



# **“IMPACT OF THE FLUCTUATING EXCHANGE RATE OVER EXPORTS OF GARMENTS”**

By

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A PROJECT REPORT

Submitted to the

**FACULTY OF MANAGEMENT STUDIES**

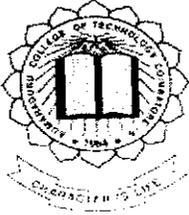
In the partial fulfillment of the requirements

For the award of the degree

Of

**MASTER OF BUSINESS ADMINISTRATION**

June, 2007



**Department of Management Studies  
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### **BONAFIDE CERTIFICATE**

This is certified that this project report titled **“Impact of the fluctuating exchange rate over exports of garments”** is the Bonafide work of Miss.SINDHU.N (Reg No. 71206631053) who carried this research under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

**MS. S. SANGEETHA  
PROJECT GUIDE**

**DIRECTOR**

Evaluated and Viva Voce conducted on 29-10-2007

**INTERNAL EXAMINER**

**EXTERNAL EXAMINER**

## DECLARATION

I, hereby declare that this project report entitled as “**Impact of the fluctuating exchange rate over exports of garments**” has been undertaken for academic purpose submitted to Anna University in partial fulfillment of the requirements for the award of the degree of Master of Business Administration. The project report is the record of the original work done by me under the guidance of **Ms. S. Sangeetha**, Lecturer during the academic year 2007 -- 2008.

I, also declare hereby, that the information given in this report is correct to best of my knowledge and belief.

Date: 29-10-2007

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## SUMMER INTERNSHIP PROJECT COMPLETION CERTIFICATE

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During the tenure her performance was **Good**

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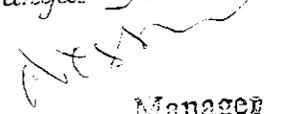
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## EXECUTIVE SUMMARY

The striking rise of the Indian Rupee against the US dollar and some other major international currencies during the past three months has inevitably brought about divergent and at times, strong reactions from the market analysts, exporters, and others. Tirupur is an important trade center of India which is famous for its knitted garments wears. It earns an annual income of \$800 million plus in foreign exchange. But due to the volatility in the exchange rate, it slopes down from the existing earning capacity. Armed with a decade of experience in basics like job work and merchandising, Gangai Garments started backward integration by 1997 in a 7 acres area. By 2004 the company achieved a milestone of 50 crores turnover... US dollar fluctuation affected the organization to a greater extent. This decline caused a drastic change right from receipt of orders till the shipment of goods. Appreciation of the Indian money to 9.4% is also a cause for this diminishing trend... This study helps to know how far the decline in dollar rate had an influence over the profit margin of the organization for a period of 3 months with comparison to the previous year (April-June 2006&07) as the fluctuation in the exchange rate was more during this period. Descriptive study was done to analyze how the exchange rate influences the profit margin of the organization during this fluctuation and how it affects the firm's production. Time series analysis and forecasting errors are the two tools used to find out the prevailing trend in the business and the variation between the actual money inflow and the expected one. From the analysis it is found that half of the profit margin is been reduced from the previous year. Government has revised the Duty Draw Back rate as 10% from 7% in order to help the exporters to an extent. Directly reducing the profit margin will not favor the growth of the organization. In this situation Value added garments like sequence works, embroideries, stone works which adds value to the fabric with cost can be avoided by exporters. Forward transaction helps this situation in a larger extent. Many exporters practice this for safety purpose. If this fluctuation continuous further, the Gangai Garments plans to adopt forward transactions.

## ACKNOWLEDGEMENT

I express my sincere gratitude to our beloved Correspondent **Prof. Dr. K. Arumugam**, the prime guiding spirit of Kumaraguru College of Technology. I extend my hearty thanks to Principal **Dr. Joseph V. Thanikal**, Kumaraguru College of Technology, and Coimbatore for providing facilities to do this project. I express my sincere gratitude and thanks to our Director **Dr. S.V. Denathan** for permitting me to carry out this project. I endeavor my sincere gratitude towards my guiding spirit **Ms. S. Sangeetha**, Lecturer, who has given me all the guidance throughout this project. I extend my sincere thanks and gratitude to Gangai Garments, Tirupur for permitting me to do the project. Specially, I would like to thank **Mr. Sivabalan**, General Manager of Gangai Garments, Tirupur.

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## **CHAPTER-1**

### **INTRODUCTION**

## 1. INTRODUCTION

### 1.1 BACKGROUND

The sharp rise of the Indian Rupee against the US dollar and some other major international currencies during the past two months has inevitably brought about divergent and at times, strong reactions from the market analysts, exporters, and others. As the exporters have been hit directly, the Export Promotion Councils have highlighted not only regarding loss of global competitiveness, thereby likely decline in export growth, particularly in some specific sectors but have mentioned about actual erosion in profit margins in respect of recent export contracts due to reduced realization of export proceeds in Rupee terms. At the same time there is no dearth of forecasts regarding the future trend of the Rupee instilling further uncertainties and increasing volatility in the Indian exchange market. On a broader platform, it is being mentioned that slowing down of export growth would have a negative impact on the overall growth of the economy, as it would not only affect the export sector but other sectors like transport, services etc, thereby slowing employment growth. It is estimated by some of the Export Promotion Councils that if the trend of an appreciating Rupee continues, labour intensive export sectors like textile, engineering, handicrafts and other agro related sectors would bear the major brunt and there would be loss of jobs. Overall, it may not also be possible to achieve the current fiscal year export growth of 28% to US dollar 160 billion compared to US Dollar 125 billion in the previous year.

As is common in such situations, there is also the other side of the story. While the impact of a suddenly stronger Rupee could have its effect on exports at least in the short run, one need to look beyond the immediate event and have a balanced approach, taking a holistic view. The appreciation of the Rupee has to be viewed in the background of the higher level of inflation prevailing in the recent past. While a stronger Rupee could have a negative impact on export growth, one would also need to understand that over a period, continuing higher inflation would ultimately lead to rise

in domestic price of commodities which are essential inputs for exports. This would also indirectly reduce export competitiveness in the global markets, even with a stable exchange rate. In the long run the higher inflation and interest rates is going to affect export efforts adversely. On balance, the appreciation of the Rupee has its positive aspects as well.

## **ABOUT THE CITY**

Tirupur is an important trade center of India which is famous for its knitted garments wears. It is situated near Coimbatore which is known as "The Manchester of South India". Tirupur is a major source of Foreign Exchange for the country because of its exports. It is famous for the export of all the knitted garment wears such as T-Shirts, Polo-Shirts, Sweat Shirts, Banyans, Pajamas & Night dresses on various fabrics like Jersey, Interlock, fleece, RIB, Drop needle etc...Tirupur, in Tamil Nadu, (located 55km to the east of Coimbatore city) accounts for 90% of India's cotton knitwear export, worth an estimated Rs. 4000 crores. But it is severely handicapped by poor infrastructure. Exports from Tirupur are under threat due to the critical issues of environment pollution and child labour. The slow process of infrastructure development is also coming in the way of this town acquiring the image of a prestigious and mature international knitwear center.

Most Tirupur entrepreneurs are satisfied with catering to the lower end of the market on the contract manufacturing basis. Tirupur is basically a traditional center for cotton ginning. Its export boom began in the late 1980s and the entire populace now depends on its viability as an export center. It earns an annual income of \$800 million plus in foreign exchange.

## **NEW TIRUPUR- NETHAJI APPAREL PARK**

In 2002 the Ministry of textiles, Government of India gave its approval for the creation of a world class Apparel park to boost the exports of apparel Mr. A. Sakthivel, President TEA seized the opportunity and envisaged a big project for the establishment of the unique Apparel park. The result of which is Nethaji Apparel Park. (NAP)The park has 53 companies manufacturing knitwear for exports. The Apparel Park has the design of production facilities as in European Union countries and USA with the basic of creating a world class knitwear manufacturing facilities. The work was completed in January 2005. The total cost worked out to Rs. 250 crores.

