



सत्यमेव जयते

Govt. of India

Ministry of Micro Small & Medium Enterprises
Development Commissioner (MSME)
New Delhi



UNDER MSE-CDP

GARMENT CLUSTER AMRAVATI

DIAGNOSTIC STUDY REPORT

Validated on 17 Jan. 2011



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*Govt. Of India
Ministry Of MSME
Development Commissioner (MSME)
New Delhi*

*Validated Diagnostic Study Report of
Garment Cluster Amravati*

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1. EXECUTIVE SUMMARY

Introduction

The garment enterprises at Amravati in Vidarbha is having its own importance, it consists of mainly of youngsters developed their business with own capital investment. The entrepreneurs comprise Maharastrians, Sindhi, Muslims, Marwadi Community. However the major segment of entrepreneurs belongs to the Sindhi community. The entire family of entrepreneurs depends on the earning from the units. According to the records of Joint Directorate of Industries & DIC Amravati there are 280 apparel manufacturing MSMEs registered with them scattered in different areas of Amravati District out of them 104 units are permanently registered. However, most of the units are found to be concentrated in Amravati.

The immergence of *Garment Cluster*, Amravati dates back to the last 10-15 years. Initially one unit was setup in garments manufacturing sector at Amravati in mid of 1999 after words number of units has increased and now total 105 numbers of units are in working condition in Amravati, most of them are not registered with DIC. Their investment in plant and machinery is about 12.8 crores. Out of them 15 units owned by women, 2 by minority and rest by others. No unit reported to be owned by SC/ST category. Initially most of the readymade garments were coming from Mumbai, Indore and Gujarat. Looking at the demand and supply gap and rising population, the small units started grooming in Amravati and taken shape of present cluster over a period of 10-15 years. The turnover of cluster is more than Rs. 100 crores per annum with export of about 5 crores. The cluster provides employment to around 2000 personnel directly and indirectly.

During trust building exercise, all major cluster actors showed their keen interest to develop Garment Cluster Amravati. They expressed the desire to have various soft activities under Market Development, capacity Building and technology up gradation including the common facility center which is not available. They are willing to contribute their share in soft as well as hard interventions as per guidelines which were explained to them.

The organizational pattern of enterprises can be classified into the following categories namely:-

- i) Proprietary unit.
- ii) Partnership Firms

The garment cluster Amravati mainly manufactures the following items:-

Sl. No.	Name of product
1.	Kids Frocks (Main product manufactured by 90% MSEs)
2.	Men Shirts
3.	Track Suits
4.	Blazers

There are other items which are not regular in nature. The cost of frocks is ranging from around Rs. 200/- to Rs. 5,000/-.

Gaps, Opportunities & Strengths

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
Centrally located, workforce availability, Availability of Financial Institutions, five star industrial estate and newly notified multy product SEZ at Amravati, MIHAN at Nagpur, Educational/Technical Institutions.	Unorganised cluster, Trust level very low, Old and Traditional Technology, No Testing & R& D facilities, Underutilised financial facilities, Absence of CFC, Poor coordination with Government, Scarcity of Raw material & skilled workforce, units in residential areas.	Common Facility Centre, export, Changing business environment can provide opportunity for enterprising firms, Domestic market, Technology upgradation, Potential for PMEGP units.	International Brands coming in, Technology can impose a major threat unless it is changed/modernized; Stiff competition due to WTO norms and arrival of MNCs, Commencement of Product Patent law in near future, Cheap Imports.

CLUSTER VISION

VISION

To enhance the Employment and turnover of the cluster by 40-50% within 3-5 years coupled with development of high quality fashion products by entering into export market integrated with Networking, Capacity building, Market Development & Technology upgradation.

STRATEGIC GOALS

- To generate employment for around 1000 persons over 5 yrs.
 - To set up Common Facility Center
 - To explore new markets within the country.
 - To increase export from the cluster.
- To set up min. 60 new micro Garment enterprises under PMEGP over 5 years preferably for SHG women's.

EXPECTED QUALITATIVE AND QUANTITATIVE OUTCOME AFTER INTERVENTIONS

After Interventions, the following Qualitative and Quantitative outcome is expected in Garment Cluster Amravati.

S.No.	Qualitative Outcome	Quantitative outcome
1.	High fashion Garment product will be developed	The turnover of the cluster will increase by 30-40% within 5 years.
2.	Possibility of explore new market within the country.	Approximate 60 new micro garment enterprises will be set up under PMEGP over 5 years out of SHG women.
3.	Export from the cluster will be increased	The export turnover will be increased by 20-30% within 5 years.
4.	Rejection rate will be minimised	The cost of production will be reduced by 10-15%
5.	Productivity and quality will improve	Employment to around 1000 persons will be generated over a period of 3-5 years.
6.	Labour and time will be saved	Presence of cluster will be felt at National & International level.
7.	Dimensional distortion will be eradicated.	
8.	Possibility of explore new market within the country.	
9.	Cluster will be able to compete with branded garments.	

10.	Networking among cluster actor will be enhanced	
11.	Growth of business development service providers is possible.	
12.	Skill development training will be imparted and skilled manpower will be generated	
13.	Marketing support, raw material support, export environment through SEZ etc will be provided	
14.	Technology will be upgraded	
15.	Exposure visit will help in solving cluster problems	
16.	More employment opportunities will be generated for rural people.	

Areas of Interventions based on Gaps Identified:

“key areas” of interventions	Capacity Building, Technology upgradation, Networking among cluster actors, Skill Development, Marketing support, Raw material support, Common facility Center, Developing BDS, Export environment through SEZ, Apparel Park, Consortia’s, Fashion Institute, Raw Material Bank, Social responsibilities etc.
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**Tentative TOTAL BUDGET ESTIMATES FOR SOFT & HARD
INTERVENTIONS DURING THREE YEARS COMENCING 2011-2013**

		Particulars	Total Amount Required (Rs. In lakhs)	Funds Required From DC(MSME) New Delhi (Rs. In lakhs)	Funds Required From other Cluster Actors (Rs. In lakhs)
Interventions	(A) Soft	Market Development	48.50	7.90	40.60
		Technology Up gradation	2.30	1.60	0.70
		Capacity Building	38.45	15.25	23.20
		Sub Total	89.25	24.75	64.50
	(B) Hard	Common Facility Center (CFC)	1424.00		
Estimated Total Project Cost (A+B)			1513.25		

2. INTRODUCTION

Garment is one of the many labour intensive sectors that provide a gateway for developing countries to the global market. It offers important opportunities to countries to start industrializing their economies and in course of time diversify away from commodity dependence. Moreover, the economic performance of the apparel and textiles industry in developing countries has large impacts on employment opportunities, especially for women, the development of MICRO, SMALL and MEDIUM sized enterprises (MSMEs) and spillovers into the informal sector.

The motivation of outsourcing to developing countries was not driven by cost considerations alone; rather it followed as a response to change in the structure of demand as well. The demand for goods shifted against standardized products more towards customized goods produced in smaller batches and in multiple styles with greater demands for product variety and flexibility and hence giving rise to fragmented markets. With increased volatility in the market, producers in developed countries sought low skill segments, and, imports of intermediate inputs in the textile and apparel sector increased dramatically between the late 1970s and 1980s. On the other side, owing to improvement in communication technology and the consequent reduction in transaction costs, possibilities increased to coordinate production across the globe, thereby reducing costs of inventory. The importance of strict delivery time increased in sourcing and that in a way gave rise to 'lean retailing' where retailers minimize the risks of inventory in volatile and uncertain markets by replenishing items on their shelves in very short cycles.

Garment industry worldwide is also undergoing significant restructuring since the final phase out of the Multi Fibre Arrangement (MFA) on January 1, 2005. The changes are taking place in terms of relocating production sites on one hand and coping with the new competition on the other. India has only recently emerged as a major exporter of apparel on a global scale although it accounts for very little FDI in the apparel sector compared to China, Mexico and Bangladesh. India ranks sixth after China, EU, Hong Kong, Turkey and Bangladesh in terms of value of exports. Textile and apparel sector in India accounts for 14 per cent of the total industrial production and employs around 6 million people directly or indirectly.

Garment Sector in India

In 2007 the world apparel market was worth US\$345 billion and during the last decade the market grew at an average of 8 per cent per annum. Moreover, according to the Survey of Household Consumption levels in India, the per capita consumption of textiles for the year 2007 was 22.41 meters, a growth of 4.28 per cent and in value terms per capita expenditure on clothing grew by 8.07 per cent and 10.16 per cent in rural and urban areas respectively compared to 2006. In recent years, the readymade garment segment has seen vertical growth. Accounting nearly Rs. 20,000 crores, this industry is growing at the rate of 20 percent, with massive visibility and consideration margins. The largest segment for the readymade garment segment includes the age-group of 16-35 that is very brand conscious and gives priority to high quality. Branded readymade garments account over 21 percent of the garment industry.

Amravati District (Historic Background)

Udumbaravati was the ancient name of today's Amravati. It was due to the presence of ample number of Audumber trees in the region. The name was further abbreviated as Umbravati, Umravati & Amravati. The city grew up rapidly at the end of 18th century due to the growth in business. It was one of the richest towns of the area.

The most important manufacture of the district was cotton yarn and cloth produced by the mills at Badnera which were started as early as in 1885. Yarn and all kinds of woven goods, both of Indian and European design and of a durable variety including dhotis, pagris, uasotis, napkins, handkerchiefs and table-cloths were manufactured. The mills steadily increased in prosperity and soon found a ready market for their products in the Central Provinces and Berar and at more distant stations.

The abolition of the excise duties and the imposition of successive tariffs on foreign yarn and piece goods since 1925 helped the growth of the textile industry. A further impetus was provided by the Swadeshi and boycott movements in 1930-31.

To encourage small industrialists in establishing industrial units, an Industrial Estate was established at Amravati in 1960.

3. OBJECTIVES & METHODOLOGY

The diagnostic study report of **Garment Cluster, Amravati** is presented in following section. This study attempts to present and analyze the current position of the industry and also to understand its functional dynamics. The central concern of the study, however, relates to two important issues:

- (a) **The nature and strength of current business and organizational linkages between the various cluster actors and**
- (b) **Areas of intervention for development of MSMEs in cluster.**

The report is based on interaction and deliberation with the key MSME actors in the cluster, the leading entrepreneurs, associations and Local institutions. The secondary information was collected from sources like District Industries Centre, Amravati, Associations, libraries etc. Informal interviews are also conducted with some enlightened and experienced entrepreneurs of garments sector of Amravati.

