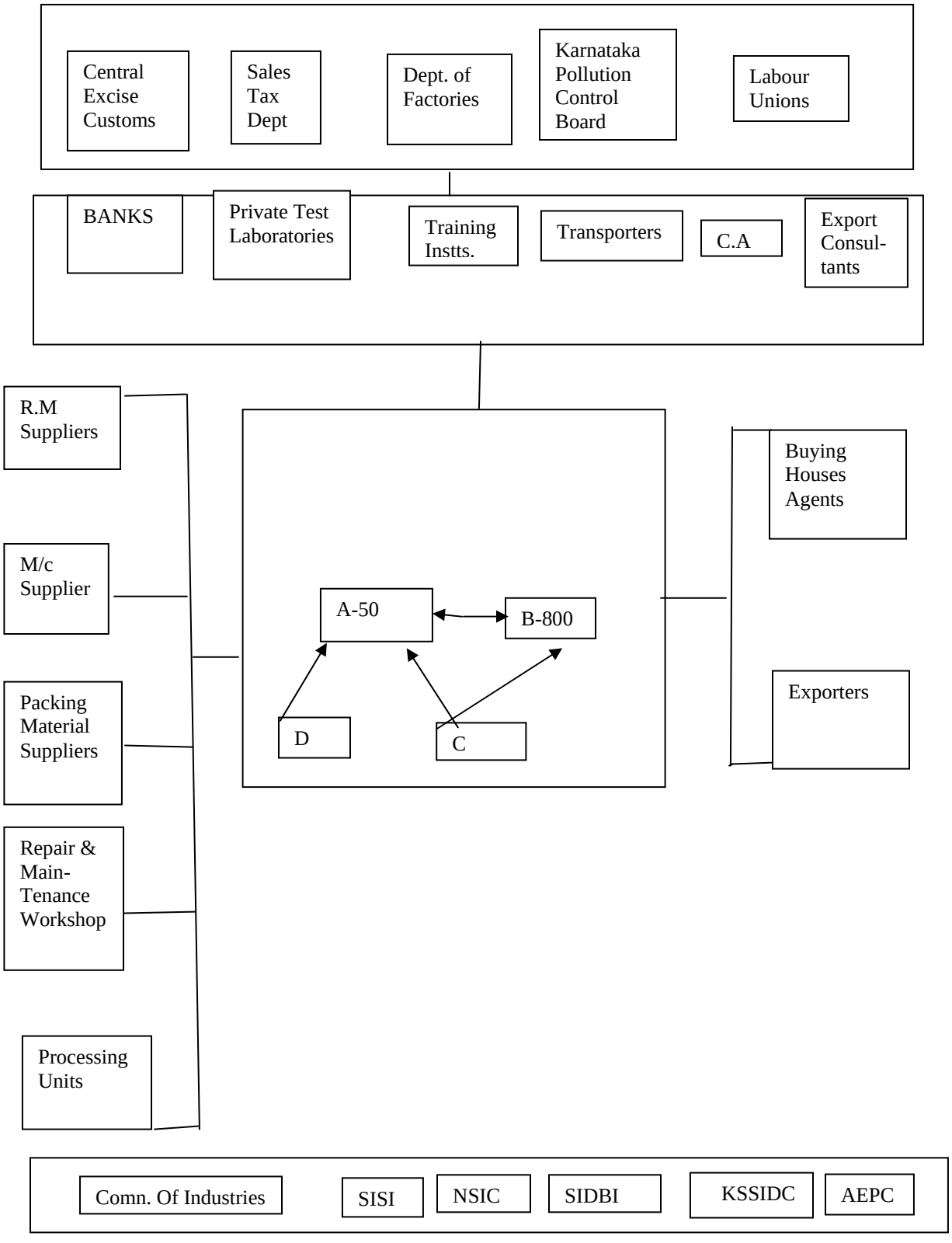
1. Directorate of Industries and Commerce, Khanija Bhavan, Race Course Road, Bangalore.1

2. Small Industries Service Institute, Rajajinagar Indl.Estate, Bangalore-560044

3. National Small Industries Corpn.Ltd. Rajajinagar, West of Chord Road, Indl.Town, Bangalore-560044

4. Small Industries Development Bank of India, Khanija Bhavan, Race Course Rd. Bangalore

5. Reserve Bank of India, Nrupatunga Road, Bangalore.


Central Excise Customs
Sales Tax Dept
Dept. of Factories
Karnataka Pollution Control Board
Labour Unions
BANKS
Private Test Laboratories
Training Instts.
Transporters
C.A
Export Consul-tants
R.M Suppliers
M/c Supplier
Packing Material Suppliers
Repair & Main-Tenance Workshop
Processing Units
A-50
B-800
D
C
Buying Houses Agents
Exporters
Comn. Of Industries
SISI
NSIC
SIDBI
KSSIDC
AEPC

A- Buying House.
B- Mfgs. & Exporters
C - Fabricators
D – Embroiders (Machine)

The above cluster map of Readymade Garment Cluster, Bangalore indicates various levels and actors that exist in the cluster. So far public policy is concerned there are institutions like Central excise and Customs, Sales Tax Dept. Dept. of Factories, Karnataka Pollution Control Board, Textile Committee (Min. of Textile) etc having direct/indirect impact on the cluster.

There are commercial service provides like Chartered Accounts, Export Consultant and Commercial Banks. The actors in these categories provide valuable services on commercial basis. In the Bangalore area, the availability of their services is not sufficient and efforts should be made for strengthening these Business Development Services (BDS) providers.

In the nucleus of the cluster map, there are SMEs involved in manufacturing of garments for export purposes only. There are 50 Export Houses/Buying Houses, which get export orders. Subsequently raw materials like fabrics, threads etc. are procured and giving them to the local processing mills which carries out processing as per the requirements. These processed fabrics are supplied to the fabricators for manufacturing of garments, quality inspection is done during the manufacturing stage by the agents and finally the garments are checked for quality like measurements, fitness, removing extra threads and oil stains etc. Finally garments are exported.

There are some manufacturers who procure the export orders directly from buyers or through the export houses and then according to requirements raw materials are procured and get it processed i.e. bleaching, dying or printing etc but the components/fabric, get these components fabricated in their own production units. The embroidery work is carried out by other units on job contract basis. Afterwards, the products are finished, packed and exported directly.

There are units located in the cluster, which are doing fabrication work only for other units. They get the cut components from exporters, fabricate on piece rate basis in their units and send them back to the exporters. These units are always dependent on the big exporters or big manufacturing exporting firms. They get very little profit on their work. Most of the time, they run from pillar to post to get the job. There is no association among these units and competition among themselves.