### **PRODUCTION AND EXPORT:**

The standard unit in NAP area will produce 7500 pieces per day and the value will be 3 dollar per day in US dollars will be 22500 dollars or Rs. 10.50 lakhs per day in Indian rupee expecting a full annual production of 240 man days. The total turnover for the unit will be Rs. 25.20 crores. If all the units achieved this maximum production level the value will be Rs. 1500 crores per annum and with Tirupur contributing Rs. 5000 crores the NAP will fetch Rs. 1500 crores when 3 years are completed.

In this blooming condition Tirupur Exporters facing a dull and diminishing market due to the declining Dollar rate from April 2007. This has threatened the exporters in the reduction of their turnover and loosing their market.

### **INTRODUCTION TO THE STUDY**

The background of this project is to analyze the trend prevailing in the exports of the garment sector for selected months with special reference to **GANGAI GARMENTS, TIRUPUR**. This will help the organization to know their condition, compared with the past years performance. The period considered for this analysis is from April-June 2006 & 07. Time series analysis and forecasting methods are the parameters used for the analysis purpose. With the help of these tools and based upon the results, a number of interpretations are made to understand the recent trend in the garment exports.

## **1.2 REVIEW OF LITERATURE**

### **EXE. SECRETARY GEA MR. SURINDER ANAND MAY 2007 GARMENTLINE**

**The appreciation in rupee has brought cheers to those going on foreign holidays or buying imported items but it has formed a threat for exporters who are now getting lesser rupees per dollar as the Indian unit touches multi-year high against the greenback.....**

The Indian Garment Exporters are not happy these days due to persistent appreciation of declining unit value realization along with fall in the growth rate of exports.

The Indian rupee has been appreciating for quite some time and climbed to a nine-year high of US\$ 41.92 ON 16<sup>th</sup> April 2007, an appreciation of over six percent from April 2006.

In fact, the exports to USA have declined by over 3% in dollar terms during January 2007 as compared to January 2006. The unit value realization has also gone down from \$2.2 to \$1.9 during the same period.

It seems the bloomy picture would continue for some more time if the Government does not take immediate corrective measures to manage the currency exchange rate fluctuations by adopting effective exchange rate management policy. Re-arrangement of rupee is, therefore, imperative to protect the long-term interest of exporters. If need arises, RBI should intervene in the currency market to curb undesirable movements. The inevitable logic of the hardening of the rupee is that exports become less competitive and import lucrative. The Indian Rupee has appreciated from Rs.45.61 in August 2006 to approx. Rs.40.55. Appreciation of the Indian rupee has started affecting exports in the form of lower unit value realization.

The over valued rupee will definitely hurt exports performance. This may also lead to shifting of export orders from India to neighboring countries and impact the

Employment scenario in our industry. Any further appreciation in the value of the rupee would seriously blunt the competitiveness of the industry resulting in decline in exports of textiles and garments.

**THE FINANCE MINISTER, P.CHIDAMBARAM**

**BUSINESS STANDARD NEW DELHI JULY 05, 2007**

The finance minister is reported to have said in London that he is thinking of how to help exporters tide over the impact of a rising rupee. In the Indian context, one explanation for long years of under-performance is that the rupee was consistently overvalued, leading to persistent foreign exchange problems. This was corrected only when Manmohan Singh assumed charge as finance minister in 1991 and substantially devalued the rupee in a quick double-step. Now, 16 years later, the rupee has been climbing against key international currencies because of the current account surplus in the January-March quarter and strong capital inflows, so a weaker rupee is what exporters clamour for once again. Commerce Minister Kamal Nath, while echoing the exporting community's woes, has argued for concessions from the government over and above what he announced some weeks ago. Indeed, while commenting on the export performance during May, when export growth dropped to 18 per cent, compared to 23 per cent in April, Mr Nath has cautioned that worse is to come.

There are of course those who argue that the rupee should be allowed to find its own level, and that everyone should adjust to changes in the currency market, but they are in a small minority. So the real choice before the government is to try and drop the rupee's value or work out an export benefit package. The only way to lower the rupee's value is for the central bank to buy dollars. But is this a feasible policy, when last year's capital account surplus was \$45 billion, and the January-March quarter saw a current account surplus as well? And if the RBI does manage to devalue the rupee, what will be the costs of such an operation? Since the RBI will have to sterilise the flood of rupees that it will

unleash on the market when it buys dollars (the alternative will be to risk inflation), this will involve an interest cost, which will be the difference between what the RBI earns on its dollar deposits and what it pays the banks that buy its sterilisation bonds (with the tab being picked up by the government through the Budget). There is then the cost that the economy will pay by way of more expensive imports, when the RBI tries to lower the rupee's value. Whether the costs outweigh the benefits is an issue for debate, but it is obvious that any policy of deliberately undervaluing the rupee distorts economic signals and could make the problem worse by encouraging further inflows in the belief that the RBI's policy will not be sustainable. Indeed, the rupee's recent climb is precisely because the RBI felt it could not sterilise the inflows fully.

A less distorting method, and one that the finance minister and commerce minister seem to be working towards, is a specific export package of concessions and benefits to neutralise some of the impact of the rising rupee on exporters. The duty drawback and duty entitlement passbook (DEPB) scheme offer a way out, especially since state-level taxes that add up to a tidy sum are not rebated at the moment. However, the last thing the country needs is a re-birth of permanent export subsidies, which were abolished when the rupee was devalued in 1991. So it will be important to have a sunset clause in any relief package that is worked out; exporters should understand that they are being given only temporary sustenance until they improve their productivity levels and can compete without the help of crutches.

**THE UNION TEXTILES MINISTER, SHANKERSINH VAGHELA  
THE HINDU/NEW DELHI JUL 25, 2007**

The Central Government would announce more concessions to textile exporters in the next 10-15 days to overcome the problems they were facing on account of the appreciation of rupee against the U.S. dollar.

He agreed that the appreciating rupee had brought down textile exports to about \$5 billion in the first quarter of the current fiscal, which was 36 per cent less than the expectation of exports of \$7.5 billion. But he expressed confidence that the export target of \$25 billion set for the current fiscal would be met as bulk of the order came during the last two quarters of the fiscal. The concessions being given would also help, he said.

Mr. Vaghela announced that a high-level two-day textile summit would be held here on August 31 and September 1, where all the issues relating to the textile industry would be discussed with the industry and other stakeholders

### **1.3 OBJECTIVES OF THE STUDY**

#### **1. PRIMARY OBJECTIVE**

- To study the impact of the fluctuating exchange rate over export of garments

#### **2. SECONDARY OBJECTIVE**

- To study on the dollar rate over profit margin of the organization during the period April- June 2006 & 07
  
- To find out the techniques to face the prevailing trend

### **1.4 STATEMENT OF THE PROBLEM**

US dollar fluctuation affects the exporters to a greater extent. This decline caused a drastic change in the garments sectors. Appreciation of the Indian money to 9.4% is also a cause for this diminishing trend. This fluctuation in the value of the money affects the Indian exporters starting from receipt of orders till the claim of profit. This study helps to know how far the decline in dollar rate had an influence over the profit margin of the organization for a period of 3 months with comparison to the previous year.

### **1.5 SCOPE OF THE STUDY**

This study helps us to know how far the fluctuating exchange rate influences the profit margin of the organization. This also suggests some remedies to overcome the situation through some controllable variables.

## **1.6 RESEARCH METHODOLOGY**

Research in common parlance refers to a search for knowledge. One can also define research as scientific and systematic search for patent information on a specific topic. In fact research is an art of science investigation.

The advanced Learner's Dictionary of current English lays down the meaning of research as "A careful investigation or enquiry specifically through search for new facts in any branch of knowledge"

Red man and money define research as a "Systematized effort to gain new knowledge".

A research cannot be conducted abruptly. Researcher has to proceed systematically in an already planned direction with the help of a number of steps in sequences. To make the research systemized the researcher has to adopt certain methods. The method adopted by researcher for completing the project is called Research Methodology.

In other word, Research Methodology is simply the plan of action for a research which explains in detail how data is to be collected, analyzed and interpreted. Data become information only when a proper methodology is adopted. Thus we can say Methodology is a tool which processes the data to reliable information. This chapter attempt to highlight the research methodology adopted in this project.