In order to obtain a comprehensive picture of the status and dynamics of the industry in Amravati and also to capture the regional specificities, we had to take recourse to a number of approaches. The principal basis of information and perspectives detailed in this study derives from primary sources, mainly, structured surveys of entrepreneurs, enterprises and detailed issue based discussions/interviews with a number of individuals directly or indirectly concerned with the industry in the District, officials of the concerned state departments like DIC, Govt. Engineering College, Polytechnic, ITIs, specialists, policy makers and other knowledgeable and experienced persons in the field. A selective list of persons consulted/interviewed as part of this study appears as below:

Profile of Survey Respondents

Category	Persons/Organisations Interviewed
Main Raw Material suppliers	2
Leading units	3
Micro & Small enterprises	25
Industrial Development organizations like , NSIC, , Girls ITI, Govt. Polytechnic , Maharashtra Industrial Development Corporation , Textile committee , Viewers Service center etc.	10
Garment Machinery manufacturers	4
Financial institutions (SIDBI, SBI, etc.)	4

Persons knowledgeable about the industry	6
Policy making and regulatory bodies (Directorate of Industries) etc	3
Industry associations	2

However, in addition to the aforesaid primary sources, information on the important performance variables and policy directions of the industry, both at the regional and national levels, was collected through detailed literature scanning, including a variety of sources of statistical database. These included government publications and also documents, papers and research reports of industry associations, research institutions and the press.

4. TRUST BUILDING

Trust building exercise was initiated by MSME-DI Nagpur as soon as the cluster was selected for intervention. First workshop on trust building was organized at Amravati on dtd. 24/7/2010 wherein total 45 existing entrepreneurs along with other major clusters viz. KVIC, NSIC, DIC, ITI - Girls were present. Subsequently numbers of meetings were conducted with cluster actors including survey of existing units to know the factual situations.

During these exercises all major cluster actors showed their keen interest in developing Garment Cluster Amravati. They expressed the desire to have various activities under Market Development, capacity Building and technology up gradation including the common facility center which is not available. They are willing to contribute their share in soft as well as hard interventions as per guidelines which were explained to them.

Existing entrepreneurs were keen to form SPV and the process of formation of SPV is under progress.

5. DESCRIPTION OF THE CLUSTER

Amravati in Vidarbha is a growth centre located near by to geographical center of India i.e. Nagpur. It enjoys excellent connectivity to rest of country through three National highways as well as by rail and air. Rich in agriculture, horticulture and cotton produce along with five star industrial area builtup by MIDC at Nandgaon peth Amravati.

The garment enterprises at Amravati in Vidarbha is having its own importance, it consists of mainly of youngsters developed their business with own capital investment. The entrepreneurs comprise Maharastrians, Sindhi, Muslims, Marwadi Community. However the major segment of entrepreneurs belongs to the Sindhi community. The entire family of entrepreneurs depends on the earning from the units. According to the records of Joint Directorate of Industries & DIC Amravati there are 280 MSMEs in garment sector registered with them scattered in different areas of Amravati District.

The immergence of *Garment Cluster*, Amravati dates back to the last 10-15 years. Initially one unit was setup in garments manufacturing sector at Amravati in mid of 1999 after words number of units has increased and now total 105 number of units are in working condition in Amravati most of them are not registered with DIC. Their investment in plant and machinery is about 12.8 crores. Out of them 15 units owned by women, 2 by minority and rest by others. No unit reported to be owned by SC/ST category. Initially most of the readymade garments were coming from Mumbai, indore and Gujarat. Looking at the demand and supply gap and rising population, the small units started grooming in Amravati and taken shape of present cluster over a period of 10-15 years. The turnover of cluster is more than Rs. 100 crores per annum with export of about 5 crores. The cluster provides employment to around 2000 personnel directly and indirectly.

The skill and the technique involved in the process of manufacturing is passed on by tradition from father to son. The organizational pattern of the enterprises can be classified into the following categories namely:-

1. Proprietary unit.
2. Partnership Firms

Though there are some similarities between the two types of enterprises, there are also noticeable differences between them. The Proprietary units are equipped with traditional sewing machines whereas Partnership Firms are equipped with some modern machines imported from China and Taiwan. The numbers of workers are ranging from 15-25 in Proprietary unit to 40-50 in Partnership Firms.

The other features of this two industries seasonality, job work, manual operation, high labour intensity, higher capital requirement etc.

5.1 Defining the product

In India the *Readymade Garment* industries are located in Gujarat, Delhi, Madhya Pradesh, Maharashtra, & West Bengal. The product manufacture in *Garment Cluster, Amravati* are different than other clusters. This cluster mainly manufactures the kids frocks and few units manufacture items like salwar suits, men shirts, Jeans etc.

A kid's frock is loose-fit fashion apparel, sleeved or sleeveless, resembling the traditional wear of monks and priests, though colorful. This unanimously common dress is worn by the girls of all age groups, all across the regions and continents. Basically, it has an all-stitched-in-one design and its lower half part resembles a wide skirt. The length of the lower part varies from short to long. A kid's frock comes in all types of patterns and colors ranging from architectural patterns to bold floral prints. The designs cut across the cultures and beliefs. Almost all the fabrics, natural as well as synthetic, such as; cotton, wool, silk, linen, polyester, denim etc are used to make these kid's frocks. The regions like Northern America, Western Europe, Mid East, Southern Asia, Africa and Oceania are the biggest consumers of frocks.

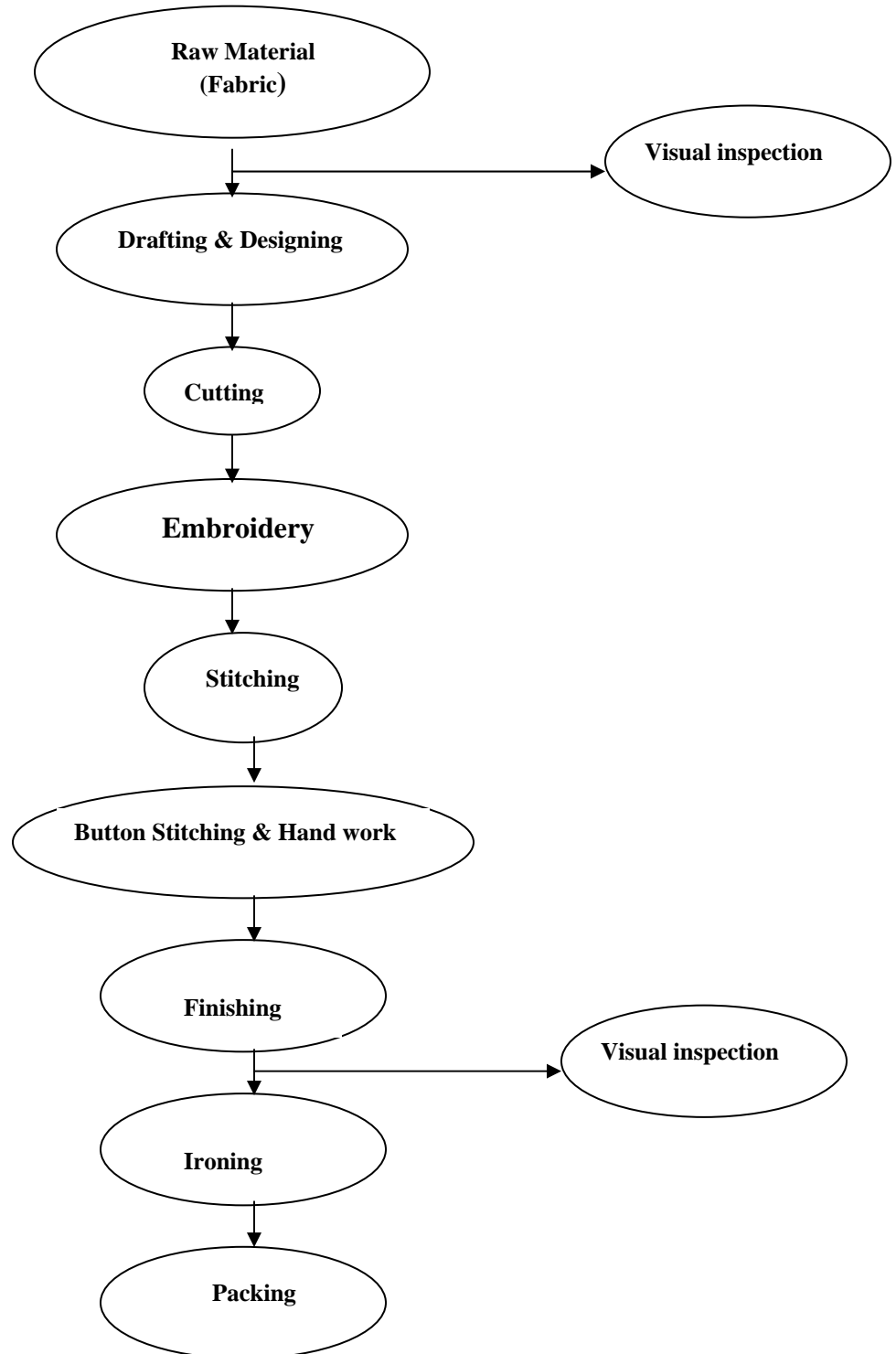
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Sl. No.	Name of product
5.	Kids Frocks (Main product manufactured by 90% MSEs)
6.	Men Shirts
7.	Track Suits
8.	Blazers

There are other items which are not regular in nature. The cost of frocks is ranging from around Rs. 200/- to Rs. 5,000/-.

5.2 Defining the Manufacturing Process & various sub activities

Process flow chart



Glimpses of Products and Manufacturing Processing in Garment Cluster, Amravati.

Manufacturer



Products



6. CLUSTER ACTORS

Core Cluster Actors

The players in *Garment Cluster, Amravati* can be categorized as under:

Category 1: MSME DI Nagpur who is a central Government agency functioning under office of the DC (MSME) New Delhi under Ministry of MSME, Govt. of India, New Delhi act as a major cluster actor in the development of cluster.

Category 2: In this category, **DIC , Amravati, KVIC, Nagpur and NSIC, Nagpur** is the State Government and the Centre Government agency situated at Amravati and Nagpur will act as a major cluster actor in this soft intervention activities of Garments cluster , Amravati

Category 3: MSMEs in cluster, in this category, Total 105 number of MSMEs engaged in the manufacturing of garments in Amravati will act as a major cluster actor for soft and hard intervention activities in garments clusters and will form a SPV for the management of Common Facility Centre under hard intervention.

Other cluster actors

Institution having direct stake in the garment cluster.

Amravati Garment Manufacturing Association, Amravati

This is the only formal association available in cluster which plays an important role and taking care in all respects for development of MSMEs engaged in the manufacturing as well as in trading activities of garments products in Amravati. They are instrumental in organizing all programme for the benefits of MSMEs in Amravati and organises exhibitions every year for this cluster in Amravati and plays important role in marketing of products. This association was formed in 2009 informally and then registered in 2010, initially 50 members units were enrolled and now around 65 are registered on roll.

Institutions having direct and indirect relationship with the cluster

Industrial Technical Institute, (ITI Girls)

ITI, Girls in Amravati is having garment manufacturing trade but this institute is also not having any intervention.

Small Industries Development Bank of India (SIDBI)

SIDBI is an important financial institution who can support them under their various cluster development schemes.