The linkages among the SMEs are job specific and commercial oriented, which are in the practice of sub contracting. An exporting firm can take up any quantity of order based on the subcontract activity. Sub contract or job work is widely prevalent in this cluster and this gives a flexibility in the operation system.

Among the constituents of backward linkages there are raw material suppliers, machinery tools suppliers and other suppliers, processors of fabric, packing material suppliers etc.

There are few fabrics suppliers who supply fabrics to the units, which is the major raw material for this industry. The fabric suppliers procure fabric from power looms units, mills and from other sources from all over the country and supply to the readymade garment units according to the specifications and requirements. There are a number of machinery suppliers in the cluster who supply the imported as well as indigenous machines to the industry according as per market demand. The other inputs are also available within the cluster or nearby. As seen from visits it is found that there are no weaving mills in the Bangalore.

Among the Forward Linkage members, there are big export Houses/Buying Houses who use to get the bulk export order and get the goods manufactured from the manufacturers according to their design and quality, receive the goods within stipulated period, get it finished packed and export. There are some other exporters who use to provide the direct order to the manufacturers and get the goods duly finished and packed. The buying agents in the cluster manage to check the quality and time schedule for delivery of goods.

Value Chain analysis: -

As there are a number of items and different types of raw material i.e. cotton, polyester blends, viscose, etc. used by the RMG industry, it is not possible to give value chain analysis for all the products. After discussing with the units, the value chain analysis has been done on percentage basis as given here under –

1. Basic raw materials i.e. Grey Fabric	- 50 to 60% (of sale price of products)
2. Processing charges	
(i.e. Bleach or dyeing or printing)	- 10 to 15%
3. Cutting and fabrication	- 10 to 15%
4. Fittings and Accessories	- 10%
5. Finishing and Packaging	- 5 to 6%
Embroidery and Handwork (if needed)	- 25% (extra on nominal sale price)

For example, if we take the garment of costing Rs.100/- without embroidery) the value chain analysis will be as under –

1. Grey fabric	-	50.00
2. Processing charges	-	15.00
3. Cutting and fabrication	-	10.00
4. Fittings and accessories		
including buttons	-	05.00
5. Finishing and packaging	-	6.00

Total		86.00

Market Price	-	Rs.100.00
Gross Margin	-	Rs. 14.00

Net profit is much lower after adjusting the expenses for establishment, electricity, transportation, depreciation etc.

Cost with embroidery will be	-	Rs.108.00
Market price with embroidery	-	Rs.125.00

The above figure depicts the value chain analysis of the Readymade Garment Cluster. It describes the degree of value addition in each stage of processing. As mentioned earlier the main activities involved here are –

- Processing Grey Fabric
- Cutting and Fabrication i.e. stitching
- Fixing of fittings and Accessories i.e. buttons or Zips etc
- Embroidery work
- Finishing and packing.

The cost of the grey fabric vary from item to item since the different types of fabric are used for different type of products, which vary from Rs.20 to Rs.150/- per meter. Hence, value chain analysis has been taken on percentage basis.

If market value of the product is Rs.100/-, the basic raw material cost will be 50% of the sale value i.e. Rs.50/-. The grey fabric is sent for the processing i.e. bleaching, dyeing or printing process as per the requirement, Which is done outside the unit, even outside the city. It will cost around 15% including the cost of transportation, excise, shrinking charges etc. i.e. Rs.15/- per pcs. After the processing, the basic raw material cost will be Rs.65/-

The processed fabrics are sent for cutting according to the pattern. They are then stitched called fabrication. This cutting and fabrication cost will be again 10%, which comes to Rs. 10/- per pcs. Now the cost upto stitched pieces some to Rs.75/-

Then the fittings and accessories cost attached i.e. buttons etc which will cost to about 5% of the sale price i.e. Rs.5/-

Then finishing and packaging is done which again cost 6% of the product i.e. Rs.6/-

The total cost of the products comes to Rs.86/- without the embroidery work.

The profit in this industry varies between 5 to 20%. The RMG units with highly skilled embroidery fetch more profit. Most of the manufacturers and exporters get only the duty draw back which is 6% of the selling price of the products. The big export houses, buying houses get good profits varying from 20 to 30%. However, due to stringent competition in the international/national market, the sales of the final products has become difficult.

Analysis of Business Operation (Problems identified)

- Raw material
- Machinery and Production
- Products and Marketing
- Background of the entrepreneurs and their enterprises
- Finance and working capital
- Manpower requirement
- Infrastructural facilities
- Business Development Service

Raw material

Middle men take much profit/Delay in supply of raw material and production schedule:-

The raw materials for the RMG industries are cotton grey fabric of different varieties including blends, which are manufactured in different part of the country. The agents/ dealers, appointed by textile mills supply this grey fabric. Since there is no direct dealing with the mills, this middleman takes maximum profit. Sometime the delivery scheduled also effects due to procurement from the far places, which reflects on the delivery of the finish product directly. Most of the fabrics are procured from Salem/Erode/Bombay/Ahmedabad etc. There are no weaving mills in Bangalore, which can give quality fabrics as required by the garments industries. There is cluster of powerlooms near Banaglore, Doddaballapur. Approximately there are about 30,000 loom.

Government has imposed excise duty on the processing of grey fabrics, which is increasing the cost of fabric, a basic raw material for this industry. Apart from this transportation cost which is very high.

Threat to industry - Because of the competition, the manufacturers of garments are not getting right price of the end product. The price war competitions within the our manufacturers (on final product) forces the foreign buyers to place the order with other countries like China, Pakistan, Bangladesh, Nepal, Kenya, Malaysia etc, leading to the loss of international business and foreign exchange. Hence, it is necessary to bring garment industries under one roof and develop as one from the point view of foreign exchange and also develop mutual trust among them.