### **TYPE OF THE STUDY**

This study analyzes how the exchange rate influences the profit margin of the organization during its fluctuation and how it affects the firm's production. Hence the study is a DESCRIPTIVE method.

### **METHOD OF DATA COLLECTION**

Source of data collected is SECONDARY. Print media and internet were used for additional information. For the purpose of this study the rate of the dollar has been taken from the month of Feb 2006

## **TOOLS FOR ANALYSIS**

### **TOOLS USED**

Time series and Forecasting

### **TIME SERIES**

Time series is the one quantitative method we use to determine patterns in data collection over time. CYCLICAL FLUCTUATION is one kind of change or variation involved in time series analysis. Business cycle is the most commonly used analysis under this type. Peaks and slopes in the business can be clearly derived from this analysis.

### **FORECASTING**

Forecasting is the basis of corporate long-run planning. FORECASTING ERRORS is the tool used for the purpose of analyzing the variations between the actual inflow and the expected inflow. The difference between the two variables is known as 'errors' or 'residuals'.

### **MEASUREMENT OF ERRORS**

1. **MAD-** Mean Absolute Deviation is the average error in the forecasts, using absolute values. It is computed using the difference between the actual inflow and expected inflow without regard to sign.

2. **TS-** Tracking Signal is a measurement that indicates the forecast average is keeping pace with any genuine upward or downward change in the inflows.

### **1.7 LIMITATIONS OF THE STUDY**

1. The study is limited only to know the trend prevailing in garments sector.
2. The study is confined to 2 years only and hence the changes taken place before these periods have not been taken into consideration.
3. The analysis is limited only to the months April-June, as the fluctuations in the dollar rate were more during the period.

## 1.8 CHAPTER SCHEME

This project work is arranged to present in the following five chapters:

**Chapter – I : Introduction and design of the study**

This chapter present in brief introduction to the study, statement of the problem, objective of the study, scope of the study, limitation of the study and methodology and tools used.

**Chapter – II : Organization Profile**

This chapter presents brief history, organization structure. product profile, market potential and description of various functional areas of the organization.

**Chapter – III : Macro and Micro analysis**

The prevailing scenario with respect to the industry and the company selected for the study to be briefly discussed

**Chapter – IV : Data Analysis and Interpretation**

This chapter presents the analysis and the interpretation relating to the data collected from Gangai Garments, Tirupur

**Chapter – V : Summary, Findings and Suggestions**

This chapter presents the summary of findings and suggestion made on the basis of results of the study.

## **CHAPTER – 2**

# **ORGANIZATION PROFILE**

## **2. ORGANIZATION PROFILE**

### **2.1 HISTORY OF THE ORGANIZATION**

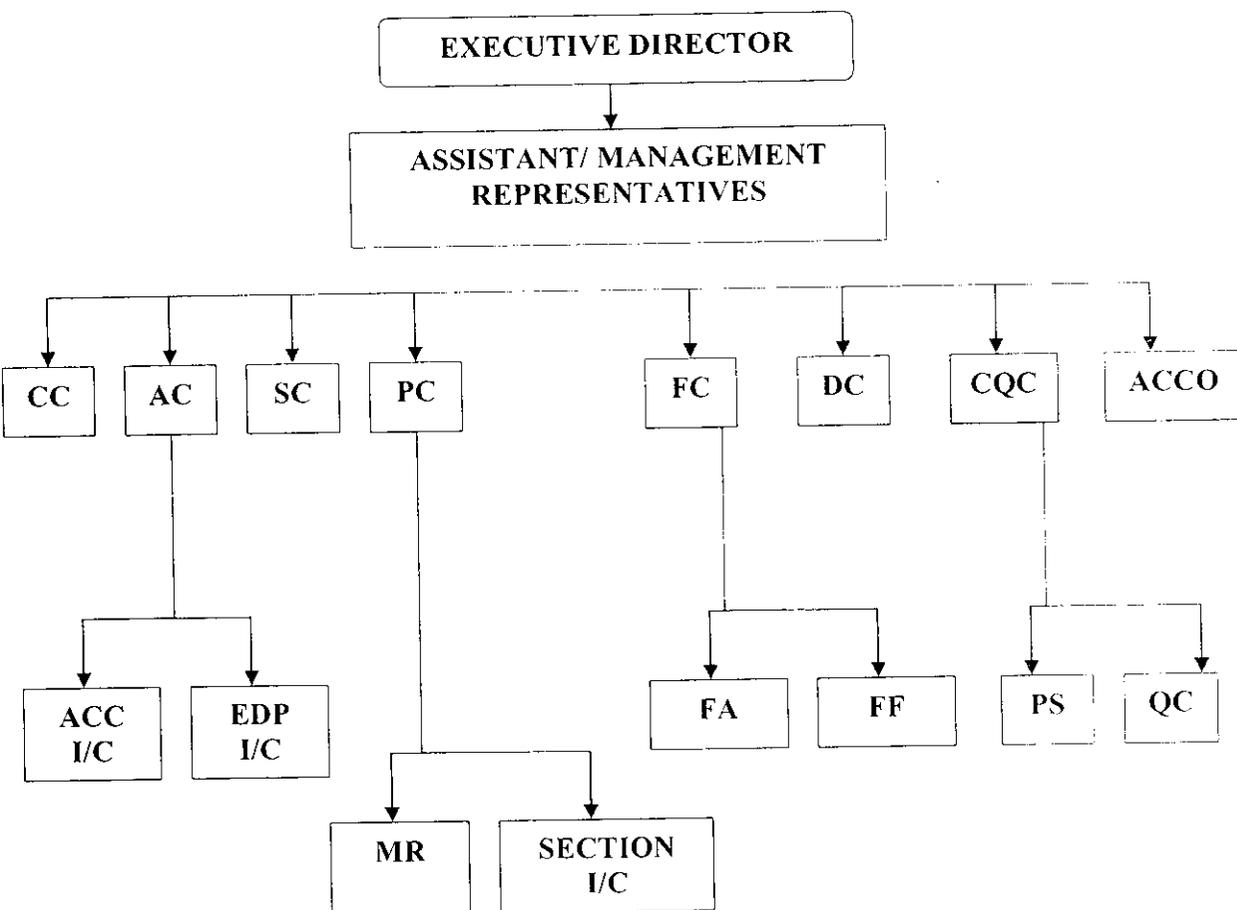
India is known for its Gangatic plains, the cradle of civilization and culture. Those days' people made the famous Muslin cloth. Southern part of India is known for its famous silk sarees, which is most sought after even today for its beauty and weave.

Tirupur, with open market policy and Globalization the knitting industry is growing in multi-fold. With gross turnover of 2 billion dollars the industry is expanding with its traditional quality work. A small inspiration in 1987 with full of hopes and earnestness Mr. Ramasamy started Gangai Garments for his son Mr. Mathialagan.

Armed with a decade of experience in basics like job work and merchandising, Gangai Garments started back word integration by 1997 in a 7 acres area. By 2004 the company achieved a milestone, by integrating 12,672 spindles (Gangai Spinning Mills) to cater the in house need of yarn.

The future is assured when quality product is delivered. To meet the demand by 2007 the mill is expanding to the tune of 25,000 spindles. This ensures quality from sampling to the execution of the order. "Youth and experience never goes together" but a rare breed of blend makes it to happen the impossible.