Textile committee, Nagpur

This institution can also play very important role in developing cluster dynamics. At present they are not having any intervention in cluster. They are rendering services like quality control, testing, ISO consultancy, market research, HRD and need based training.

Govt. Polytechnic Amravati

Govt. Polytechnic Amravati is running academic courses in textile engineering. Their support and co-operation can help this cluster to develop skilled manpower for this cluster. As such they are not having any intervention in cluster but the passed out students get good opportunities in cluster.

7. CURRENT INSTITUTIONAL MATRIX

	MSME -DI	KVIC	NSIC	BANKS	DIC	ITI Girls	Govt. Poly.	SIDBI	Textile committee, Nagpur	Garment Association
MSMEDI	5	5	5	3	5	4	3	4	3	5
KVIC	5	2	2	4	2	1	1	1	1	1
NSIC	5	2	5	5	1	1	1	3	1	1
BANKS	3	4	5	3	3	1	1	4	2	3
DIC	5	2	1	3	2	2	1	1	2	3
ITI Girls	4	1	1	1	2	2	2	1	1	1
Govt. Poly.	3	1	1	1	1	2	1	1	1	1
SIDBI	4	1	3	4	1	1	1	1	1	1
Textile committee, Nagpur	3	1	1	2	2	1	1	1	1	1
Garment Association	5	1	1	3	3	1	1	1	1	1

The current institutional matrix depicts various stakeholders in *Garment Cluster, Amravati*. The nature of relationship between these cluster actors is not always very clear and direct. Some of them have very remote relationship and it is limited to the extent of organizing some programs, providing some marginal services and sometimes conducting some seminars/training programs.

There is only one association which is active and proving the role of facilitator in marketing of the product manufactured by their members. The name of association is Amravati Garments Manufacturing Association, Amravati and which will be registered very soon with the concern authority of State Govt.

There are some institutions which are active, and providing the role of facilitators in solving the problems and taking up issues to the various Govt. Depts. ITI Girls, Govt. Polytechnic, MSME-DI Nagpur organizes training programs, help in conducting study etc. The nature of relationship and the extent of cooperation among these agencies are moderate. This relationship has been developed based on the need of the entrepreneurs.

Based on the role of these various support institutions, associations and strength of their inter-linkages and cooperation, they are given a score in a five point scale. The score '1' indicates that there is very little cooperation among this cluster actors whereas the score '5' indicates that there is strong inter-linkages and responsiveness among the cluster actors. This cooperation may be expressed in terms of joint planning, bulk purchasing of raw material and inputs, solving each others problems, taking up pertinent issues to various Govt. depts., organizing seminars and conferences, implementing programs jointly and reviewing the progress of the cluster through organizing periodic meetings. The current institutional matrix delineating the scores, is shown in the above table.

The Govt. depts. which have direct/indirect stake in the cluster but certainly can play a very significant role for the overall growth of the cluster are ;

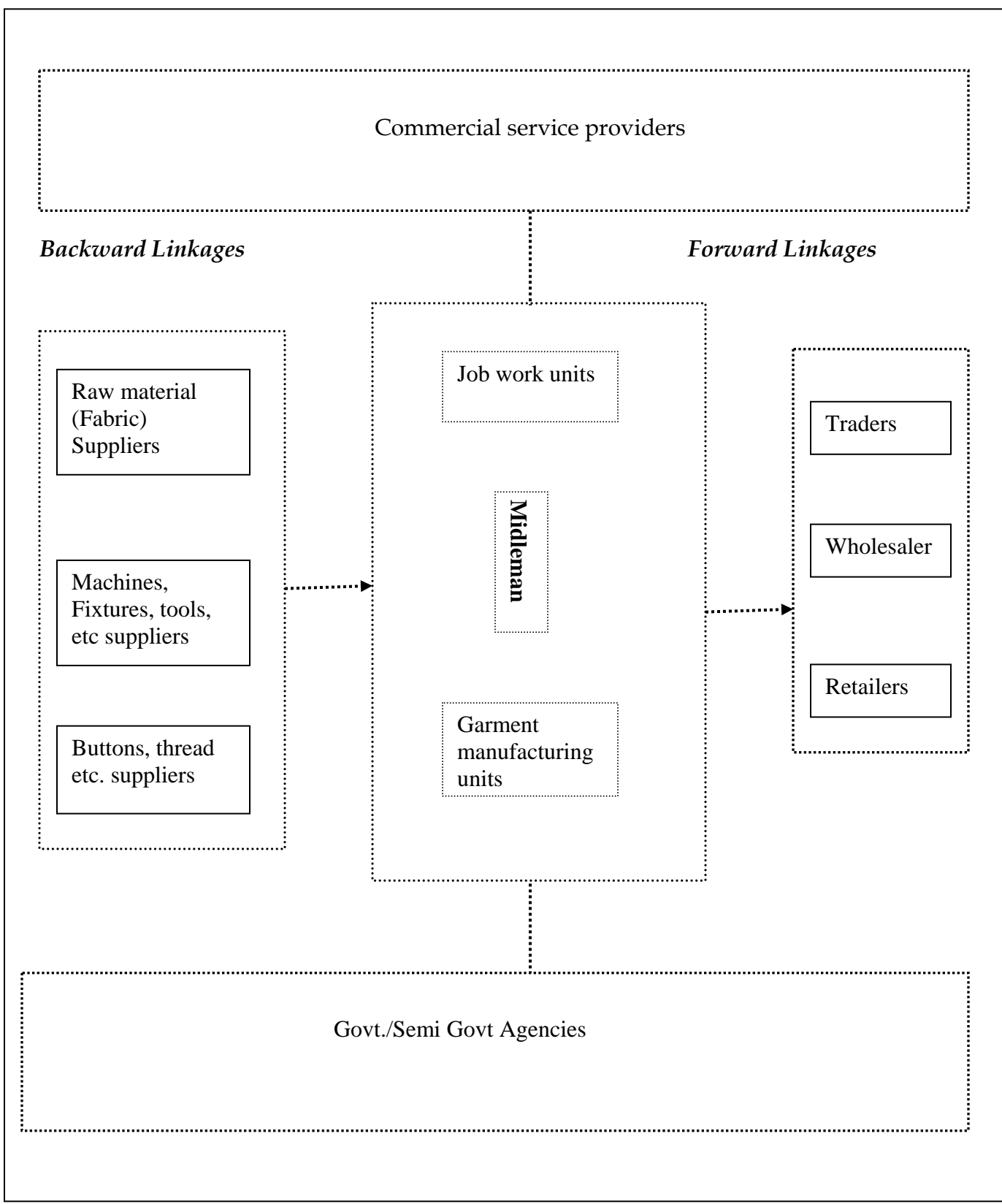
- MSME-DI Nagpur
- District Industries Centre (DIC), Amravati
- Khadi and Village Industries Commission , Nagpur,
- National Small Industries Corporation (NSIC), Nagpur
- Small Industries Development Bank of India (SIDBI), Nagpur
- Industrial Technical Institute Girls (ITI), Amravati
- Govt. Polytechnic, Amravati
- Textile committee, Nagpur

From the institutional matrix it is pretty clear that MSME DI and District Industries Centre has good linkages with local association. The associations of MSME DI , Nagpur with local industry associations are good and conducting various programs and meetings with them at Amravati. The cluster requires a lot of technological intervention in the field of technology upgradation. In spite of this, there is hardly any linkage between any R & D organization & local industries.

The current institutional matrix clearly shows that the relationship between these stakeholders is either minimal or moderate. This is one of the drawbacks of the cluster. All leading clusters world wide, which are widely quoted in various articles, journals and books and which also provides a model for the developing and emerging clusters (e.g. shoe making cluster in Emilia Romagna, Italy) exhibit a very strong relationship

among the stakeholders and the cluster actors. A strong relationship and inter linkages among stakeholders can not only solve the problem of the cluster but also could source technology, finance, marketing etc. for the overall growth and development of the cluster. It is therefore important that the inter-linkage among these stakeholders needs to be strengthened by organizing meetings and motivating each others. It became clear from the diagnostic study that, not only inter-linkages among stake holding institutions needs to be strengthened but also the relationship between individual enterprises and associations needs to be improved. A win-win situation has to be created where all the cluster actors and stakeholders work in unison.

8. PRESENT CLUSTER MAP (UNORGANIZED CLUSTER)



The above cluster map of *Garment Cluster, Amravati* indicates the various linkages and actors that exist in this cluster. (the bold lines indicates the prevalence of organization whereas, dotted lines indicates the organizations to be developed.) So far Public Policy is concerned there are organisations like DC(MSME), New Delhi, Directorate of Industries, Central Excise and Customs, Sales Tax Dept., Dept. of Factories & Pollution Control Board. These organizations decide the policies, which have direct repercussion on the activities of the industry.

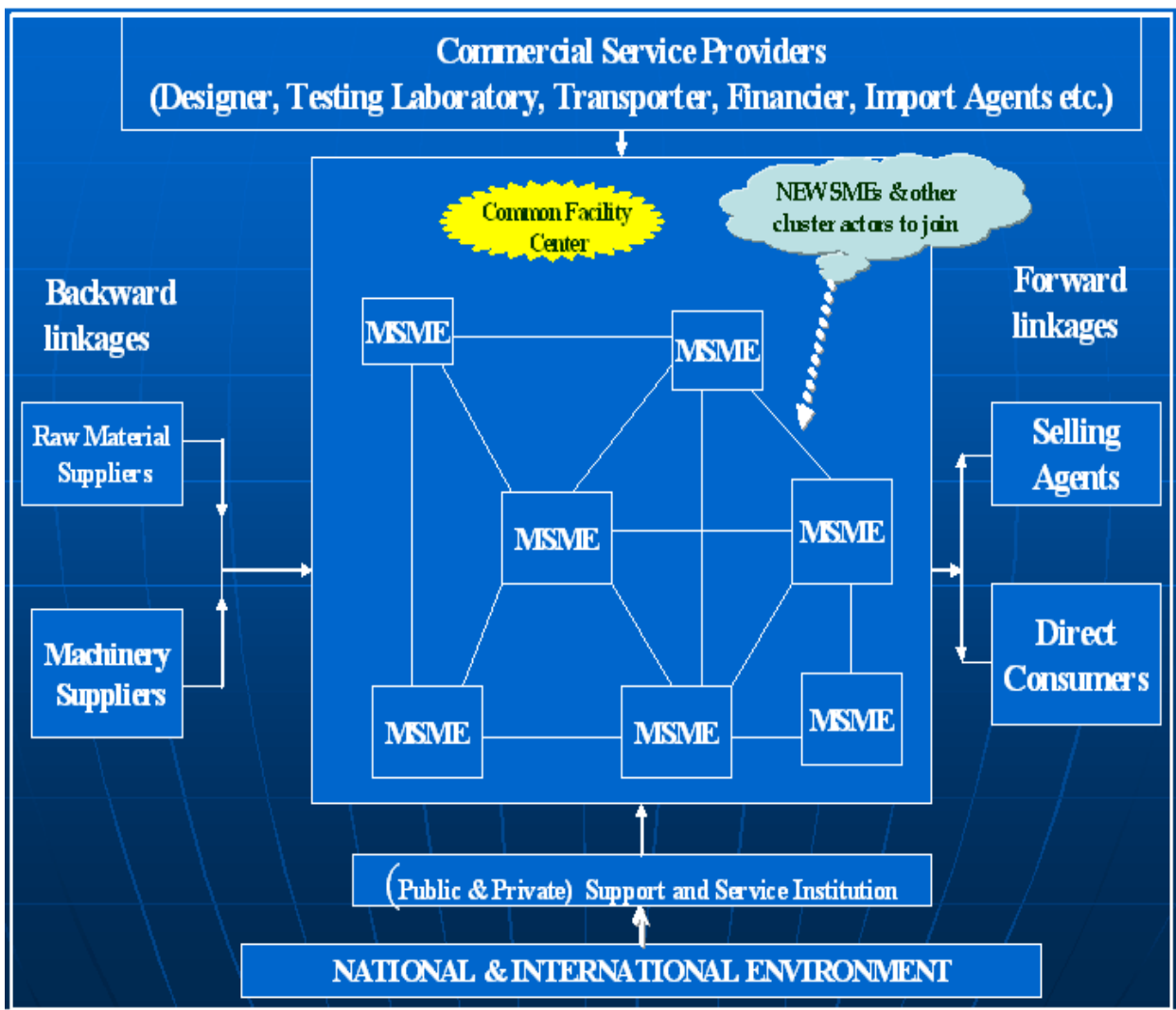
There are Commercial Service Providers like chartered accountants, export consultants and merchant bankers. The actors in this category provide valuable services on commercial basis. In Amravati, the availability of services is not readily available and effort should be made in strengthening these Business Development Services.