Machinery and Production:

High cost of fixed capital investment / Monopoly of machine manufacturers -

There are different types of machines used in garment industries such as high speed single needle lock stitching machine with edge trimmers, automatic thread timmer, double needle high speed sewing machine with different attachments, high speed over lock/safety stitch machines and many other types of sophisticated high speed over lock machines etc. Juki Machines Corporation, Japan largely manufactures these machines. It is observed that they have occupied most of the garment industries. Their sales/service offices are located in India, but due to the high cost of these machines the fixed cost of the products become higher. At present, there is no substitute to Juki machines as far as quality and efficiency are concerned. Apart from this, machines made in China, Korea, Taiwan, Italy, are also available in the market and there is no Indian manufacturer capable of producing such sophisticated machines, but for domestic purpose, machines are available from Merrit, Nagpal, Singer, etc. We have to develop indigenous machine that can cost less than their price. Minimum price of their machine is around Rs.17, 000/- Which is slightly more for SSI sector. Hence it is necessary to give more trust on this area for the new Indian machine

Awareness about new machinery needed

Some of the fabricating units are still using the Indian made sewing machine but the quality and productivity of these machines are very poor and these machines cannot be used for long time. Other supported machines such as washing machine, dry cleaning plants are made locally, which are successfully working. It is necessary to encourage the production of sewing machine at par with Juki machines in the country to reduce the price of basic machines. Hence it is planned to have frequent interactions with the machinery manufacturers and local dealers.

Technical Seminar needed

The technology for manufacturing of RMG is changing in the cluster according to the international standards. All manufacturers and exporters have adopted the process of maintaining the quality standards as desired by their buyer. They take the help of various testing labs and training centers for testing and suitable advises to get the finish products according to requirements. But still efforts are required to maintain the quality at par with international standard, which includes awareness about proper machinery, its uses, maintenance, effects on quality of end products, ISO 9000, etc are to be provided to the SSI. Accordingly frequent technical discussions are necessary for the technical staffs.

Products and Marketing

Sub contracting arrangements required

There are about 800 units engaged in the manufacturing of garments in the cluster. This is possible because of flexible (specialization) operation system. Against the high volume of orders, the entrepreneurs are capable to complete orders by utilizing the services of the other firms. The sub contracting arrangement is widely prevalent in the cluster. The availability of machines and skilled labour also provided impetus to the growth.

Now, the quality requirements of the buyers are changing according to international scenario. The leading buyers in the world like J.C Penny, Wall Mart, Gap etc. insisting exporters/manufacturers on in-house manufacturing facility with all the proper inputs including the welfare of the staff and labour. Because of this change, the units are switching to the requirement of their buyers and as a result, the industry is shifting its manufacturing activities to the nearby places where the developed land is available for construction of big units with the entire infrastructure. In connection Bommanahalli and peenya has become great demand for construction of full-fledged RMG units. Under this situation fabricators may face difficult in running the units due to financial problems.

The products produced in the Readymade Garment Cluster, Bangalore is being exported to various countries like USA, Germany, France, Italy, Denmark, United Kingdom, Spain, Sweden, Austria, EU countries, Canada etc and a few of manufacturers is producing the goods for local market also.

Most of the exporters are having enough orders and they can give to others also on job work basis but they also produce the goods in their own production houses within the cluster and also provide orders to other manufacturers and export the goods with the brand of importers. There are some entrepreneurs, who are supplying garment to the small wholesalers directly in the export market but the quantities of these orders are quite small and the profit margin is also very less due to competition from other countries. Big export houses get good profit margin, which vary from 10 to 20% plus export incentives. There are some buying houses through which the export is done. They are also acting on behalf of big importer and keep track on production quality control and timely delivery etc.

In the era of globalization the marketing activities of the entrepreneurs need to be integrated in order to capture the global market. As some of the units are small, it is almost imperative that collective marketing is done in order to capture the large export orders. This will not only provide benefit of economies of scale but also develop accountability of the entrepreneurs. Export Consortia can be formed to ensure brand

building by participating in international fairs, negotiating with buyers, competing with other countries on quality and price fronts.

Entrepreneurs and their Enterprises –

A majority of the enterprises are family owned. The owner and other family members are the manager, purchaser, marketer, negotiator, quality controller, finance controller etc in small firms. Hardly any qualified/professional people are recruited. There are some big firms Gokaldas Images, Gokldas Export, Sonal Holding, etc, which recruit team of well technically and commercially qualified employees. They have their regular accountants to look after accounts. The export-oriented units are effectively utilising the export credit facilities. Small garment exporters are facing stiff competition from big exporters and they require support in many ways.

However, the interest charged by the bank for these units is on the higher side as compared to the international levels. The units are facing problems from the foreign competitors due to higher cost of production. The interest rate must be brought down at par with that charged by bank in other countries.

Moreover presently, foreign buyers insist that all the production capacities to be built in-house only. This can be achieved by way of modernizing the units as per international technology/standard. For this purpose, the units need capital for building the new big units and to install new complete set of machines and provide all other infrastructures for staff and labour as per international standard. If they borrow the money from the bank at higher rate of interest as compared to other countries, naturally the large portion of loan will be added to cost of the product. If the cost of product is higher than the other countries then there will be chances of loosing the business and foreign exchange also.

Skilled /Labour Staff

Skilled labours are locally available. They are being paid on piece rate system. Some of the units will visit training institute and interview the candidates and select them

according to their level of knowledge. Some of the units like G.I have their own training centers. They train their labours and officers in their own center even for new comer.

However, it is observed from the recent visits that still there is a big gap between the demand for the skilled labors in industries and the skilled labours available in the field. Further it is also observed that in many industries minimum 10 to 15 machines were stopped for want of operators. They requested to train as many operator as possible to keep the industries alive. This will not only reflect bad condition of the units but also buyers may not give the orders if they visit such units. Hence this has to be solved immediately. Under this condition, it is proposed to set up training center at SISI Campus. This will solve to some extent unemployment problem and also help the industries in a big way. Further campus interview will be organized so that industries are directly benefited. NIFT/ATDC will feed for the management level but not for operator level. Even it was the opinion of the leading garment exporters and manufacturers as stated above.

Infrastructure

Most of the garment units are located in the Bommanahalli and Peenya industrial area. Roads are very bad inside the Bommanahalli and Bannerghatta area. Transportation have become very difficult and frequently traffic jam, over population, there is also frequent power cuts. The local authorities collect tax regularly but infrastructure is not properly done. Recently there was strike from major industries regarding the improper infrastructure facilities in this region. This not only reflects the images of the city but also creates in the minds of the buyers as a backward place. Sometimes, other main road is maintained well, but inside the estate, roads are very bad, vegetable vendors are openly selling the vegetable on either side of the road. This has to be avoided. Because buyers usually visit these areas for the verification of the industries. During this time this will effect the business. Power supply is not appreciable , but uninterrupted power is essential for this cluster. Transport facilities to these areas are to be improved, since most of the buses are always over loaded. Because of these employees reach late to the units. There is no association of these units in this area. This is also one of the factors which effects

progress. It is also noticed that most of the garment units are taken care by either factory manger or general manager. Owners are not available in the units. They are stationed at other places. Hence decisions taking, becomes very difficult for these units which was noticed during the visits.