## 2.2 ORGANAZATION STRUCTURE



**CC**-Customer Coordinator

**AC**-Administrative Coordinator

**MR**-Merchandiser

**DC**-Documentation Coordinator

**FC**-Fabric Coordinator

**PS**-Packing Supervisor

**QC**-Quality Control

**I/C**-Processing In Charge

**EDP**-Electronic Data Processing

**CQC**- Chief Quality Coordinator

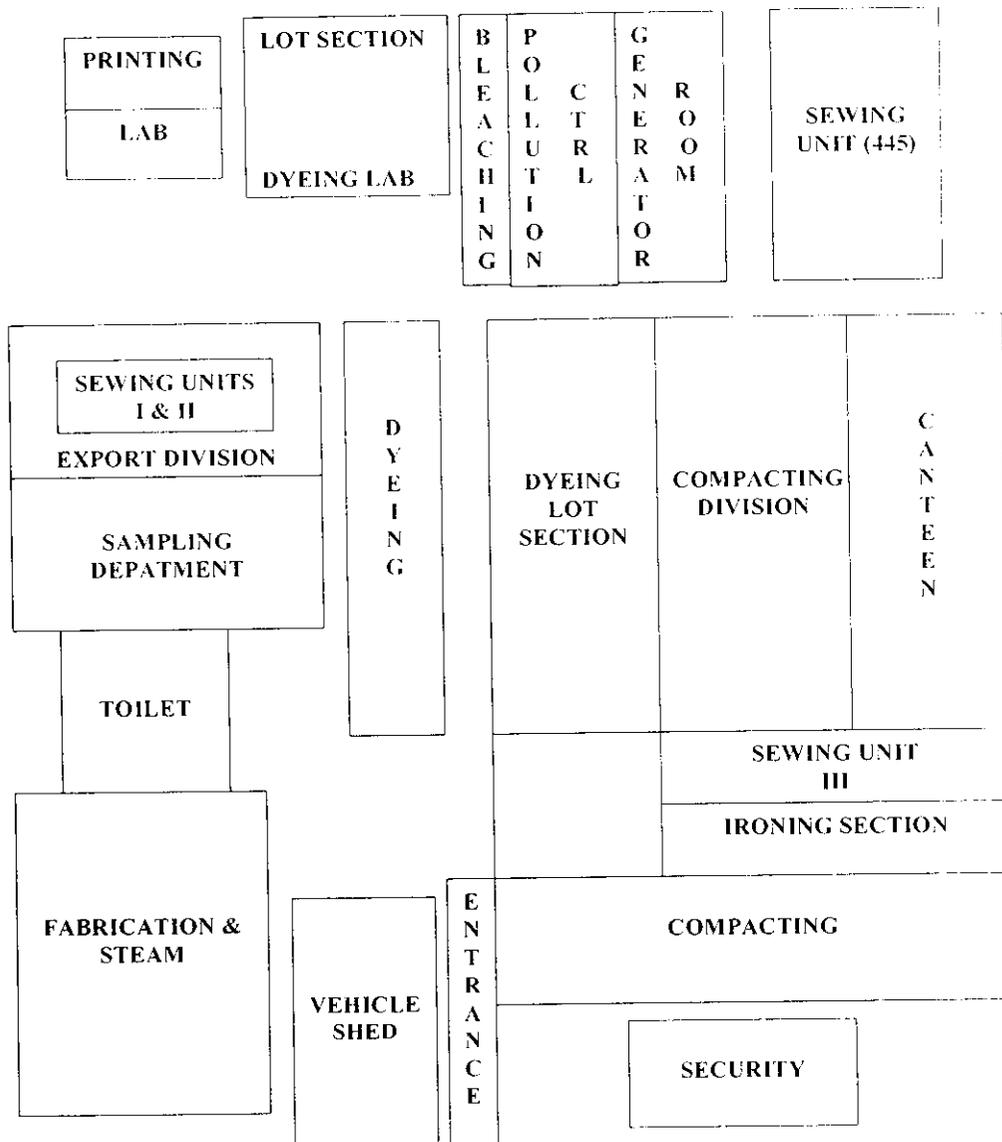
**FA**-Fabric Assistant

**DC**-Documentation Coordinator

**ACCO**-Accounting Coordinator

**FF**-Fabric Follower

## 2.3 ORGANIZATION LAYOUT



## 2.4 PRODUCTS PROFILE AND MARKET POTENTIAL

### 2.4.1 PRODUCTS PROFILE

1. T-shirts
2. Night wears
3. Under garments
4. Pyjamas

### 2.4.2 MARKET POTENTIAL (BASED ON PER DAY PRODUCTION CAPACITY)

<b>KNITTING</b>			
Circular knitting	Jersey	5 nos	1500 kgs
Collar knitting	Jacquard	5 nos	3000 collars
<b>PROCESSING</b>			
Soft flow		6 Vessels	4000 kgs
Drier			4000 kgs
<b>FINISHING</b>			
Calendaring		4 nos	8000 kgs
Heat setting		2 nos	6000 kgs
Compacting	Tubular, openwidth	3 nos, 1 nos	8000, 4000 kgs
Raising		2 nos	4000 kgs
<b>PRINTING</b>			
Rotary printing	8/12 cols	1 nos	4000 kgs
Machine printing	12 cols	5 nos	7500 pcs
Curing		1 nos	5000 pcs
Fusing		1 nos	10000 pcs
<b>EMBROIDERY</b>			
110 Heads	9 colours	6 nos	20000 pcs
<b>PRODUCTION</b>			
Sewing machines		273 nos	20000 pcs

SPECIAL MACHINEY			
Needle detector		2 nos	8000 pcs
Steam irons		30 nos	18000 pcs
Stain remover		5 nos	2500 pcs
Corrugated boxes			3000 boxes

SPECIAL MACHINEY			
Needle detector		2 nos	8000 pcs
Steam irons		30 nos	18000 pcs
Stain remover		5 nos	2500 pcs
Corrugated boxes			3000 boxes

### 2.4.3 BUYERS OF THE COMPANY

1. Bremtex Lingerie Europe BV, The Netherland
2. Teidem BV, The Netherland
3. Body Textiles Group BV, The Netherland
4. EWS Textile Vertrieb GMBH UND Co., Germany
5. Stadium AB, Sweden
6. Alcampo SA, Spain
7. Bacci Sourcing & Consulting SA, Spain
8. Sodirep SA-NV, Belgium
9. Adorable Lingerie INC, Canada

### 2.5 COMPETITIVE STRENGTH OF THE COMPANY

“Competitive Price, best Quality and prompt Delivery of goods” are been considered as the major reasons for strengthening the credit of the company compared to their competitors

## **2.6 FUTURE PLANS OF THE ORGAISATION**

Gangai Garments comprises

- Textile mill
- Knitting Division
- Dyeing Division
- Compacting
- Brushing
- Embroidery
- Printing
- Cutting
- Stitching
- Checking
- Finishing
- Laboratory
- Packing

Present capacity of textile mill is 12,672 spindles, in 2008 the organization plans to extent the capacity into 25,000 spindles

## **2.7 DESCRIPTION OF VARIOUS FUNCTIONAL AREAS**

### **2.7.1 PRODUCTION DEPARTMENT**

1. Knitting Division
2. Machine Used- Mayer & CieTo knit wide range of fabrics
3. Dyeing Division-Dyeing Machine- to dye cotton, polyester and blended fabrics of all kinds.

### **COMPACTING**

TubeTex modular for compacting cotton and blending knit fabrics

**BRUSHING**

Electronic controlled brushing machine IKUANG from Italy for brushing plain and printed heavy structured fabrics.

**OPENWITH COMPACTING**

MUZZI- Italy to compact the structured fabrics and open type all over print knit fabrics.

**HEAT SETTING**

ASKME- Taiwan, to control shrinkage knit fabric like Lycra and Blended fabric.

**EMBROIDARY**

Nitty-Gritty of colorful threads are transformed into magical figures on garments by our Barudan embroidery machine- upto 10 colors.

**PRINTING**

Accompanied with six, eight and twelve colors placement printing machines, the printing division facilities both table printing and flock printing.

**CUTTING**

Our cutting experts at work with sophisticated band knife cutting machines.

**STITCHING**

Machines are to perform high quality of sewing which is the nerve center of GANGAI Garments.

**CHECKING**

Stringent quality measures are taken while project is in progress to ensure quality.

**FINISHING**

Ironing section has been equipped with all equipments to meet the customers needs.

**LABORATORY**

Well equipped in-house laboratory for stringent quality measures.

## **QUALITY**

Our quality policy is aimed at customer's satisfaction which has bagged global acceptance.

## **PACKAGING**

Corrugated boxes are manufactured in-house as per the specific requirements of the customers.