In the nucleus of the Cluster Map there are entrepreneurs involved in manufacturing garments and the Middleman who plays very important role while enjoying heavy profit. The linkage among these MSMEs is job-specific and commercial oriented. Another important thing, which needs to highlight here, is the practices of sub contracting. Middleman takes up job and get it done in some other firm. Sub contracting is widely prevalent in this cluster and this gives flexibility in the operating system.

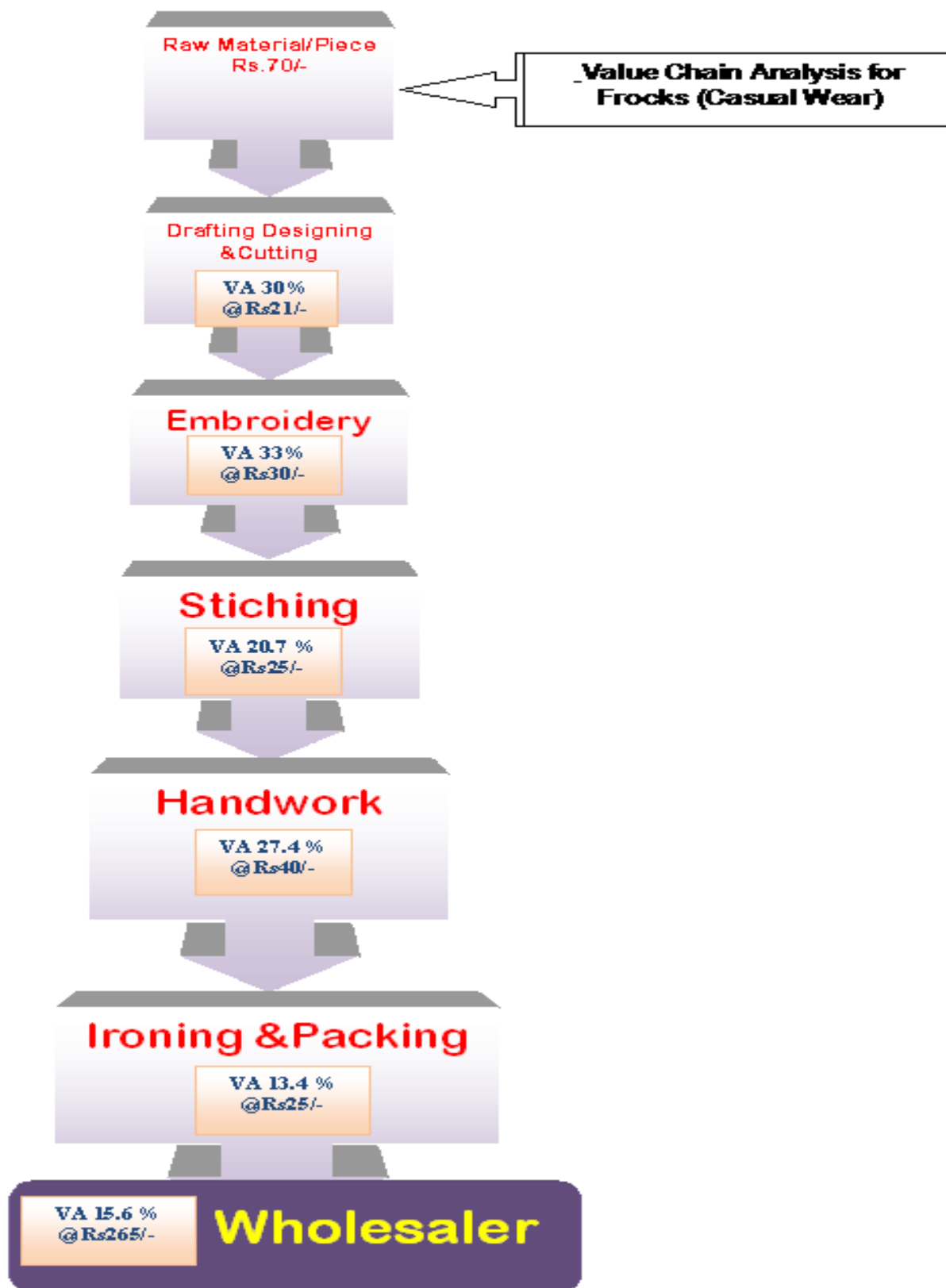
Among the constituents of Backward Linkages there are raw material suppliers and suppliers of machinery, tools and other inputs. Among the forward linkage members there are marketing agents, exporters and large industries. Though most of the marketing activity (around 80%) is done through marketing agents, traders and exporters but there are enterprises who are supplying products directly to large industries.

The organizations which are providing support services are MSME-DI , DIC, KVIC, NSIC, SIDBI, etc. The role of these institutions and their inter linkages were described in the current institutional matrix.

9. FUTURE CLUSTER MAP AFTER INTERVENTION (Organised Cluster)



10. VALUE CHAIN ANALYSIS



The above figures depicts the Value Chain Analysis of the *Garment Cluster, Amravati particularly the item i.e. Casual Wear Frocks*. It describes the degree of value addition in each stage of processing. As mentioned earlier, the main activities involved here are:

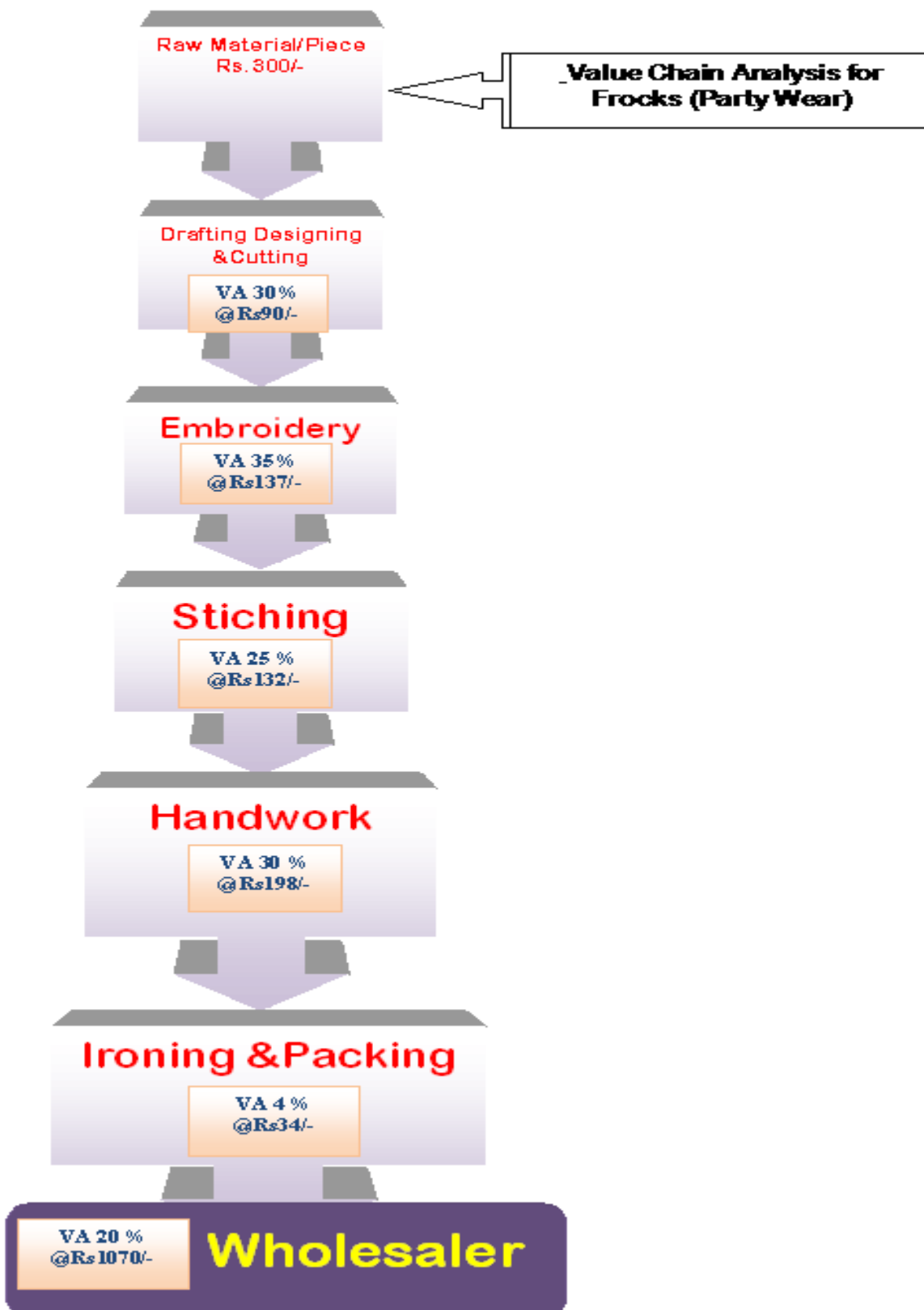
- **Drafting , Designing & Cutting**
- **Embroidery**
- **Stitching**
- **Handwork Button & buttonhole stitching**
- **Ironing & Packing**

Thus whole sale price per piece of an average frock is = 70 + 21 + 30 + 25 + 40 + 25 + 54 = Rs.265/- (approx)

Though the rate of final products available in the market varies between Rs.250/- to Rs.300/- per piece the normal rate can be treated as Rs.265/- per piece.