Business Development Services (BDS)

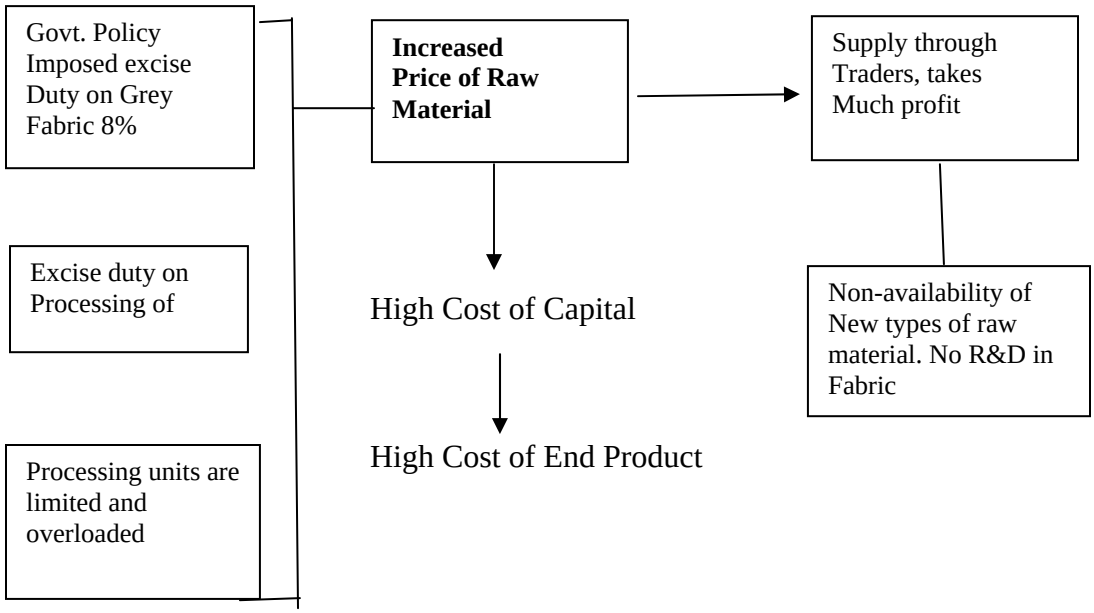
There are number of technical training institutes, testing laboratories working in Bangalore for development of Readymade Garments but in some areas like technology development, marketing, quality, ect. BDS are yet to be developed. There is a need to have networking and consortium approach among the SMEs in the cluster. (1) National Institute of Fashion Technology (2) The Apparel Training and Design Centre, Bangalore are already working in and around the cluster providing the necessary services to the industry. However, the BDS in international marketing, cost controlling, effluent treatment, energy conservation etc assure to be developed.

Eventhough, technical training institutes and testing laboratories working for the development of RMG units, still there is a need of BDS to support the small-scale sectors. There is a need to have networking and consortium approach among the fabricators in the cluster. Apart from the govt. centers, there are some private institutions that are supporting the cluster, are Vogue Institute of Technology (4) Arun Institute of Fashion Technology (5) J.D Institute of Fashion Technology (6) IIFT.

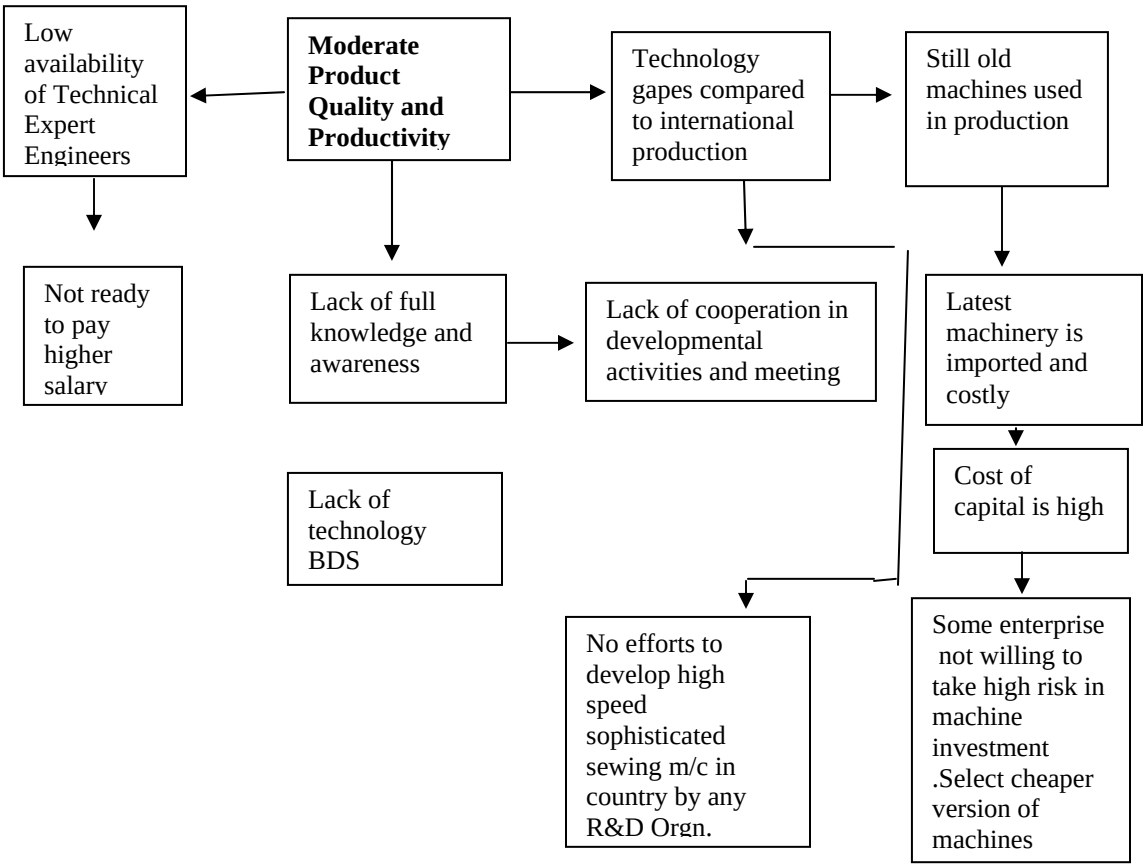
Eventhough they are training there is huge gap for the supply and demand in the industries which can solved through setting up a training centre at SISI Campus. Action plan has been prepared with emphasis on training and marketing. Since SISI is regularly conducting training programmes, this will be taken up on priority basis. All the necessary inputs will be as per the requirements of the industries only. In the proposed apparel park at Doddaballapur, near Bangalore, KIADB in its plan has made provision for training center (3500 Sq.mt). Since most of the garment units are establishing their units at Apparel Park, the above training center can be utilized for setting up full-fledged training center and marketing information center. In this connection, government of Karantak will be requested.