## **2.7.2 PERSONNEL DEPARTMENT**

### **FUNCTIONS OF CUSTOMER CARE DEPARTMENT**

1. Guest relations
2. Party- grievances

### **PERSONAL STATUTORY MEASURES**

#### **PROVIDENT FUND SCHEME**

Under this scheme 12% of the workers wage is deducted and along with 12% contribution from the management is deposited in a bank which is made available to the worker on the worker on his reassignment or retirement.

#### **ESI**

#### **(EMPLOYEE STATE INSURANCE)**

Under this scheme all labors are provided free medical attentions for their health problem. A per cent of amount is been deducted from the employees wage as ESI premium

#### **FIRE SAFETY**

Fire extinguishers are installed in potentially danger areas. Fire extinguishers are maintained regularly, all workers are trained in its use. Emergency exits are also provided.

## **NON-STATUTORY MEASURES**

### **TOILETS**

Toilets maintenance is an important aspect of labour welfare measure. There are about 30 toilets maintained approximately for 500 labors. There are separate toilets for ladies and gents. All toilets for kept clean five cleaners look after the cleanliness of the toilets.

### **ACCIDENT INSURANCE COVERS**

The management has also provided accident insurance cover to its workers.

### **LUNCH ROOM**

A lunch room for the convenience of the laborers has been provided, cleanliness of the lunch rooms maintained by the cleaners. Clean drinking water is also supplied.

### **MEDICAL ROOM**

A medical room to take care of emergencies is provided. The room is suitably equipped there is a doctor on call facility also.

## **2.7.3 ACCOUNTING DEPARTMENT**

### **PROCEDURE, RESPONSIBILITY.....**

#### **RESPONSIBILITY:**

The accounting manager is responsible for over all bookkeeping and maintenance of records as per statutory requirements.

#### **PROCEDURES:**

#### **VERIFICATION OF BILLS PAYABLE**

The Accounting Manager is responsible for the collection and verification of the bills payable to the vendors.

#### **PREPARING VOUCHERS FOR PAYMENTS**

The preparation of vouchers is carried o periodically by the accounting manager in order to make payments.

**VOUCHER ENTRY**

Periodical voucher entries are also made by the account manager.

**ISSUE OF CHEQUES**

The accounting manager is also responsible for the issue of cheques to the parties to whom the payments are to be made.

**MAINTAINING AND RECONCILIATION OF BANK LEDGER**

The accounting manager is also responsible for the maintenance and reconciliation of the bank ledger as per the entries in the pass book.

**PREPARATION OF SALES INVOICE**

The sales invoice in accordance to the sales is also prepared by the accounting manager.

**BILLS NOTIFICATION**

Negotiation of bills is also an important duty of the accounting manager.

**FOLLOW UP PAYMENTS FROM THE CUSTOMER**

The collection of the follow up payments is also made by the accounting manager from the customers.

**FILLING OF STATEMENTS**

Periodical filling of statements as per the statutory requirements is also made by the accounting manager for example ESI, PF, and Sales tax statement.

**RENEWAL**

The accounting manager is also responsible for the renewal of insurance covers, factory license and other licenses and taxes.

## **CHAPTER – 3**

# **MACRO AND MICRO ANALYSIS**

## MACRO AND MICRO ANALYSIS

### 3. MACRO-MICRO ANALYSIS

India's economy was on the fulcrum of an ever-increasing growth curve. With positive indicators such as a stable 8 per cent annual growth, raising foreign exchange reserves of close to US\$ 166 billion, a booming capital market with the popular sensex index topping the majestic 13,000 mark, the Government estimating FDI flow of US\$ 12 billion in the fiscal, and a more than 22 per cent surge in exports, it was easy to understand why India was a leading destination for foreign investment in 2006.....

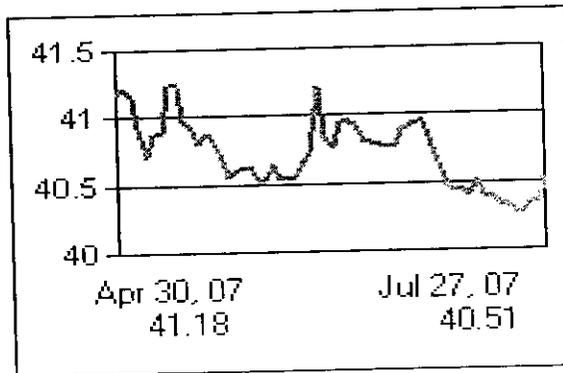
But the increase in the value of Indian Rupee (9%) and the decrease in the value of US Dollar have affected Indian exporters severely though the situation is favorable to the importers in the current year 2007..... This affect came to vision during April 2007 were as the dollar rate was declining gradually from February 2006.

Countries like France, Iran, Brasil, have changed their country's currency as Euro from Dollar, which is considered as one of the reason for this dollar fluctuation.

The Indian Garment Exporters are not happy these days due to persistent appreciation of declining unit value realization along with fall in the growth rate of exports.

The Indian rupee has been appreciating for quite some time and climbed to a nine-year high of US\$ 41.92 ON 16<sup>th</sup> April 2007, an appreciation of over six percent from April 2006.

In fact, the exports to USA have declined by over 3% in dollar terms during January 2007 as compared to January 2006. Due to this fluctuation the export for the period July-September will be affected more as the orders received has been decreased during April-June.



The organization exports their goods to countries like Netherland, Germany, Belgium, Eran, Spain, Canada... Except Spain all other countries make their conformation in US Dollar... The organization shows a yearly turnover of Rs.25 crores. But due to the volatility in the exchange rate, the organization receives very less orders compared with the previous year's performance. As the existing problem is an uncontrollable factor, the exporters association expected a favorable solution for the prevailing trend.

The finance minister Mr.P.Chidhambaram reported in London that he is thinking of how to help exporters tide over the impact of a rising rupee. In the Indian context, one explanation for long years of under-performance is that the rupee was consistently overvalued, leading to persistent foreign exchange problems. This was corrected only when Manmohan Singh assumed charge as finance minister in 1991 and substantially devalued the rupee in a quick double-step. Now, 16 years later, the rupee has been climbing against key international currencies because of the current account surplus in the January-March quarter and strong capital inflows, so a weaker rupee is what exporters clamor for once again. Commerce Minister Kamal Nath, while echoing the exporting community's woes, has argued for concessions from the government over and above what our finance minister has announced. Indeed, while commenting on the export performance during May, when export growth dropped to 18 per cent. compared to 23 per cent in April, Mr Nath has cautioned that worse is to come. The real choice before the government is to try and drop the rupee's value or work out an export benefit package.

A less distorting method, and one that the finance minister and commerce minister seem to be working towards, is a specific export package of concessions and benefits to neutralize some of the impact of the rising rupee and declining dollar rate on exporters. The duty drawback and duty entitlement passbook (DEPB) scheme offer a way out.

Taking note of the resentment of exporters, the Union Finance Ministry on June 23, 2007 enhanced some of the all- industry duty drawback rates which had been reduced with effect from June 7 this year. The enhanced rates, which are higher than the rates announced earlier but lower than last year's rates, would have retrospective effect from June 7 and exporters have been asked to seek supplementary claims from the offices concerned.

The garments exporting community had protested against the lowering of the drawback rates which are essentially meant to compensate Indian exporters against the customs and excise duties paid on raw materials for export production. Previously it was 22 per cent which was gradually reduced to 7 per cent, and now it was increased by 3 per cent and made as 10 per cent duty draw back rate.

The Central Government announced a comprehensive Rs. 1,400-crore package to rescue exporters from the ill-effects of the sharply rising rupee and be on track to achieve the \$160-billion export target set for the current fiscal. The package includes increased rates of tax refunds through the duty drawback scheme and availability of pre and post-shipment bank credit at far easier terms.

The compensation package for the exporting community has not come a day too late, as in the wake of over 10 per cent appreciation of the rupee in the foreign exchange market, a large cross-section of exporters were hit severely and fears were being expressed over not only the export target not being met but also the distinct possibility of lay-offs and large-scale unemployment.