The profit percentage in this industry varies between 15% to 30% . However the normal profitability is 20%

It is also reported that there has been increase in the rate of fabric, machines, tools, accessories, labour charges over the years. However, due to stringent competition the rate of final products did not increase to that extent.



Thus whole sale price per piece of an average frock is = 300 + 90 +137 + 132 + 198 + 34 + 179 = Rs.1070/- (approx)

Though the rate of final products available in the market varies between Rs.950/- to Rs.1200/- per piece the normal rate can be treated as Rs.1070/- per piece.

The profit percentage in this industry varies between 15% to 30% . However the normal profitability is 25%

It is also reported that there has been increase in the rate of fabric, machines, tools, accessories, labour charges over the years. However, due to stringent competition the rate of final products did not increase to that extent.

11. ANALYSIS OF BUSINESS OPERATION (AOBO)

The following section presents an analysis of business operations for garments cluster. The analysis is built on the following factors viz.,

- Raw material
- Machinery & production
- Products & marketing.
- Background of the entrepreneurs & their enterprises.
- Finance & working capital
- Training
- Manpower requirement
- Infrastructural facilities.
- Business Development Services.

Raw material:

The raw material requirement of the readymade garment industry is met mainly from the following source:

- Surat, Mumbai, kolkata

As a matter of fact, 90% of the raw material requirement of this cluster is met through the above source and rest is flowing from local suppliers.

Machinery & Production:

Units are working with traditional manufacturing techniques that are obsolete. Practically the tiny units of this cluster are not using any advance machinery and all operations are carried out by old black sewing machines.

Products & Marketing

There are about 10 products manufacturers in the cluster. Whatever be the volume of orders, the entrepreneurs in this cluster are able to meet that. They are capable of handling orders which are as small as 10 pieces and as big as 10000 pieces. The job working process is widely prevalent in the cluster.

The products are marketed within India particularly in Maharashtra, Gujrat & South region. The products are marketed through traders/dealers. There is little export till date recorded from this cluster but if the products are diversified to branded items there is huge potential for export.

Entrepreneurs and their enterprises:

A majority of the enterprises are family owned. The owner and other family members are the manager, operator, marketer, technician and negotiator. There are less qualified persons recruited from outside. As a result no fresh idea came up and the process of manufacturing remained traditional. One needs to understand that there are several functional areas in an enterprise where qualified and experienced persons are required. They are not updating themselves using available literature in market.

The level of awareness of the entrepreneurs; especially in technical and marketing areas, is not as high as it should be.

Finance & Working Capital:

Finance has been a problem for the entrepreneurs at Amravati since most of the units are not registered with DIC. If Micro Enterprises are strengthened to buy raw material from main source to produce the final product it will bring drastic change in the scenario of this cluster. There are banks that are ready to provide the financial assistance to them but these Micro units are accustomed to work on job work basis and not making efforts to borrow the money from financial institutions. This is also due to the reason that these Micro units are not maintaining any record of their transaction which is needed for the govt. borrowings. There is a good scope for providing working capital to enterprises by organizing them.

Training

There are training institutions available in Nagpur to provide trainings. However few Institutions are available in Amravati to impart the training for generation of skilled manpower in garment sector. The skill and the technique involved in the process of manufacturing and repairing is passed on by tradition from father to son.. Even R&D institutes and quality testing laboratories are not in existence. MSME DI have initiated process for imparting training particularly in the garment sector in the Amravati region to facilitate the cluster units.

Infrastructure:

The maximum number of enterprises of garment sector is located in central part of Amravati city. Remaining are distributed through out the city and in Industrial area. The units are set up in their own houses and there are no working sheds or suitable infrastructure available with them. There is a high scope that with the help of Industrial Infrastructure development organisation proper working sheds can be provided to them.

Business Development Services:

The business development services have not grown in Amravati as it has been in other industrial clusters. There is no R&D laboratory, no testing facility, limited marketing expertise, no design development institute available with appropriate facilities in Amravati to support this cluster. It is difficult to say as to why these services have not developed in this cluster because; in most of the cases these are demand-driven. Probably, the requirement of the cluster is not properly analysed and projected. Therefore, there is a need to have networking and consortium among the MSMEs in the cluster.

Technical training institutes and testing laboratories can also be developed to fulfill the requirement of the enterprises.

12. ENTREPRISES STRUCTURE ANALYSIS

<p>Entry barriers:</p> <p style="text-align: center;">High</p>	<p>Rivalry:</p> <p style="text-align: center;">Moderate</p>
<p>Bargaining power of suppliers:</p> <p style="text-align: center;">High</p>	<p>Bargaining power of Customers:</p> <p style="text-align: center;">High</p>

The above figure depicts the Industry Structure Analysis of the garment cluster in Amravati. This industry structure analysis determines firm level profitability, competition, MSME viability and prospect of growth.

The entry barrier in the above cluster is high because of high investment needed with stiff competition. There are no proprietary skills/technologies and there is hardly any product differentiation and brand identification.

Another positive factor is the economies of scale which means the more you produce, the less is per unit manufacturing cost. These two factors (customer's loyalty and economies of scale) pose some impediment for new firms entering into business

The rivalry amongst firms is moderate. Though there is rivalry in the domestic market. Most of the producers have fixed clientele to whom they are supplying for the last many decades. There are large numbers of firms in the industry and the product differentiation is minimal. With the opening up of economy after globalisation, the growth potential of the industry is tremendous, provided technology is upgraded, economies of scale is achieved and marketing consortia is formed. Rivalry among firms can be reduced by encouraging non-price competition and product differentiation; notional or real (may be with diversification). Rivalry is moderated by the fact that the entry barrier is high.

The bargaining power of the suppliers in the cluster is high and there are few suppliers available in the market. There is hardly any switching cost from one supplier to another and no input differentiation. Moreover, the garment industry is an important customer for the suppliers. There is hardly any evidence of suppliers forward integrating. The bargaining power of the suppliers can be further reduced by forming hard networks for common bulk purchase.

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

13. SWOT ANALYSIS

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ❖ Centrally located ❖ Workforce availability. ❖ Availability of Financial Institutions. ❖ Domestic Market is rising. ❖ Hard Working Manpower. ❖ Five star industrial estate and newly notified multry product SEZ at Amravati. ❖ MIHAN at Nagpur. ❖ Educational/Technical Institutions. ❖ Availability of Govt. Org. 	<ul style="list-style-type: none"> • Unorganised cluster. • Trust level very low. • Traders are enjoying Profits. • Old and Traditional Technology. • No Testing & R& D facilities. • Underutilized financial facilities. • Absence of CFC. • Lack of Coordination between technical Trng. Institute. • Business Environment is Changing • Poor coordination with Government. • Scarcity of Raw material & skilled workforce. • Units in residential areas. 	<ul style="list-style-type: none"> ➤ Common Facility Centre. ➤ Export. ➤ Changing business environment can provide opportunity for enterprising firms. ➤ Brand Building. ➤ Advent of Latest Technology. ➤ Domestic market. ➤ Competition makes inputs cheaper and Sufficient ➤ Technology upgradation. ➤ Exposure Visits will help in solving their problems. ➤ Potential for PMEGP units. 	<ul style="list-style-type: none"> ✓ International Brands coming in. ✓ Technology can impose a major threat unless it is changed/modernized. ✓ Stiff competition due to WTO norms and arrival of MNCs. ✓ Commencement of Product Patent law in near future. ✓ Cheap Imports.

14. CRITICAL GAPS IDENTIFIED AND STRESS ON CFC.

The gaps identified in terms of procurement, marketing, export, brand building and Technology up gradation, etc. are progressively resolved by association and SPV based initiatives. These initiatives need be critically supported by a CFC.

The need for a common facility to upgrade manpower skills and technology in the cluster is evident. To elaborate, cluster MSEs experiences severe constraints by way of absence of training facilities with relevant equipment related to upgrading needs of manpower.

Stitching is using single needle lock stitch machines which gives a very low output. Also quality remains poor in terms of stitch length, thread break-up etc. The absence of trained labour force dissuades upgrading by individual enterprises.

Also there are limitation on several front vis-à-vis modern equipment and technology. The CFC will incorporate modern machine for supporting to individual enterprise, for up gradation of product.

As regard to washing and dyeing plant, washing using enzymes and chemicals soften and given gloss to the fabric. This activity is also important in the case of value added products such as acid and stone washed product. In effect product quality, labour productivity as well as scope for graduation to value added product is stunted.

As regards CAD Centers for garment designing and embroidery machines, the units do not have CAD Centers for the garment designing; the evaluation of CAD/CAM system, the unit will be able to make a computerized pattern grading and marker making, pattern designing concept, etc. and will upgrade the product.

The CAD and embroidery equipment deploying appropriate software and computer controlling driving system increases quality, productivity and efficiency in the design and embroidery activity.

As regards training Centers for generating skilled manpower, there are several technical institutions in cluster like Govt. sponsored as well as private industrial training institutes and polytechnic as well as fashion designing institutions, the courses they offer are not oriented to basic skill upgrading needs in terms of modern stitching and garment making.

In this perspective, the need for appropriate setting up training Centre for imparting skill for training to generate the skill manpower.

Once these facilities are provided under CFC, the cluster units will be benefited at large extent.