CURRENT REALITY TREE

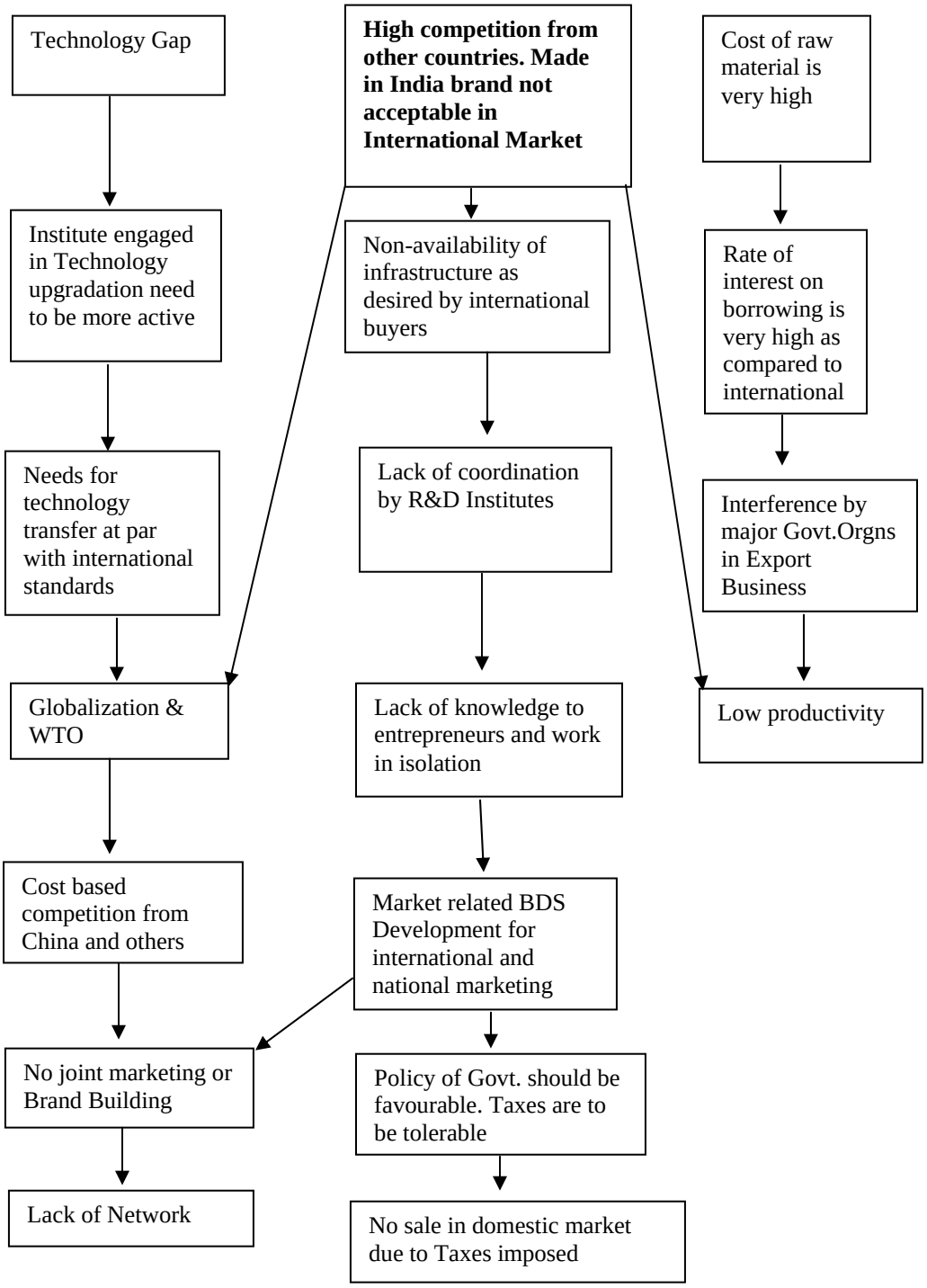
Raw material



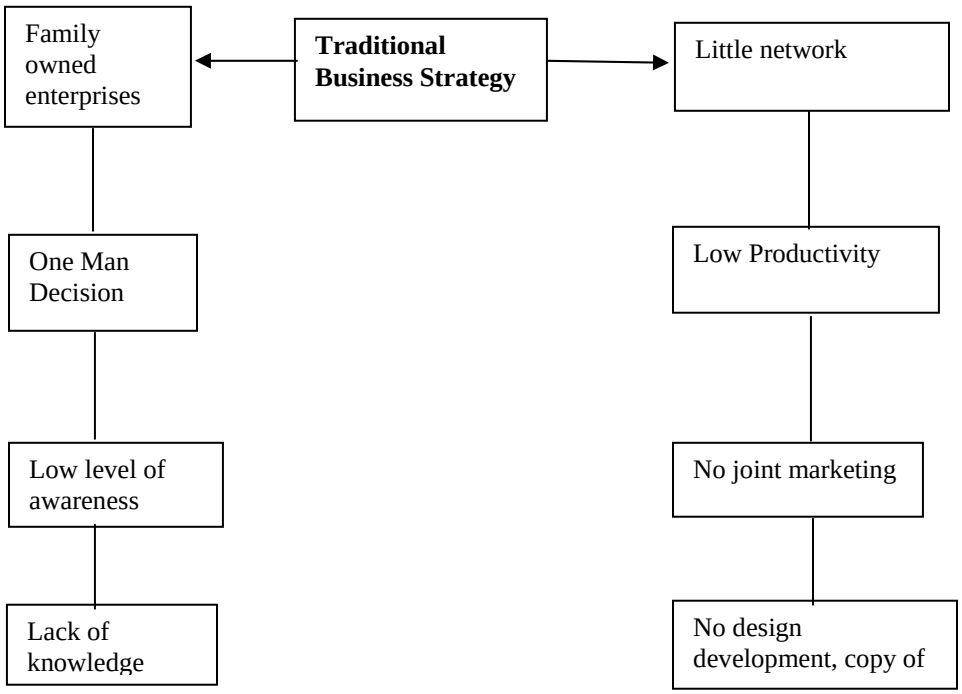
MACHINERY AND PRODUCTION



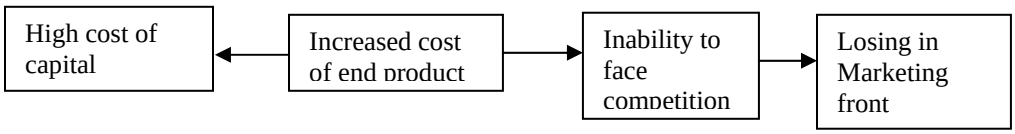
PRODUCTS AND MARKETING



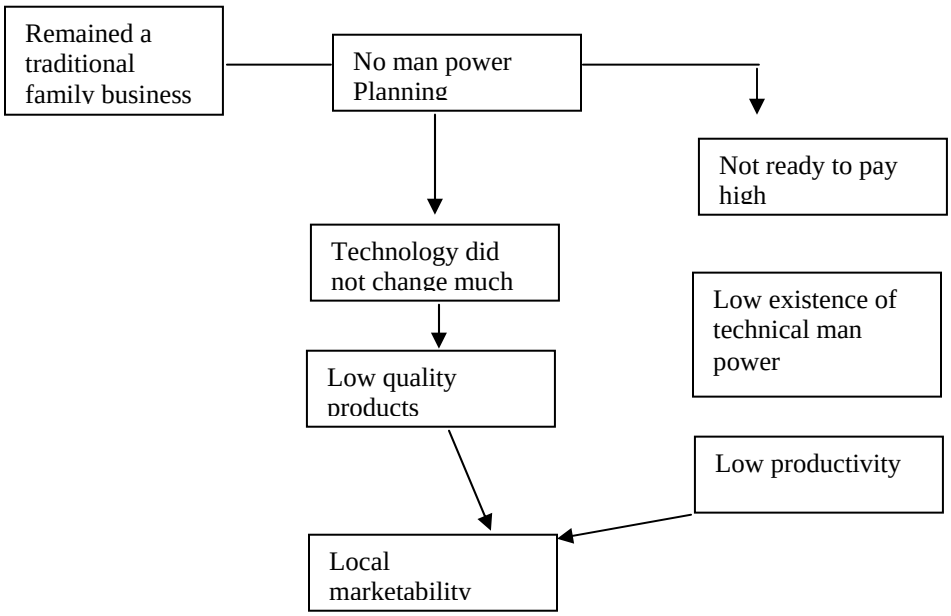
ENTREPRENEURS AND THEIR ENTERPRISES



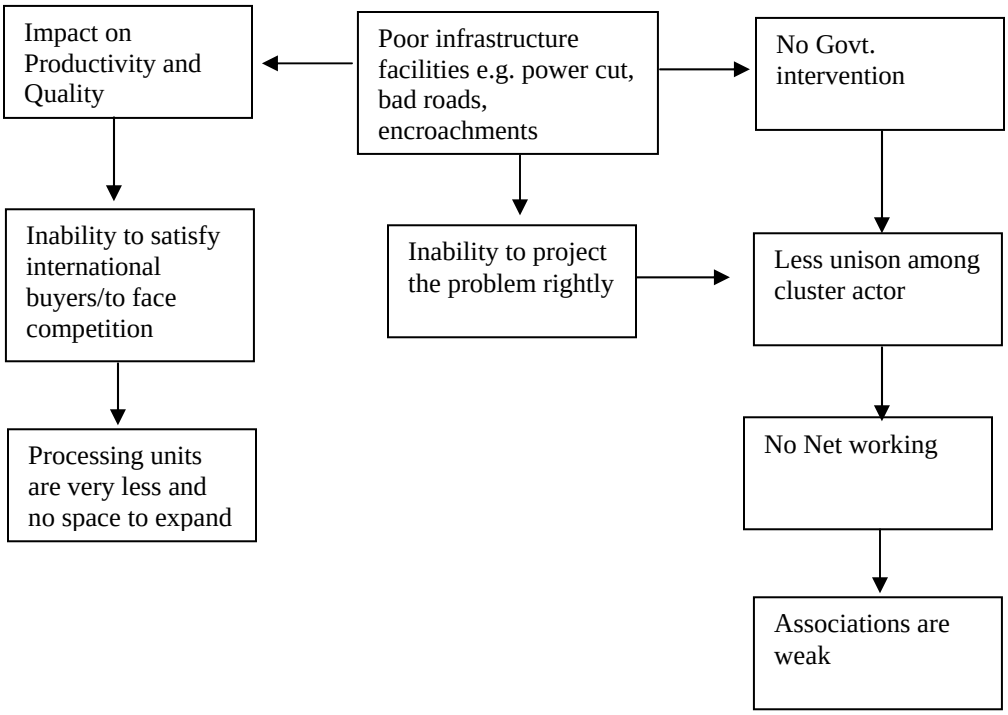
FINANCE AND WORKING CAPITAL



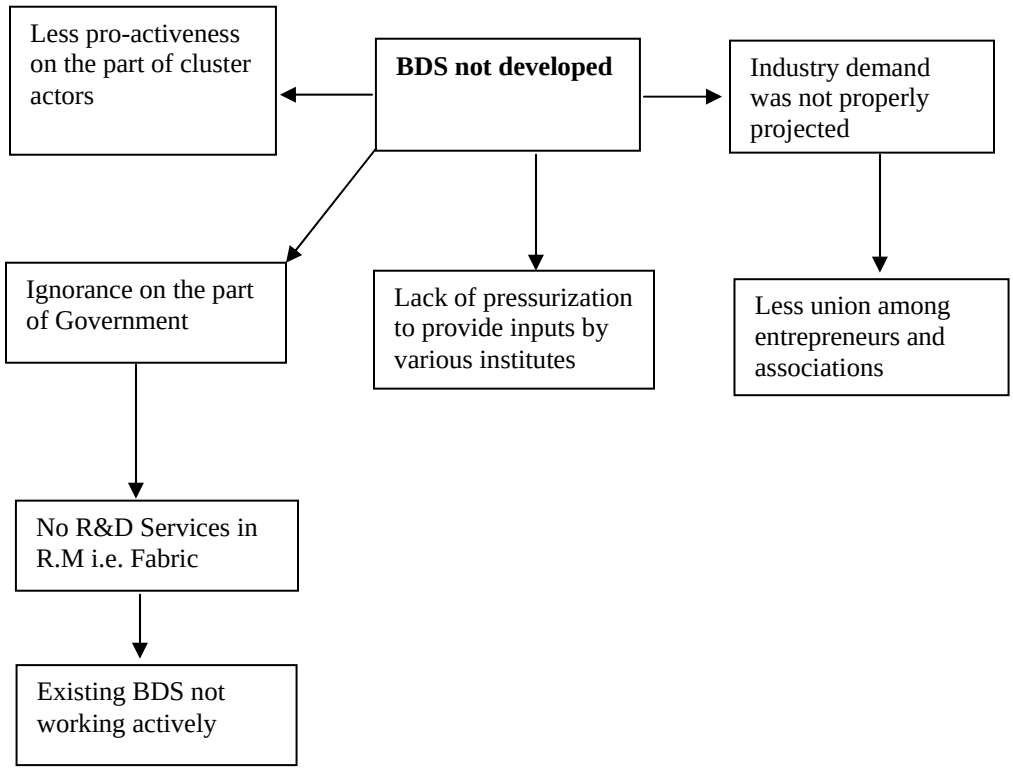
MAN POWER



INFRASTRUCTURAL ISSUES



BUSINESS DEVELOPMENT SERVICES (BDS): -



INDUSTRY STRUCTURE ANALYSIS

ENTRY BARRIER ***LOW***	**RIVALRY** ***MODERATE***
BARGAINING POWER OF THE SUPPLIER ***LOW***	**BARGAINING POWER OF THE CUSTOMER** ***VERY HIGH***

The entry barrier in the above cluster is low because anyone can enter the industry with a minimum investment of Rs.1.0 lakh to 1.50 lakh and inputs are available in plenty. There is no proprietary skill/technology and there is hardly any product differentiation and brand identification. But some enterprises, customer loyalty is very high. There are

enterprises, which are supplying their products to large buyers and fixed clientele abroad for the last 20 to 30 years.

Another positive factor is the economy of the scale, which means the more you manufacture, the less is per unit cost. These two factors (customers' loyalty and economies of scale) pose some problem for new firms entering into business. Adoption of latest technology (which is a costly) can certainly provide impetus for the growth of the large firms. Moreover enough emphasis should be given on brand building. Technology and brand can serve as entry barriers.

The rivalry among the firms is moderate; most of the producers have fixed clientele in the abroad to whom they are supplying for the last 20 to 30 years. There are large numbers of firms with product differentiation. With the opening up of economy after globalization, the growth potential is tremendous, provided technology is upgraded, economies of scale is achieved and marketing consortia is formed. Encouraging non-price competition and product differentiation can reduce rivalry among firms notional or real (may be with diversification). Rivalry is moderated by the fact the exit barrier is also very low. The bargaining power of the suppliers in the cluster is low and there is large number of suppliers available in the market. There is hardly any switching cost from one supplier to another and no input differentiation. Moreover the RMG units are an important customer for the suppliers. There is hardly any evidence of suppliers forward integrating. Forming hard network for common bulk purchase can further reduce the bargaining power of the suppliers.