Explaining the extent of relief under this package, Financial Sector Secretary Vinod Rai said that banks would now charge interest rate not exceeding the Benchmark

Prime Lending Rate (BPLR) minus 4.5 per cent on pre-shipment credit up to 180 days and post-shipment credit up to 90 days on the outstanding amount till December this year.

The Union Textiles Minister, Shankersinh Vaghela, on 24<sup>th</sup> July said that the Central Government would announce more concessions to textile exporters in the next 10-15 days to overcome the problems they were facing on account of the appreciation of rupee against the U.S. dollar.

He agreed that the appreciating rupee had brought down textile exports to about \$5 billion in the first quarter of the current fiscal, which was 36 per cent less than the expectation of exports of \$7.5 billion. 12,535 crores of FDI has been recorded since 2006 in Tamilnadu, which makes the Government to concentrate less in exports. But at the end of the August the exporters are expected to overcome this drastic situation by further more increment in the draw back rate.

## **AN ENVIABLE PROBLEM TO HAVE**

The Indian rupee has appreciated by nearly 10% since late 2006, posing an acute dilemma for Indian policymakers. In some ways, the present strength of the currency, which is now hovering just above the symbolic Rs40:US\$1 mark, is an enviable problem. It suggests that the country's attractiveness to foreign investors is increasing and signals optimism about the Indian economy more generally. However, the concerns of exporters, who are part of India's economic resurgence, are rising as their goods become more and more expensive for overseas buyers.

The recent strengthening of the rupee is a dramatic departure from past trends. The currency depreciated steadily for a decade after being floated in 1993, dropping from an average annual rate of Rs31.37:US\$1 in the 1993/94 fiscal year (April-March) to Rs48.40:US\$1 in 2002/03 (an average annual depreciation of nearly 5%). Between 2003/04 and 2005/06, however, the rupee appreciated against the dollar by 3% on average a year—although there was considerable two-way movement of the rupee from month to month. The trend of steady month-on-month appreciation began in September

2006 and has been continuous since then. The average rupee-US dollar rate in May 2007 was the lowest since 1999/2000.

Although the rupee-US dollar exchange rate has the greatest impact on the Indian economy and business sector, the rupee has also appreciated against other currencies. In January-May 2007, the rupee's value in terms of pounds, euros and yen rose by 8%, 6.9% and 11.2%, respectively. During 2005/06, 86% of Indian exports and 89% of imports were invoiced in US dollars, according to the Reserve Bank of India (RBI, the central bank). The euro was a distant second, with shares of 8% in exports and 7% in imports.

### **EXPLAINING THE RUPEE'S APPRECIATION**

The main reason for the rupee's appreciation since late 2006 has been a flood of foreign-exchange inflows, especially US dollars. The surge of capital and other inflows into India has taken a variety of forms, ranging from foreign direct investment (FDI) to remittances sent home by Indian expatriates. In each case, the flow seems unlikely to slacken. The main impact of these various types of flows is as follows:

**FDI.** India's stellar economic growth has created a large domestic market that offers promising opportunities for foreign companies. Moreover, the country's rising competitiveness in many sectors has made it an attractive export base. These factors have boosted FDI; in 2006/07 FDI amounted to around US\$16bn, almost three times the previous year's figure. More than half of these inflows arrived in the final four months of the fiscal year (December 2006-March 2007).

**External commercial borrowings (ECBs).** Indian companies have borrowed enormous amounts of money overseas to finance investments and acquisitions at home and abroad. This borrowed money has returned to India, boosting capital inflows. India's balance-of-payments data (available to December 2006) reveal that inflows through external commercial borrowings (ECBs) amounted to an enormous US\$12.1bn during April-December 2006, a year-on-year jump of 33%. The flood of borrowed money is likely to grow in 2007. In the first three months of the year, Indian companies notified the RBI of plans to raise nearly US\$10bn in overseas debt.

Foreign portfolio inflows. India's booming stockmarket embodies the confidence of investors in the country's corporate sector. Foreign portfolio inflows have played a key role in fuelling this boom. Between 2003/04 and 2006/07, the net annual inflow of funds by foreign institutional investors (FIIs) averaged US\$8.1bn. Trends during the first five months of 2007 indicate that this flood is continuing, with net FII inflows amounting to US\$4.6bn. Another major source of portfolio capital inflows has been overseas equity issues of Indian companies via global depository receipts (GDRs) and American depository receipts (ADRs). Inflows from GDRs and ADRs amounted to US\$3.8bn in 2006/07, a year-on-year increase of 48%.

Investments and remittances. Indians settled in other countries have also been a major source of capital inflows, with many non-resident Indians (NRIs) investing large amounts in special bank accounts. While NRIs' emotional connection to their country of origin is part of the explanation for this, the attractive interest rates offered on such deposits also provide a powerful incentive. In 2006/07 NRI deposits amounted to US\$3.8bn, a 35% increase over the previous year; the outstanding value of NRI deposits as of end-March 2007 was US\$39.5bn. Another large source of foreign-exchange inflows has been remittances from the huge number of Indians working overseas temporarily. Such remittances amounted to a colossal US\$19.6bn in April-December 2006, a 15% year-on-year increase.

## **CHAPTER-4**

# **DATA ANALYSIS AND INTERPRETATION**

## 4.1 SHIPMENT OF GOOD

### TABLES SHOWING THE MONEY INFLOW FOR THE SHIPMENT TAKEN PLACE IN THE MONTH APRIL- 2006

TABLE 4.1.1

DATE	PARTICULARS	USD	RUPEES PER DOLLAR	MONEY INFLOW IN RUPEES
4/4/2006	BREMTEX LINGERIE EUROPE B.V	12637.5	44.36	5,60,600.00
	BREMTEX LINGERIE EUROPE B.V	110906	44.36	49,19,790.00
5/4/2006	BREMTEX LINGERIE EUROPE B.V	42120	44.36	18,68,443.00
10/4/2006	BREMTEX LINGERIE EUROPE B.V	4029.6	45.07	1,81,614.00
	WEAR + FASHION	5447.11	44.36	3,48,862.00
11/4/2006	BREMTEX LINGERIE EUROPE B.V	110400	45.07	49,75,728.00
	BREMTEX LINGERIE EUROPE B.V	14540.8	45.07	6,55,354.00
	TEIDEM B.V	10040	44.61	4,47,884.00
	BREMTEX LINGERIE EUROPE B.V	24930	45.07	11,23,595.00
17/4/2006	BREMTEX LINGERIE EUROPE B.V	110400	44.47	49,09,488.00
	TEIDEM B.V	2970	44.61	1,32,492.00
18/4/2006	BREMTEX LINGERIE EUROPE B.V	99630	44.36	44,19,587.00
	BREMTEX LINGERIE EUROPE B.V	5447.11	44.36	2,37,801.00
	BREMTEX LINGERIE EUROPE B.V	60900	44.7	27,22,230.00
	BREMTEX LINGERIE EUROPE B.V	6448.05	44.36	2,86,035.00
25/4/2006	BREMTEX LINGERIE EUROPE B.V	12733	45	5,72,985.00
26/4/2006	BREMTEX LINGERIE EUROPE B.V	62951	45.07	28,37,202.00
	BREMTEX LINGERIE EUROPE B.V	12971	45	5,83,695.00

Contd....

	BREMTEX LINGERIE EUROPE B.V	29750	45	13,38,750.00
29/4/2006	BREMTEX LINGERIE EUROPE B.V	18564	44.36	8,23,499.00
<b>TOTAL INFLOW</b>				<b>3,39,45,634.00</b>

**TABLES SHOWING THE MONEY INFLOW FOR THE SHIPMENT  
TAKEN PLACE IN THE MONTH APRIL- 2007**

**TABLE 4.1.2**

DATE	PARTICULARS	USD	RUPEES PER DOLLAR	MONEY INFLOW IN RUPEES
9/4/2007	TEIDEM B.V	17520	44.08	7,72,282.00
	TEIDEM B.V	53400	44.35	23,68,290.00
10/4/2007	BREMTEX LINGERIE EUROPE B.V	5460	44	22,40,240.00
	BREMTEX LINGERIE EUROPE B.V	1920	44.08	8,46,336.00
	ERVE BUYING N.V	2811.7	44	1,23,715.00
13/4/2007	TEIDEM B.V	21726	44	9,55,944.00
14/4/2007	BODY TEXTILES GROUP B.V	54333.15	44	23,90,658.00
17/4/2007	BREMTEX LINGERIE EUROPE B.V	19500	44	8,58,000.00
18/4/2007	TEIDEM B.V	91717.02	44.05	40,40,135.00
23/4/2007	TEIDEM B.V	2424	44	1,06,656.00
	TEIDEM B.V	4800	43.5	2,08,800.00

Contd...