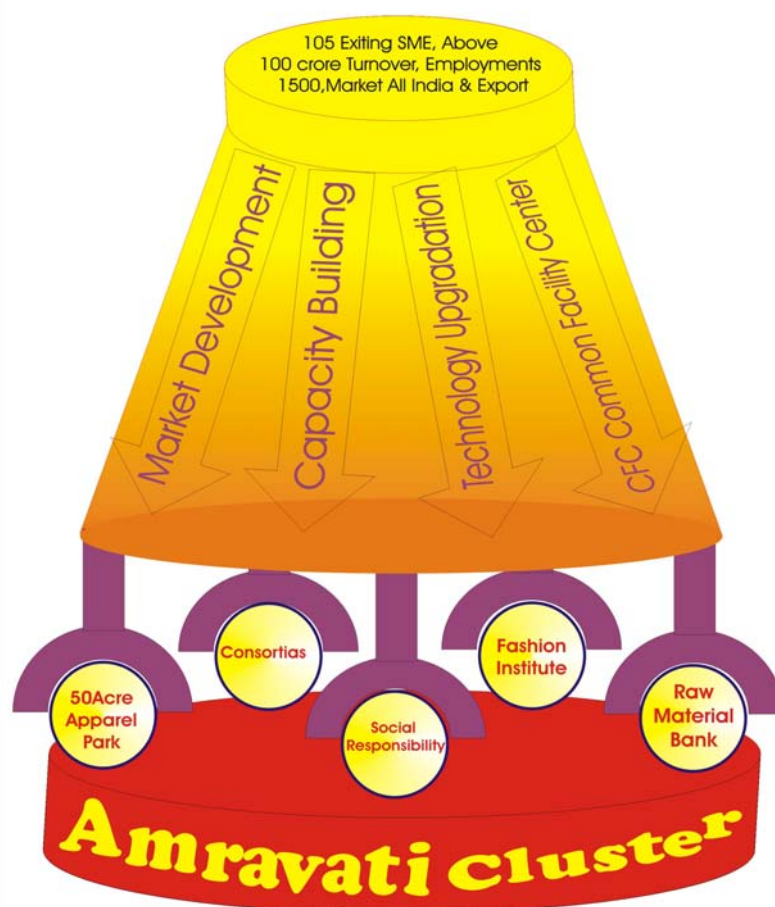
15. STRATEGIES FOR INTERVENTION

The *Garment Cluster, Amravati* has enough growth potential provided strategic intervention is made in certain “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 are needed are given below:

- Capacity Building
- Technology upgradation
- Networking among cluster actors
- Skill Development trainings
- Marketing support
- Raw material support
- Common facility Center
- Developing BDS
- Export environment through SEZ.
- Apparel Park
- Consortia's
- Fashion Institute
- Raw Material Bank
- Social responsibilities

Intervention Strategies



16. CLUSTER VISION

VISION

To enhance the Employment and turnover of the cluster by 40-50% within 3-5 years coupled with development of high quality fashion products by entering into export market integrated with Networking, Capacity building, Market Development & Technology upgradation.

STRATEGIC GOALS

- To generate employment for around 1000 persons over 5 yrs.
 - To set up Common Facility Center
 - To explore new markets within the country.
 - To increase export from the cluster.
- To set up min. 60 new micro Garment enterprises under PMEGP over 5 years preferably for SHG women's.

17. PROPOSED ACTION PLAN

The manufacturing process of *Garment Cluster, Amravati* has remained mostly traditional. There is hardly any change in technology. The process of cutting, stitching, embroidery and ironing have not changed much. As a result, the quality and productivity of the cluster is very low. There is high rejection rate and lot of time and labour is wasted in correcting defects.

In order to eradicate these problems, there is an urgent need to provide them skill development trainings and to popularize the new machines which are in operation for such industries The above technologies will help in;

- ❑ Minimizing rejection rate.
- ❑ Improving productivity and quality
- ❑ Saving of labor and time
- ❑ Eradicating dimensional distortions
- ❑ Making the cluster competitive.
- ❑ To compete with branded garments

Another thing which is also lacking in the cluster is 'diversification'. For example, no one in the cluster is manufacturing branded items having good demand. These are the 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.

The networking among cluster is very limited. Only when the entrepreneurs face pressing problems, they do interact in groups. A strong network has to be created among cluster actors so that they can jointly solve each other's problem, pressurize govt. in liberalizing the rule & regulations. They even can jointly market their products in the global market in order to compete with "the economies-of-scale" approach of multinational manufacturers. 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 networking have to be explained to them.

Growth of Business Development Services especially technical and marketing areas, are very limited. There is technical training institute, no R&D and testing laboratory. As a result, the technology and the process of manufacturing have remained unchanged. Moreover, there are no consultant/experts who can guide them in international marketing, export procedures & documentation, etc. Whatever the entrepreneurs learnt, they learnt it by doing it or from other entrepreneurs.

Therefore local body and state Govt. rules and regulations have to be liberalised. The role of the Govt. department should be a facilitator rather than regulator.

For consistence and economic supply of quality raw material, facility of common service center is required.

18. SOFT INTERVENTION FOR 18 MONTHS AS PER MSE-CDP GUIDELINES

CATEGORY	Sl. No	Activities	Year wise Distribution						Target group	Total Funds Needed (Rs. In lakhs)	Sources of Funds				Executive Responsibility
			Y1				Y2				DC (MSME)	State Govt	KVIC	MSEs/SPV	
			Q1	Q2	Q3	Q4	Q1	Q2							
CAPACITY BUILDING	1.	Motivation Workshops On Cluster Development	1	1	1				Cluster Actors	0.66	0.594 (90% max)	-	-	0.066	Intervention Agency &SPV
	2.	Strengthening of Association with 50% reimbursement for one computer, fax, copier etc.		*					SMEs in cluster	1.50	0.75	-	-	0.75	Intervention Agency &SPV
	3.	Hiring of Network Development Agent for Networking in cluster for 18 months	*	*	*	*	*	*	Cluster Actors	7.2 @ 0.20 p.m	3.6 (50% max)	-	-	3.6	Intervention Agency &SPV
	4.	Exposure visit to Domestic Benchmark clusters – 1 No.		*					MSMEs in cluster	0.80	0.48 (60% max)	-	-	0.32	Intervention Agency &SPV
	5.	Website for Cluster/SPV			*				MSMEs in cluster	0.60	0.30	-	-	0.30	Intervention Agency/ &SPV
	6.	Preparation of DPR for CFC		*					MSMEs in cluster	5.0	5.0	-	-	-	Intervention Agency &SPV
	7.	Awareness Seminar on ICT applications				*			MSMEs in cluster	0.20	0.18 (90% max)	-	-	0.02	Intervention Agency &SPV
	8.	BDS for implementation of Quality Management Systems					*		MSMEs in cluster	1.0	0.50	-	-	0.50	Intervention Agency &SPV
	9.	BDS for implementation of Bar code						*	MSMEs in cluster	0.50	0.25	-	-	0.25	Intervention Agency &SPV

Technology Up Gradation	1.	Awareness Workshops on Technology up gradation		*	*		MSMEs in cluster	0.50	0.40	-	-	0.10	Intervention Agency &SPV
	2.	BDS for Technology up gradation			*		MSMEs in cluster	0.50	0.45 (90% max)	-	-	0.05	Intervention Agency &SPV
	3.	BDS for Lean Manufacturing				*	MSMEs in cluster	0.50	0.45 (90% max)	-	-	0.05	Intervention Agency &SPV
	4.	Exposure Visit to Garment Machinery fair in India			*		MSMEs in cluster	0.50	0.30 (60% max)	-	-	0.20	Intervention Agency &SPV
Market Development	1.	Exhibition of SMEs and other PMEGP units				*	MSMEs in cluster	6.0	-	-	5.0	1.0	Intervention Agency , SPV & KVIC
	2.	BDS for Domestic & International Marketing			*	*	MSMEs in cluster	1.0	0.90 (90% max)	-	-	0.10	Intervention Agency &SPV
	3.	Participation in International Trade Fairs			*		MSMEs in cluster	10.0	5.0 (50% max)	-	-	5.0	Intervention Agency / SPV
	4.	BDS for Implementation of Branding		*			MSMEs in cluster	0.50	0.45 (90% max)	-	-	0.05	Intervention Agency &SPV
	5.	Training on packaging for exports			*		MSMEs in cluster	0.50	0.30 (60% max)	-	-	0.20	Intervention Agency &SPV
Misc. Activity	1.	Cluster Monitoring Committee Meetings And other activities as & when required		*	*	*	Cluster Actors	0.90	0.90	-	-	-	Intervention Agency &SPV
TOTAL								38.36	20.804	--	5.0	12.556	

19. REASON FOR 3 YEAR ACTION PLAN UNDER SOFT INTERVENTION.

As per the modified guidelines of MSE-CDP, the MSME-DI, Nagpur has proposed 18 months duration detailed action plan for implementation of Soft Intervention activities, which will be implemented by all Major cluster actors and SPV in Garment Cluster Amravati and the same has been incorporated in DSR.

Looking at criticality and in order to eradicate the problems presently being faced by the Cluster in terms of manufacturing process, marketing, procurement, technology upgradation, management development, skilled training, generation of skilled man power etc .and strengthening of MSMEs in Garment sector. The MSME-DI, has proposed the Soft Intervention for a period of 3 years and specified detailed activities in action plan.

During this 3 years period, all the major cluster actors like DIC, NSIC, KVIC, SPV and MSME-DI is proposed to organize various activities along with specialized additional activities which includes skill Development programmes, PMEGP Exhibitions, organizing ESDPs on Garment manufacturing, to initiate action for declaration of apparel parks, from State Govt. in MIDC, Workshop on formation of marketing consortia's by NSIC credit rating through NSIC for exports, health and safety camp workshops, buyers sellers meet, workshop on common branding by IPR etc. which will enable cluster to compete in global market. Also due to this a strong network will be build up among cluster actors so that they can even jointly solve each other's problems. They can even jointly market their products in the global market in order to compete globally.

Therefore, in order to strengthen the garment cluster entrepreneurs and to familiarize with the Govt. policies for further development, more concentration is being laid down in Soft Intervention activities and hence the 3 years action plan for Soft Intervention which will be optional to 18 months action plan as specified in guidelines of MSE-CDP.

However, the activities suggested under 3 years action plan by the various cluster actors like KVIC, NSIC, DIC and NIIPM will be optional and subject to the approval from Headquarters of respective agencies.

It is needless to mention that the Methodology of cluster development suggests the flexibility to action plan. It can be altered over a period of Intervention as per need arises.

**20. PROPOSED ACTION PLAN UNDER SOFT INTERVENTION FOR
3 YEARS COMENCING 20011-2013**

Category	Sl. No.	Activities	Year wise Distribution			Target group	Total Funds Needed (Rs. In lakhs)	Sources of Funds (Rs. in lakhs)						Executive Responsibility
			Y 1	Y 2	Y 3			DC (MSME)	State Govt	NSIC	KVIC	MSMEs / SPV	Other cluster actors	
Capacity Building.	1.	Motivation Workshops On Cluster Development	2	1		Cluster Actors	0.66	0.594 (90% max)	-	-	-	0.066	-	Intervention Agency &SPV
	2.	Skill Development Programs	2	2	2	Semiskilled Workers	5.40	-	5.40	-	-	-	-	District Industries Centre
	3.	Strengthening of Association with 50% reimbursement for one computer, fax, copier etc.	✓			SMEs in cluster	1.50	0.75	-	-	-	0.75	-	Intervention Agency &SPV
	4.	Hiring of Network Development Agent for Networking in cluster for 18 months	✓	✓		Cluster Actors	7.2 @ 0.20p.m	3.6 (50% max)	-	-	-	3.6	-	Intervention Agency &SPV
	5.	Awareness camps on PMEGP	2	2	2	Prospective Entrepreneurs	1.2	-	-	-	1.2	-	-	KVIC
	6.	Exposure visit to Domestic Benchmark clusters – 1 No.	✓			MSMEs in cluster	0.80	0.48 (60% max)	-	-	-	0.32	-	Intervention Agency &SPV
	7.	Entrepreneurship Skill Development Programs on Garment Manufacturing –6 Nos.	✓	✓	✓	Prospective entrepreneur	3.6	From ESDPs Of MSMEDI Nagpur	-	-	-	-	-	MSME-DI, Nagpur
	8.	To initiate action for declaration of Apparel Park from state Govt.in MIDC Nandgaopeth	✓			Cluster Actors	-	-	-	-	-	-	-	Intervention Agency &SPV
	9.	To initiate action for Branch of Fashion Institute at Amravati	✓			Cluster Actors	-	-	-	-	-	-	-	Intervention Agency &SPV
	10.	Workshop on Formation of Marketing consortia -by NSIC	1			MSMEs in cluster	0.10	-	-	0.10	-	-	-	NSIC