So far, bargaining power of the customers is concerned, it was found to be on the very higher side. There is hardly any product differentiation and the customers can switch from one supplier to another. The switching cost is very low. Moreover, customers are quality and price sensitive. However, for same enterprises there is strong customer supplier relationship and the level of trust and loyalty is very high. Some customers of large buying houses do not want switch over to new supplier on the fear of getting bad quality and not in time delivery. Forming consortium and brand building can reduce the bargaining power of the customers.

Cluster Vision

The cluster can adopt a direction of realizing following vision -

The Made in Bangalore, India brand for RMGs will be on the top in the world by the year 2010

And

The Readymade Garments Exports from Bangalore will double in next three years and treble in next five years.

Strategy

The RMG cluster in Bommanahalli and Peenya Area, Bangalore has enough growth potential provided strategic intervention is made is certain and key areas The clustering phenomenon was a natural process and it showed resilience in terms of encountering various problems in the past –

The key areas in which the strategic interventions needed are given below –

- Networking among cluster actors
- Technology Upgradation
- Developing and activating the BDS
- Export led growth
- Liberalisation of Govt.Policy Rules and Regulations in labour.
- Infrastructure improvement

These are discussed in detail in the action plan. Moreover for making the cluster development initiative sustainable in long run, it is imperative to ensure “capacity building” of the cluster actors. An outside organisation intervention cannot produce desired result in the long, unless efforts are made for capacity building of the cluster actors. The cluster actors should realize “the need to change” (in the changing scenario) and initiate actions in order to solve their problems and making themselves competitive. The thing important to be noted here, is that the process of change should be internalized rather than imposed.

Action Plan

Networking among cluster actors

The networking among cluster actors is very negligible. The role of the associations ends only in organizing meeting only when the entrepreneurs face problems otherwise there is no meeting or interaction. This may be due to the fear that technology may be replicated and marketing related information may be passed on. Totally they work in isolated form.