4/2007	BREMTEX LINGERIE EUROPE B.V	11750	43.5	5,11,125.00
	BREMTEX LINGERIE EUROPE B.V	17734.8	43.5	7,71,464.00
	ANPATEX	7813	44.05	3,44,163.00
	ANPATEX	7424	44.05	3,27,027.00
5/4/2007	EWS TEXTILVERTRIRB GMBH UND CO	43375	44.05	19,10,669.00
5/4/2007	BODY TEXTILES GROUP B.V	1071.84	44	47,161.00
7/4/2007	STADIUM AB	47250	44.22	20,89,395.00
<b>TOTAL INFLOW</b>				<b>2,09,12,060.00</b>

## INTERPRETATION

It could be deduced from the Table 4.1.1 that the total inflow of money for the shipment of goods during the month April 2006 was Rs.3, 39, 45,634.00 and Rs. 2, 09, 12,060.00 during April 2007 from the Table 4.1.2. There is a reduction of 38.39% from the previous year

**TABLES SHOWING THE MONEY INFLOW FOR THE SHIPMENT  
TAKEN PLACE IN THE MONTH MAY- 2006**

**TABLE 4.1.3**

DATE	PARTICULARS	USD	RUPEES IN DOLLARS	MONEY INFLOW IN RUPEES
5/2006	TEIDEM B.V	9240	44.36	4,09,886.00
5/2006	BREMTEX LINGERIE EUROPE B.V	5632	44.36	2,49,836.00
	BREMTEX LINGERIE EUROPE B.V	42265.68	44.96	19,00,265
5/2006	TEIDEM B.V	1260	46.02	57,985.00
5/2006	BREMTEX LINGERIE EUROPE B.V	21752.64	44.93	9,77,346.00
	BREMTEX LINGERIE EUROPE B.V	8640	44.93	3,88,195.00
	BREMTEX LINGERIE EUROPE B.V	8940	44.93	3,81,456.00
5/5/2006	TEIDEM B.V	7645.75	44.36	3,39,165.00
5/5/2006	TEIDEM B.V	55804	44.7	24,94,439.00
7/5/2006	BREMTEX LINGERIE EUROPE B.V	8640	44.36	3,83,270.00
2/5/2006	TEIDEM B.V	3240	45.78	1,48,327.00
	TEIDEM B.V	4590	45.78	2,10,130.00
4/5/2006	BREMTEX LINGERIE EUROPE B.V	70774.94	45.06	31,89,119.00
	BREMTEX LINGERIE EUROPE B.V	4140	44.36	1,83,650.00
	BREMTEX LINGERIE EUROPE B.V	11970	44.7	5,35,059.00
	BREMTEX LINGERIE EUROPE B.V	4320	44.7	1,93,104.00
	BREMTEX LINGERIE EUROPE B.V	12967.5	44.36	5,75,238.00
0/5/2006	TEIDEM B.V	10935.6	45	4,92,102.00
	BREMTEX LINGERIE EUROPE B.V	17276	46.02	7,95,041.00
	BREMTEX LINGERIE EUROPE B.V	9520	46.02	4,38,110.00
1/5/2006	BREMTEX LINGERIE EUROPE B.V	28560	46.02	13,14,331.00
<b>TOTAL INFLOW</b>				<b>1,56,56,054.00</b>

**TABLES SHOWING THE MONEY INFLOW FOR THE SHIPMENT  
TAKEN PLACE IN THE MONTH MAY- 2007**

**TABLE 4.1.4**

DATE	PARTICULARS	USD	RUPEES PER DOLLAR	MONEY INFLOW IN RUPEES
2/5/2007	BREMTEX LINGERIE EUROPE B.V	28174	43.98	12,39,093.00
	BREMTEX LINGERIE EUROPE B.V	19881	44.35	8,81,722.00
8/5/2007	BREMTEX LINGERIE EUROPE B.V	6720	41.6	2,79,552.00
	BREMTEX LINGERIE EUROPE B.V	28494	44.1	12,56,585.00
	TEIDEM B.V	1000	41.75	41,750.00
	BODY TEXTILES GROUP B.V	1813.95	44	79,814.00
14/5/2007	BREMTEX LINGERIE EUROPE B.V	35998.5	44	15,83,934.00
	BREMTEX LINGERIE EUROPE B.V	5120	43.05	2,20,416.00
	BREMTEX LINGERIE EUROPE B.V	17177.6	43.05	7,39,496.00
15/5/2007	BREMTEX LINGERIE EUROPE B.V	6195.2	43.05	2,66,703.00
19/5/2007	BREMTEX LINGERIE EUROPE B.V	14400	44.08	6,34,752.00
20/5/2007	EWS TEXTILVERTRIRB GMBH UND CO	43345	41.77	18,10,521.00
26/5/2007	BREMTEX LINGERIE EUROPE B.V	26948	43.05	11,60,111.00
29/5/2007	TEIDEM B.V	17205	41.75	7,18,309.00
<b>TOTAL INFLOW</b>				<b>1,09,12,758.00</b>

### INTERPRETATION

It could be deduced from the Table 4.1.3 that the total inflow of money for the shipment of goods during the month May 2006 was Rs. 1, 56, 56,054.00 and Rs. 1, 09, 12,758.00 during May 2007 from the Table 4.1.4. There is a reduction of 30.29% from the previous year

**TABLES SHOWING THE MONEY INFLOW FOR THE SHIPMENT  
TAKEN PLACE IN THE MONTH JUNE- 2006**

**TABLE 4.1.5**

DATE	PARTICULARS	USD	RUPEES PER DOLAR	MONEY INFLOW IN RUPEES
6/6/2006	BREMTEX LINGERIE EUROPE B.V	8769.6	45.83	4,01,911.00
6/6/2006	BREMTEX LINGERIE EUROPE B.V	20484.8	46.02	9,42,710.00
	BREMTEX LINGERIE EUROPE B.V	16000	46.02	7,36,320.00
6/6/2006	BREMTEX LINGERIE EUROPE B.V	8887.2	45.7	4,06,144.00
2/6/2006	TEIDEM B.V	83952	45.7	38,36,606.00
3/6/2006	BREMTEX LINGERIE EUROPE B.V	24900	45.7	11,37,930.00
	BREMTEX LINGERIE EUROPE B.V	3600	45.7	1,64,520.00
0/6/2006	BREMTEX LINGERIE EUROPE B.V	52684.8	45.68	24,06,642.00
	BREMTEX LINGERIE EUROPE B.V	26848.2	45.96	12,33,943.00
	BREMTEX LINGERIE EUROPE B.V	12967.5	45.68	5,92,355.00
	BREMTEX LINGERIE EUROPE B.V	8640	45.96	3,97,094.00
6/6/2006	TEIDEM B.V	5640	44.47	2,50,811.00
7/6/2006	BREMTEX LINGERIE EUROPE B.V	4496.02	45.68	2,05,378.00
	BREMTEX LINGERIE EUROPE B.V	12499.2	44.77	5,59,589.00
	BREMTEX LINGERIE EUROPE B.V	1755	44.77	78,045.00
<b>TOTAL INFLOW</b>				<b>1,33,48,998.00</b>