	11.	Website for Cluster/SPV	✓			MSMEs in cluster	0.60	0.30	-	-	-	0.30	-	Intervention Agency/ &SPV
	12.	Credit Rating Thro' NSIC for exports -By NSIC		✓	✓	MSMEs in cluster	10.0	-	-	7.5 (75%)	-	2.5 (25%)	-	NSIC
	13.	Preparation of DPR for CFC	✓			MSMEs in cluster	5.0	5.0	-	-	-	-	-	Intervention Agency &SPV
	14.	Awareness Seminar on ICT applications		✓		MSMEs in cluster	0.20	0.18 (90% max)	-	-	-	0.02	-	Intervention Agency
	15.	BDS for implementation of Quality Management Systems		✓	✓	MSMEs in cluster	1.0	0.50	-	-	-	0.50	-	Intervention Agency &SPV
	16.	BDS for implementation of Bar code		✓	✓	MSMEs in cluster	0.50	0.25	-	-	-	0.25	-	Intervention Agency &SPV
	17.	Workshop on Joint Purchase of Raw Material through NSIC		1	1	MSMEs in cluster	0.40	-	-	0.40	-	-	-	NSIC
	18.	Health & Safety Camps for workers -by SPV & Ind. Associations	1	1	1	Workers	0.30	-	-	-	-	0.30	-	SPV
Technology Up gradation	1.	Awareness Workshops on Technology up gradation	1	1		MSMEs in cluster	0.50	0.40	-	-	-	0.10	-	Intervention Agency &SPV
	2.	Workshop on Banking Tie up Thro' NSIC	1	1	1	MSMEs in cluster	0.30	-	-	0.30	-	-	-	NSIC
	3.	BDS for Technology up gradation		1		MSMEs in cluster	0.50	0.45 (90% max)	-	-	-	0.05	-	Intervention Agency &SPV
	4.	BDS for Lean Manufacturing		1		MSMEs in cluster	0.50	0.45 (90% max)	-	-	-	0.05	-	Intervention Agency &SPV
	5.	Exposure Visit to Garment Machinery fair in India		1		MSMEs in cluster	0.50	0.30 (60% max)	-	-	-	0.20	-	Intervention Agency &SPV
Market Development	1.	Participation in domestic trade fair	✓	✓	✓	MSMEs in cluster	12.00	-	-	9.0	-	3.0	-	NSIC
	2.	Exhibition of SMEs and other PMEGP units	✓	✓	✓	MSMEs in cluster	20.0	-	-	-	15.0	5.0	-	KVIC & Intervention Agency & SPV
	3.	Buyer-Sellers Meet	✓	✓	✓	MSMEs in cluster	3.0	-	-	3.0	-	-	-	NSIC
	4.	BDS provider for Domestic & International Marketing		1	1	MSMEs in cluster	1.0	0.90 (90% max)	-	-	-	0.10	-	Intervention Agency &SPV
	5.	Participation in International Trade Fairs		✓		MSMEs in cluster	10.0	5.0 (50% max)	-	-	-	5.0	-	Intervention Agency / SPV

	6.	Work shop on Common Branding/IPR to create common brand of products in cluster		✓		MSMEs in cluster	0.25		-	-	-		0.25 NIIPM	NIIIPM
	7.	BDS for Implementation of Common Brand		1		MSMEs in cluster	0.50	0.45 (90% max)	-	-	-	0.05	-	Intervention Agency &SPV
	8.	Training on packaging for exports		1		MSMEs in cluster	0.50	0.30 (60% max)	-	-	-	0.20	-	Intervention Agency &SPV
	9.	Management Development Program on Export Marketing		1		MSMEs in cluster	0.20	Existing MDP	-	-	-	fees	-	MSME-DI
	10.	Management Development Program on Supply Chain Management		1		MSMEs in cluster	0.20	Existing MDP	-	-	-	fees	-	MSME-DI
Misc./activity.	1.	Cluster Monitoring Committee Meetings And other activities as & when required	✓	✓	✓	Cluster Actors	0.90	0.90	-	-	-	-	-	Intervention Agency &SPV
						TOTAL	8931	20.804	5.40	20.30	16.20	22.356	0.25	

21. NEED FOR CFC

Total 105 MSE units are located in the Garment manufacturing cluster mainly concentrated in Amravati city with very few units in MIDC area Amravati. The main products in the cluster are Frocks few units manufacture Shirts, School Uniforms, Track Suits, Blazers, Salwar Suits, Gown, Petticoat etc.

They are using basic black sewing machines for Garment manufacturing and they are having very limited space and shortage of Skilled manpower. They don't have facilities like Washing, Dyeing at Amravati. For every consignment they have to rush to Mumbai to avail these facilities, which results in wastage of time and also adds to their cost of production and ultimately hampers growth of industry. Therefore following common facilities may be provided to them under PPP mode:

- Washing Plant
- Dyeing Unit
- Elastic Machine
- Cutting Machine
- Embossing Machine
- Block Printing Machine
- Stamping Machine
- Smoking Machine
- Cuff - Collar Machine
- Satin Patti Plating Machine
- Computer Added Design Centre for Garments designing.
- Multiheaded Embroidery Machine
- Testing Centre
- Packaging Box manufacturing facilities
- Training Centers for generating skilled manpower
- Label Making Machine
- Digital printing Machine

Once these facilities are provided under CFC, the cluster units will be benefited in the following way :

- The cost of production will be reduced.
- The quality of product will improve.
- The productivity of the unit will be enhanced.
- The innovative and new designs will be developed.
- Packing cost will be reduced.
- The unit will be able to compete at the global level.
- The skilled manpower will be generated.
- More Employment opportunities will be generated for rural people, particularly for women of rural areas.

**22. TENTATIVE BUDGET ESTIMATE FOR
COMMON FACILITY CENTRE (CFC)**

Sr. No.	Particulars	Amount (Rs. in Lakhs)
A.	Land & Building	
	(a) Land 60000 Sq. Feet @ Rs.150 per sq. feet (As per MIDC Rate)	90.00
	(b) Built up Area 30000 Sq. feet @ Rs.800 per Sq. feet	240.00
	Sub Total	330.00
B.	Plant & Machinery	10000.00
01.	Washing unit with Boiler	
02.	Packaging Boxes Manufacturing Unit with printing	
03.	Multi headed Embroidery Machine	
04.	Embossing Machine	
05.	Stamping Photo Machine	
06.	Smoking Machine 36 Needles	
07.	Satin Patti Plating Machine	
08.	Corrugated Box Manufacturing Unit	
09.	Computer Aided Design Centre (CAD)	
10.	Garment Display Centre	
11.	Training Centre for generating Skilled Manpower	
12.	Label Making Machine	
13.	Digital printing Machine	
14.	Other Misc. Equipments such as Elastic Weaving Machine, Automatic Fabric Cutting Machine, Cuff Collar Pressing Machine, furniture, fixtures etc.	
C	Preliminary & Pre-operative Expenses	30.00
D	Contingencies	56.00
E	Working Capital Margin	8.00
Grand Total (A + B+C+D+E)		1424.00

23. Tentative TOTAL BUDGET ESTIMATES FOR SOFT & HARD INTERVENTIONS DURING THREE YEARS COMENCING 2011-2013

		Particulars	Total Amount Required (Rs. In lakhs)	Funds Required From DC(MSME) New Delhi (Rs. In lakhs)	Funds Required From other Cluster Actors (Rs. In lakhs)
Interventions	(A) Soft	Market Development	48.50	7.90	40.60
		Technology Up gradation	2.30	1.60	0.70
		Capacity Building	38.45	15.25	23.20
		Sub Total	89.25	24.75	64.50
	(B) Hard	Common Facility Center (CFC)	1424.00		
Estimated Total Project Cost (A+B)			1513.25		

24. EXPECTED QUALITATIVE AND QUANTITATIVE OUTCOME AFTER INTERVENTION.

After Interventions, the following Qualitative and Quantitative outcome is expected in Garment Cluster Amravati.

S.No.	Qualitative Outcome	Quantitative outcome
1.	High fashion Garment product will be developed	The turnover of the cluster will increase by 30-40% within 5 years.
2.	Possibility of explore new market within the country.	Approximate 60 new micro garment enterprises will be set up under PMEGP over 5 years out of SHG women.
3.	Export from the cluster will be increased	The export turnover will be increased by 20-30% within 5 years.
4.	Rejection rate will be minimised	The cost of production will be reduced by 10-15%
5.	Productivity and quality will improve	Employment to around 1000 persons will be generated over a period of 3-5 years.
6.	Labour and time will be saved	Presence of cluster will be felt at National & International level.
7.	Dimensional distortion will be eradicated.	
8.	Possibility of explore new market within the country.	
9.	Cluster will be able to compete with branded garments.	
10.	Networking among cluster actor will be enhanced	
11.	Growth of business development service providers is possible.	
12.	Skill development training will be imparted and skilled manpower will be generated	
13.	Marketing support, raw material support, export environment through SEZ etc will be provided	
14.	Technology will be upgraded	
15.	Exposure visit will help in solving cluster problems	
16.	More employment opportunities will be generated for rural people.	

25. IMPLEMENTING AGENCIES

Cluster development is first and foremost a local/regional issue, and it is important that geographically focused agencies take the lead, rather than broader national ones. Financial and other support may come from national agencies (or donors) but leadership for a successful clustering intervention needs to be from within the community. The strategic focus of the local agency may be business retention and expansion; attracting international investment; job creation; SME development; moving beyond commodities. Garment cluster at Amravati is mainly concentrated in Amravati city with very few units located in MIDC area.

Since Amravati is more than 150 Kms away from Nagpur, day to day implementation of Soft Intervention activities and monitoring of cluster at Amravati is essential by MSME-DI, Nagpur. Under such circumstances, it is proposed that the MSME-DI will act as implementing agency for implementation of Soft Intervention activities and CDE may be nominated from MSME-DI, Nagpur, who will perform and co-ordinate the soft Intervention activities as per action plan approved. CDE may visit to Amravati cluster twice in a month and whenever the need arises to monitor the progress of cluster.

Further Network Development Agent (NDA) is proposed under action plan who will perform the operation from Amravati and co-ordinate, monitor the activities on day to day basis on Chargeable basis.

It is also imperative to say that, State Govt. would be the implementing agency for Hard Intervention activities in cluster as per guidelines, who will be having close alliance with major cluster actor SPV and SMEs of Garment cluster for setting up of CFC at Amravati.