A strong network has to be created among cluster actors so that they can jointly solve their problems, like pressurize government in liberalizing the rules and regulations, marketing information, infrastructure demands etc. They even can jointly market their products in the international level and also to compete with the other countries. The industry associations need to be made proactive and networking has to be strengthened. This can be taken up as a part of capacity building exercise. The benefits of the networking have to be explained to them.

Technology Upgradation

The manufacturing process of the readymade garments has remained mostly traditional. Manufacturers get samples of products and specifications from buyers, then they prepare counter samples in their units and the costing is done. If the buyers approve both the sample and price, order is placed with the manufacturers. Manufacturers then arrange raw material, get it processed i.e bleaching or dyeing or printing as per the need. Then the fabric is cut according to the pattern in various sizes. It is then fabricated called stitching either in-house or from vendors. All sort of machines available with the vendors are being used i.e. Indian made machine or imported machine, then these fabricated pieces are given for value added work i.e. embroidery (machine or hand) and other attachments purpose. Then these pieces are washed, finished and packed. Some time there are heavy rejections due to delay in shipment or quality. Lot of time and labour are used in correcting defects and the time schedule of delivery expires and the buyer rejects the whole lot.

As per the need of the foreign buyers the in-house capacity building is to be established for getting the export orders. For this, the manufacturing process of the units needs to be studied through technically expert organisation for doing the needful to bring the units at par with international level. Technology transfer may be arranged to fill the gaps of technology to the industry. This will help in –

- Minimizing rejection rate
- Improving productivity and quality
- Saving of labour and time
- Assurance in time delivery
- Making the cluster competitive

Another phenomenon, which is also lacking in the cluster, is diversification. For example the units engaged in the manufacturing Readymade Garments could diversify their production to the home furnishing products. These are areas where the cluster can concentrate and demand of these products is going to increase in the coming years. Moreover competition in this product segment is also limited.

