

# Sun shines on Indian garment retailers

## Cheaper purchasing prices make Indian garment retailers

SADANANDA MAHOPATRA  
Bangalore—The appreciating rupee is a bane for exporters but a boon for domestic retailers.

The purchasing price of garments for the Indian garment retailers has dipped due to the appreciating rupee and Bangalore's garment retailers are celebrating.

Mr. Sambit Dash of VF Arvind Brands Private Limited, Sourcing Executive said, "The recent rupee appreciation is a boon for us. Since they (the garment exporters/makers) find it difficult to sell their clothes in the US, they are turning towards domestic market. So we are getting more suppliers than we used to have few months ago. And we can bargain with them too. Previously, we had to pay them whatever they (cloth makers) demanded. But we have more options now".

Arvind Brand and Madurai garment (a sister concern of Arvind Brands) is a top-level garment retail company in Bangalore.

Karnataka's textile exports in the 2006-07 financial year, is second only to the software exports of the state. While the garment exporters have taken a beating, the domestic market will reap the benefits, especially during October to December when sales double due to festivals like Ramadhan, Diwali

and Christmas. According to a high level official of a Chennai based apparel manufacturing company, Celebrity fashion Groups, said "The rupee appreciation has created a hurdle for us to sell our products in the US. We have no option but to focus on the domestic market since it is the festive season in India".

Since Karnataka's economy is an indicator of India's, the purchasing power of Bangaloreans has also

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increased. Added to it the recent rupee appreciation against dollar has helped make prices more competitive.

We are opening new stores, launching new brands; the Indian consumer is the winner said Mr Laxman Marketing Manager,

Arvind Retails (Retail wing of Arvind Brands)

However unlike other sectors where imports have become cheaper, the Indian garment importer has not benefited from the rupee appreciation.

This is because India imports cloth mainly from China and not from US.

"Since the Chinese Yuan is also getting stronger against the US dollar and other currencies, the garment import industry is not the gainer", equitymaster.com reports.

The Commercial Officer (sales) of Gokaldas Exports Ltd Mr. Jay ram said, "Yes we are moving towards domestic market. We have no option but to sell (to domestic market) since this is festive season."

Explaining why India does not import from US Mr. Sambit Dash, said, "Our (Indian cloth makers') main market is the US. Because the US cannot afford to manufacture cloth there considering the labor cost, land cos etc. they depend upon developing countries where they can get cheap clothes with world class expertise".

To protect the Indian garment industry, the government has introduced sops for the exporters to compensate the losses created by the appreciating rupee.

# Moser Baer sales sail away from profit

## Cheap competition from other companies discomferts Moser Baer, sales falls by 2270.1 crores

NIKHIL K.VARGHESE

Bangalore—Moser Baer, the manufacturer of removable data storage media, has declared a net profit of rupees 327.1 crores.

When compared with the quarter dated 30.09.07 we see a huge drop of Rs.2270.1 crores

Tarun Jaitely, the General Manager of Moser baer attributes this partly to the lean season in the global market, said, "The canceling of licenses by Philips has made competitors dump storage CD-R's and DVD-R's in the market

creating a glut, this has led to a drop in sales".

Compared to net sales of the previous years quarter 30.09.06 of Rs 50085.5crore, this quarter the net sales dropped to Rs 44659.7crore

Philips licenses the technology used to create CD-R's and DVD-R's. After the expiry of the license companies dump excess stock into the market leading to the fall in sales of Moser Baer.

Other income for this quarter has seen a rise of 243%.

The cyclic nature of the market leads to a rise in stock trade from Rs 2531.4crore to Rs6762.9crore. The stocks are accumulated for one quarter and disposed of in the next, said Tarun Jaitely.

Moser Baer plans to diversify and enter the solar power

generation business by manufacturing solar cells and modules, targeting an annual capacity of 80 Mega Watts in Phase I. The initial project cost, which is estimated to be Rs 260 crore.



Moser Baer rewriting its profits  
Pic by Nikhil

# Widening the Gap

## Unfair trade barriers restrict Asian market

NIKHIL K. VARGHESE

Bangalore—October saw clothing giant Gap remove Indian made clothes from its shelves all over Europe and the United states.

Compelled by the media, who claimed that Indian apparel manufacturers use child labour, Gap was forced to pull these clothes off the shelves or face the righteous wrath of the western world. The English press reported elaborately on the unhygienic working conditions at the so-called sweatshops.

A Dutch NGO published a report on India's textile industry, claiming that more than 416,000 children employed are under 18. The plight of many children was akin to bonded labour, working up to 12 hrs in the factories for less than Rs 30 a day.

While these heart-rending reports may be true, it does seem strange that only western NGO's and media houses are capable of exposing the horrible working conditions of the Indian child.

At 5.6 billion dollars the Indian garment industry is in its nascent stage.

Garnering only 3.2 per cent of the global market for garments, any incident that shows India in a bad light could reduce the exports and hurt the industry that was booming way before the I.T sector.

Kamal Nath, Indian minister for

Commerce and Industry is right by saying that these allegations are motivated by people who are threatened by the Indian garment sector.

The minister has termed the allegations of child labour as non-tariff barriers, the 200 suppliers of Gap have now come under scrutiny and Gap might cancel contracts too.

This type of moral policing is typical of western countries, the same countries that used children to extricate coal from mines to fuel their industrial revolution. In recent times the Kyoto agreement stands out as an example of western countries (U.S in particular) trying to retain their positions as industrial powers.

The agreement calls for a reduction in industrial emissions of developed countries, the U.S however refuses to comply as imposing emission curbs would result in increased production costs and an overall slowdown of their economy.

Afraid of the Asian juggernaut, western markets resort to under hand tactics to stall the growth of the Asian economy

All is not black and white in the business world, so when "whiter than white" NGO's blow the whistle on erring Indian manufactures it might just have an ulterior motive.

# Small stores fight the big fight

## Customer loyalty to kirana stores keeps them afloat for now

DIVYA GOJER

Bangalore—Supermarkets are the new landmarks of Bangalore.

On every street, every corner, customers cue up to enter. Small shops (Kirana's) however, refuse to die out.



Customers still loyal to Kiranas

-Pic by Nikhil

With over 300 customers a day Juniad, owner of Home Needs a supermarket on Mosque road claims that urban Indians prefer to shop at supermarkets. He attributes the fact to good packaging and the general sense of hygiene that

supermarkets have.

Another shopper, Uma, while pushing a shiny trolley at her own pace said that the brightly lit racks of produce, variety and comfort of shopping is what attracts her to supermarkets.

"The vegetables don't last for more than three days, the same as a vendor in the market. So I think that there is not that much of a difference but it is more cleaner at least to the eyes", she said.

Deepak, owner of Deepak stores is not perturbed, "The same number of customers come to my shop. There has been no reduction (of customers), however there are no extra customers because of the supermarkets."

Regular shoppers at Kirana stores claim that they do their monthly shopping at supermarkets but for their daily needs the "shops around the corner" are indispensable.

Kirana stores create a personal relationship with their customers; the customers often enjoy a credit facility with the shop, something that supermarkets are unable to do, said Shankarappa, a loyal Kirana customer.

These two retailing models cater to different segments of society. While supermarkets have captured the lion's share of the urban Indian market, Kirana stores are putting up a valiant battle to retain their customers.

Both the kirana stores and supermarkets have carved out a place in the Indian economy, the battle may be lopsided but it is definitely not over.