26. CONCLUSION

Fashion industry has gone through a rapid transition during the past decade. With unpredictable trends popping up every now and then.

In a global perspective, fashion apparel is one of the most important sectors in the clothing industry in terms of customers, investment, revenue generation and employment. The industry is anticipated to grow in leaps and bounds in the years to come. Apparel industry, like the autumn trees shedding leaves, making way for future growth is experiencing changes frequently, undergoing positive evolutions. A recent market estimate states that global fashion apparel industry will reach a value of \$ 1,781.7 billion by 2010. Apparels, especially fashion garments have a very short life cycle with unprecedented trends springing up every now and then. Manufacturers adopt creative ideas to enhance their business models and strategies.

Consumers - the driving force:

Today's consumers are well aware of the upcoming trends, and competitive pricing. Media such as internet, magazines, and television are playing an integral role in spreading the awareness. They have become more demanding, expecting a cost-effective deal in terms of both quality, and pricing. Fashion apparel industry is one of the fastest moving industries and is more consumer driven. Apparel retailers sketch solutions for branding their merchandise, and enable adequate supply of products through their supply chain. Manufacturers are putting their best foot forward in improving the performance of the apparel supply chain, and offering a wide assortment of garments matching with the latest trends.

In the area of globalisation, the marketing activities of the entrepreneurs, needs to be integrated in order to capture the more market share. As the units are small it is almost imperative that networking is done in order to capture largest orders. This will not only ensure economies of scale but also developed accountability of the entrepreneurs.

In the present scenario the entrepreneurs can join hand together, form consortium and grab large orders. There can a brand building initiative where the products can be projected under registered brand name.

For making the cluster development initiative sustainable in the long run, it is imperative to ensure "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. What is important here is that the process of change should be internalized rather than imposed.

**Minutes of the Validation meeting held on 17.1.2011 at Hotel
Grace Inn, Amravati for validation of DRAFT DSR ON
GARMENT CLUSTER, AMRAVATI.**

The Validation meeting was organized by MSME-DI, Nagpur on 17.1.2011 at Hotel Grace Inn, Amravati for validation of Draft DSR prepared on Garment Cluster, Amravati. Shri Angshuman Dey, Dy.Secretary, Ministry of MSME New Delhi presided over the Validation meeting & Shri P.M.Parlewar, Dy.Director (I/c) conducted the meeting.

The following Govt. officials and representatives of Industries Association were present.

Sr No	Name	Name of organization
1.	Dr Karunakaran,	Director MIGIRI, Wardha
2	Shri R.A. Gale	Joint Director of Industries, Nagpur
3	Shri M. Wakode	Director, KVIC, Nagpur
4.	Shri Ramdas Tekam	Sr. Manager, NSIC Ltd, Nagpur
5	Shri Gathekar	Manager, DIC, Amravati
6	Shri P.G.Deshmukh	Principal, ITI (G) Amravati
7	Dr.P.M.Khodke	Principal, Govt. College of Engg. Amravati
8	Shri S.P. Paseband	HOD, Civil Engg. Deptt, Govt. Polytechnic, Amravati
9	Shri S.R.Khujnare,	A.D.(Met) MSME-DI, Nagpur
10	Shri Rajesh Kumar,	A.D. (Chem)MSME-DI , Nagpur
11	Shri Manish Jha,	Inv.(EI) MSME-DI Nagpur
12	Shri S. Ghosh	Dy. Manager, NSIC Ltd, Amravati
13	Shri A.D.Shastrri	LDM, Bank of India, Amravati
14	Smt. Kunda Wasnik,	Area manager, MIDC, Amravati
15.	Sh.S.N. Kharche	ITI (G) Amravati
16.	Sh. C.P.Singh	Dev. Officer, KVIC Nagpur

The following association members and entrepreneurs were present

1.	Shri Kiran Paturkar	President, MIDC Industries Association, Amravati
2.	Sh. Pratap Chatwani	President, Amravati Garment Mfg. Association, Amravati
3.	Shri Prem Kukreja	Secretary, Amravati Garment Mfg. Asson. Amravati
4.	Shri Shankar N. Panam	M/s K.K.Creation, Amravati
5.	Shri Santosh Nathani	M/s Pankaj Garments, Amravati
6.	Shri N. Ramani	M/s Sagar Textile, Amravati
7.	Shri Pradip Kasal	M/s Kasal Trading Co. Amravati
8.	Shri Virendra Ganediwal	M/s MODITEK Fashion, Amravati
9.	Shri Rajendra Raka	M/s C.E. International Clothing, Amravati
10.	Shri Santosh N. Sablani	M/s Titan Blazers, Amravati
11.	Shri Deepak Talda	M/s Deevee Creation, Amravati
12.	Shri Ami Bajaj	M/s Ruchi Creation, Amravati
13.	Shri Sanjay S. Batra	M/s New Palak Creation, Amt.
14.	Shri Gopal Bhawanani	M/s Little Angel Creation, Amravati
15.	Shri Puran K. Kewalramani	M/s Jyoti Creation, Amravati
16.	Shri Bharat M. Bajaj	M/s Shree Balaji Creation, Amravati
17.	Shri Manish Sewani	M/s Priyal Fashion, Amravati
18.	Shri Satyawani Harwani	M/s Harion Textiles, Amravati
19.	Shri Tarun G. Dhudhawar	M/s Laxmi Creation, Amravati
20.	M/s G.R. Budhawani	M/s Radha Creation, Amravati
21.	Shri Shashi Chatwani	M/s Shashi Creation, Amravati
22.	Shri Devesh Harwani	Ms Preeti Creation, Amravati
23.	Shri Sanjay C. Khatri	M/s Rajdhani Garments Amravati
24.	Shri Deepak A. Matani	M/s S.M. Creation, Amravati

Shri P.M.Parlewar Dy.Director (I/c) welcomed Shri Angshuman Dey, Dy.Secretary, Ministry of MSME, New Delhi and Dr. Karunakaran, Director, MGIRI, Wardha and other dignitaries from KVIC, O/o JD (I), MIDC Association, Amravati, Garment Manufacturing Association and other Govt. organization and Garment Entrepreneurs, Amravati

He gave the brief introduction about existence of Garment cluster, Amravati and informed that according to instructions and guidelines of O/o DC (MSME), New Delhi, MSME-DI, Nagpur identified and the Garment cluster in Amravati under MSE-CDP and initiated the procedure for preparation of DSR. The DSR is completely ready and is being validated by all cluster actors/stakeholders/SPV for onward submission to O/o DC (MSME), New Delhi.

Shri Parlewar gave the power point presentation and delivered the information on preparation of Diagnostic Study Report prepared on the Garment cluster. He briefly explained the salient features of cluster, objectives and methodology, trust building, description of value chain analysis, swot analysis, Intervention, strategic need for CFC etc. incorporated in DSR.

He also elaborated that proposed action plan for 3 years/ 18 months prepared for Soft intervention as per guidelines under MSE CDP which is to be implemented with the co-ordination of other cluster actors and SPV.

Shri Parlewar also explained the details of various components for Soft intervention, which is to be contributed by other cluster actors, like, KVIC, DIC, NSIC & SPV along with MSME-DI, Nagpur.

At the end of presentation, Shri Parlewar solicited suggestions from the cluster actors/stake holders/SPV. In response to this, following suggestions received during discussion:

- 1) According to 3 year action plan, it was proposed that 3 nos. of Exhibitions of SME and other PMEGP units will be organized by KVIC/ Intervention agency / SPV during 3 years soft intervention programme.

In this regard, KVIC suggested that Instead of 3, only two exhibitions can be arranged by KVIC in IInd and IIIrd years due to acute shortage of funds and the same has been agreed and will be implemented accordingly.

- 2) According to action plan, it was proposed to organize 3 nos. of Buyer-Seller meet for MSMEs in Cluster during the period of 3 years, through NSIC, at the cost of 3.0 lakhs. In this regard, NSIC representative suggested that the requisite fund position will have to be verified with the HQ, on receipt of that, the same can be implemented through NSIC.
- 3) As regards, to initiate action for branch of Fashion Institute at Amravati, it is mentioned by the association members that at present NIFD institute is functioning in Amravati.
- 4) Shri Deshmukh, Principal, Industrial Training Institute, (Girls) Amravati, informed that ITI (Girls) is having good infrastructure and training aids with trained faculties to impart the training and to generate the skilled manpower in Garment sector. Hence, this can be utilized as training centers as supporting agency to clusters.

Dy. Secretary, Ministry of MSME, New Delhi appraised and advised that the proposal can be considered while strengthening of cluster MSMEs.

- 5) Shri R.A. Gale, Joint Director (I), informed that around 105 nos of MSMEs are functioning in Cluster Amravati. However, most of the units have not been registered so far with DIC. Therefore, the drive should be taken up for carrying out maximum registration of units and registration camp may be organized by DIC Amravati to accomplish the process of registration.

Further, he advised that the Amravati Garment manufacturing Association furnish the list of units functioning in garment cluster along with employment details and annual turnover of the units to DIC, Amravati.

- 6) As regards identification of land for setting up of CFC, the Amravati Garment Manufacturers Association member informed that, the requisite land is not available in the city limit for setting up of CFC and it is very difficult to identify the plot in MIDC, Nandgaon peth area since it is far away from city limit.
In this regard, Dy. Secretary, Ministry of MSME suggested that the requisite land for proposed CFC may be identified in the existing MIDC area of Amravati which will be nearer to cluster and asked the MIDC representatives to resolve the issue at the earliest with the help of President, MIDC Association, Amravati, the same has been agreed by MSME officers.
- 7) As regards formation of SPV, Shri Pratap Chatwani, President, Garment Manufacturing Association informed that the formation of SPV for the CFC is under process and they will keep informed to MSME -DI, Nagpur.

After detailed deliberation, all the cluster actors/stake holders/SPV validated the DSR and accorded the approval for onward submission of DSR to O/o DC (MSME), New Delhi through MSME-DI, Nagpur.

In concluding remark Shri Angshuman Dey, Dy.Secretary, Ministry of MSME, New Delhi, advised that Govt. is very supportive and pro-active for selection and further development of Garment cluster in Amravati. Due to the emergence of cluster activity, the survival for competition in indigenous and global market is possible for MSME.

Further, for development of cluster, networking among cluster actor is necessary for development of cluster.

He advised that in the present cluster, variety of product in garment cluster can be incorporated and SPV should be formed at the earliest.

He also emphasized that all agencies along with banker should actively participate in the cluster and extend the support to the SPV and intervention agency, further bankers should take up initiative to maximize the no. of PMEGP cases so that maximum no. of MSMEs will get associated with cluster and avail benefits.

The program was conducted by Shri Rajesh Kumar, A.D. (Chem) & assisted by Shri S.R.Khujnare, A.D. (Met) and ended with Vote of thanks followed by Lunch.

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