Developing and Activating Business Development Services (BDS) Providers

Growth of Business Development Service especially in technically and marketing areas are very limited. There are some technical training institutes and Design Development Institute and testing laboratories existing in the city but they are to be made more active. Presently their net working is very weak, which needs to be strengthened. They have to work in close coordination with each other for development of the industry. National Institute of Fashion Technology can play a vital role in design development and brand building for the acceptance of the product in the international market as “Made in India” brand. It is needed to bring the entire institutes close to each other so that joint efforts could be made for the development of the cluster.

Similarly the Apparel export Promotion Council, a nodal agency sponsored by the Min. of Textile, Govt. of India can play a vital role in monitoring the whole activity of export system in the garment industries.

Export Led Growth

An export led growth strategy has to be pursued in order to create the reputation of Made in India Readymade Garment in the international market. Brand building participating in international exhibition developing brochures, joint marketing, forming consortium, organizing effective international trade fairs in India are some of the ways of creating such atmosphere. Moreover, technology upgradation will enable them in improving quality, productivity and reducing the cost of manufacturing. In addition to that the entrepreneurs will be trained in "How to overcome recession" Recession marketing will be an important intervention.

Given the fact that middle men/traders are enjoying most of the profit share, efforts should be made to establish direct linkage between manufacturers and customers (though there are few entrepreneurs who are doing it). Training on international marketing, brand building, export procedure and documentation, exposure visit (cluster visit) participating in international exhibition etc. is essential part of the programme. These things are placed in the action plan.

Liberalizing Government rules and regulations

The entrepreneurs are finding it difficult to comply with the rules and regulations of several Government departments like commercial dept. excise, inspector of factory. Every day several inspectors are visiting the units for one or the other reasons. The labours rules and regulations are not entrepreneurial favourable but favourable to labours. Similarly the Government uses to impose the taxes, excise duty etc on the processed material and products with the effects on the trades, labour laws, etc. Therefore, Government Rule and Regulations have to be liberalized. The role of the Government

department should be a facilitator rather than regulator. An awareness workshop with the Government official in the form of “Department enterprise interface can be organized.

The excise duty imposed on the fabric, sales tax on local sales, higher rate of interest on loan topics are to be taken up with the Government for the healthy growth of the trade and to earn more foreign currency through this trade. All these should be at par with international standard (i.e. normal rate of interest loan in India is 12.5% compared to 5% in China and Japan). All these require sensitizing Government departments and official.

Infrastructural Improvement

The infrastructural facility of Bommanahalli and Peenya area such as road, sewage, effluent treatment plant, power encroachment by unauthorized persons, house tax variation etc are needed to be taken up with the local authority for overall improvement of the cluster. Then meeting/workshop with the concerned department and association can be organized to solve out these problems.

Based on the above analysis the following activities can be organised in Bommanahalli and Peenya area cluster.

- Net working among cluster actors
- Trust and capacity building among cluster actors
- Organising of cluster visits
- Workshop on Globalization and WTO
- Training programme on marketing challenges in Readymade Garments
- Training in International Marketing
- Joint participation in national and international fairs
- Workshop/Training on Export procedure and Documentation
- Delegation to international markets/clusters
- Value chain analysis by an expert
- Study in understanding and present manufacturing processes and identifying the scope for improvement
- Training/Workshop on technology upgradation

- Inplant technology training to the entrepreneurs
- Personal counselling in solving technological problems
- Quality standardization
- Developing of BDS
- Govt. Department /enterprise interface
- Demonstrations for adoption of technology
- Development of man power skilled labour and their skill
- Awareness workshop on institutional finance by RBI to the cluster.
- Financing problem analysis by the units.
- Emerging trend in finance management
- Fashion forecasting and design development.

SWOT (Strength, Weakness, Opportunity and Threat) Analysis

Strengths of the cluster

Markets: Strong presence in the export market Domestic market is also rising Developing trust and relationship in the long run
Technology: Availability of customised machines Availability of imported high speed machines of international standard Demonstration effect
Inputs availability: Raw material and allied items available in sufficient quantity since source is located close to Banaglore
Skills: Workers are skilled and working very hard. Skilled laborers are trained from reputed institutes.

Weakness:

Markets: Losing ground in the international market because of infrustrure problem. Price competition in the international market as well in domestic market Middlemen/traders enjoying most of the profits in the value chain
Technology: Traditional method of production Low level of technological development Manufacturing defects and rejection Problems with quality and productivity
Inputs availability: Most of the raw materials are procured outside Bangalore like from Salem, Erode, Coimbatore High duties Hardly any changes in design, technology process and marketing
Skills Lack of coordination between technical training institutes No skill upgradation training for the workers in large-scale unit. Scarcity of skilled laborers
Business Environment – Business environment is changing Buyer's requirement is on higher side and SSI sector has to invest more. Competition is going to increase between entrepreneurs Innovative capabilities.

Opportunity:

Markets Globalization can provide tremendous market potential for the competitive firms Tariff and non-tariff barriers are depleting Quality and productivity is the rule of the game Enterprises can join hands together for international marketing, brand building and participation in trade fairs
Technology: Advent of latest technology with the intervention of various departments/firms Creation of technological awareness among entrepreneurs Huge investment capacity on the part of the cluster actors (Big player only). Prospects of establishing common display centre at cluster is becoming brighter
Inputs availability: Competition is going to make availability of inputs cheaper and sufficient
Innovation capabilities: Exposure visits, participating in exhibitions may make the entrepreneurs and technicians more innovative and problem solving Demonstration effect
Skills: Increased awareness is likely to improve the skill base of the worker
Business Environment: Changing business environment can provide opportunity for enterprising firms

Threat

Markets: Competition is going to increase Overseas importers are smart enough to change their sourcing country since the quota system removed Imports is going to increase in the coming years since local supplier is not able to supply in time and time constraints from outside

Survival of fittest
Technology: Low level of technological development Technology can impose a major threat unless it is changes/modernized Technology is an ever changing process
Inputs availability: Difficulty in encountering competition unless raw material are made cheaper, abolish or reduce duty Quality of raw material
Innovation capabilities: Innovation is required in every facets of business operations
Skills: Skill base of the workers need upgradation to adopt latest technology
Business Environment: The changing business environment is always a problem for the less enterprising firms.