**TABLES SHOWING THE MONEY INFLOW FOR THE SHIPMENT  
TAKEN PLACE IN THE MONTH JUNE- 2007**

**TABLE 4.1.6**

DATE	PARTICULARS	USD	RUPEES PER DOLLAR	MONEY INFLOW IN RUPEES
007	TEIDEM B.V	4380	41.75	1,82,865.00
	TEIDEM B.V	4500	41.75	1,87,875.00
	EWS TEXTILVERTRIRB GMBH UND CO	9731.25	41.75	4,06,280.00
007	ANPATEX	7020	41.75	2,93,085.00
	BREMTEX LINGERIE EUROPE B.V	20160	41.75	8,41,680.00
007	TEIDEM B.V	6000	44.08	2,64,480.00
007	BREMTEX LINGERIE EUROPE B.V	18501.12	40.6	7,51,145.00
	BREMTEX LINGERIE EUROPE B.V	7202.5	40.6	2,92,422.00
/2007	BREMTEX LINGERIE EUROPE B.V	6000	40.62	2,43,720.00
/2007	TEIDEM B.V	1170	40.62	47,525.00
/2007	BREMTEX LINGERIE EUROPE B.V	19500	40.62	7,92,090.00
	BACCI SOURCING & CONSULTING S.L	18076	54.57	9,86,407.00
/2007	TEIDEM B.V	7020	40.62	2,85,152.00
<b>TOTAL INFLOW</b>				<b>50,66,526.00</b>

### INTERPRETATION

It could be deduced from the Table 4.1.5 that the total inflow of money for the shipment of goods during the month June 2006 was Rs. 1,33,48,998.00 and Rs. 50,66,526.00 during June 2007 from the Table 4.1.6. There is a reduction of 62.04% from the previous year.

## 4.2 RECEIPT OF ORDERS

### TABLES SHOWING THE MONEY INFLOW FOR THE ORDERS RECEIVED IN THE MONTH APRIL-2006

TABLE 4.2.1

DATE	PARTICULARS	USD	RUPEES PER DOLLAR	MONEY INFLOW IN RUPEES
3/4/2006	BREMTEX LINGERIE EUROPE B.V.	61282	44.85	27,48,498.00
7/4/2006	BREMTEX LINGERIE EUROPE B.V.	4568	45.08	2,05,925.00
11/4/2006	TEIDEM B.V.	3672.68	44.45	1,63,251.00
19/4/2006	BREMTEX LINGERIE EUROPE B.V.	2780	44.55	1,23,849.00
22/4/2006	WEAR + FASHION	52288	45.05	23,55,574.00
26/4/2006	BREMTEX LINGERIE EUROPE B.V.	33650	45.55	15,32,758.00
28/4/2006	BREMTEX LINGERIE EUROPE B.V.	40730	45.55	18,55,252.00
30/4/2006	TEIDEM B.V.	47560	44.57	21,19,749.00
<b>TOTAL INFLOW</b>				<b>1,09,81,007.00</b>

**TABLES SHOWING THE MONEY INFLOW FOR THE ORDERS  
RECEIVED IN THE MONTH APRIL-2007**

**TABLE 4.2.2**

DATE	PARTICULARS	USD	RUPEES PER DOLLAR	MONEY INFLOW
7/4/2007	ERVE BUYING N.V	9245.48	42.55	3,93,395.00
8/4/2007	TEIDEM B.V.	74506.2	42.45	31,62,788.00
12/4/2007	BREMTEX LINGERIE EUROPE B.V.	21120	42.35	8,94,432.00
16/4/2007	BREMTEX LINGERIE EUROPE B.V.	9340	42	3,92,280.00
21/4/2007	BREMTEX LINGERIE EUROPE B.V.	53700	41.3	22,17,810.00
22/4/2007	TEIDEM B.V.	13494	41.09	61,388.00
27/4/2007	TEIDEM B.V.	17925	40.5	7,25,963.00
<b>TOTAL INFLOW</b>				<b>56,30,246.00</b>

**INTERPRETATION**

It could be deduced from the Table 4.2.1 that the total inflow of money for the receipt of orders during the month April 2006 was Rs. 1, 09, 81,007.00 and Rs 56, 30,246.00.during April 2007 from the Table 4.2.2. There is a reduction of 48.72% from the previous year

## DOLLAR RATE FOR THE MONTH OF APRIL 2006 & 07

### TABLE 4.2.3

DATE	RATE PER DOLLAR	DATE	RATE PER DOLLAR
1/4/2006	44.90	1/4/2007	42.80
2/4/2006	45.00	2/4/2007	42.65
3/4/2006	44.85	3/4/2007	42.70
4/4/2006	44.80	4/4/2007	42.70
5/4/2006	44.90	5/4/2007	42.70
6/4/2006	45.10	6/4/2007	42.50
7/4/2006	45.08	7/4/2007	42.55
8/4/2006	44.75	8/4/2007	42.45
9/4/2006	44.18	9/4/2007	42.50
10/4/2006	44.20	10/4/2007	42.40
11/4/2006	44.45	11/4/2007	42.40
12/4/2006	44.60	12/4/2007	42.35
13/4/2006	44.55	13/4/2007	42.30
14/4/2006	44.90	14/4/2007	42.25
15/4/2006	45.15	15/4/2007	42.15
16/4/2006	45.30	16/4/2007	42.00
17/4/2006	45.25	17/4/2007	41.10
18/4/2006	45.40	18/4/2007	41.30
19/4/2006	45.55	19/4/2007	41.50
20/4/2006	44.55	20/4/2007	41.50
21/4/2006	44.55	21/4/2007	41.30
22/4/2006	45.05	22/4/2007	41.09
23/4/2006	44.71	23/4/2007	41.00
24/4/2006	45.01	24/4/2007	40.25
25/4/2006	45.20	25/4/2007	40.50
26/4/2006	44.55	26/4/2007	40.20
27/4/2006	44.40	27/4/2007	40.50
28/4/2006	45.55	28/4/2007	40.65
29/4/2006	44.80	29/4/2007	40.70
30/4/2006	44.30	30/4/2007	40.90

**TABLES SHOWING THE MONEY INFLOW FOR THE ORDERS  
RECEIVED IN THE MONTH MAY-2006**

**TABLE 4.2.4**

<b>DATE</b>	<b>PARTICULARS</b>	<b>USD</b>	<b>RUPEES PER DOLLAR</b>	<b>MONEY INFLOW</b>
1/5/2006	TEIDEM B.V.	37,232	44.52	16,57,569.00
2/5/2006	BREMTEX LINGERIE EUROPE B.V.	18664	44.78	8,35,774.00
3/5/2006	BREMTEX LINGERIE EUROPE B.V.	42265	45.2	19,10,378.00
3/5/2006	TEIDEM B.V.	20078	45	9,03,510.00
4/5/2006	TEIDEM B.V.	3447.58	45.3	1,56,175.00
8/5/2006	BREMTEX LINGERIE EUROPE B.V.	11970	45.45	5,44,037.00
9/5/2006	BREMTEX LINGERIE EUROPE B.V.	5320	45.68	2,43,018.00
13/5/2006	BREMTEX LINGERIE EUROPE B.V.	7630	45.2	3,44,876.00
17/5/2006	BREMTEX LINGERIE EUROPE B.V.	29774	45.44	13,52,931.00
18/5/2006	TEIDEM B.V.	15650	45.07	7,05,346.00
20/5/2006	TEIDEM B.V.	8753.42	46.02	4,02,832.00
<b>TOTAL INFLOW</b>				<b>90,56,446.00</b>

**TABLES SHOWING THE MONEY INFLOW FOR THE ORDERS  
RECEIVED IN THE MONTH MAY-2007**

**TABLE 4.2.5**

DATE	PARTICULARS	USD	RUPEES PER DOLLAR	MONEY INFLOW
02/5/2007	BREMTEX LINGERIE EUROPE B.V.	38995.5	40.8	15,91,016.00
03/5/2007	BREMTEX LINGERIE EUROPE B.V.	5630	40.65	2,28,860.00
07/5/2007	TEIDEM B.V.	12737	40.2	5,12,027.00
12/5/2007	TEIDEM B.V.	1940	40.9	79,346.00
13/5/2007	BREMTEX LINGERIE EUROPE B.V.	19177	40.85	7,83,381.00
19/5/2007	EWS TEXTILVERTRIRB GMBH UND CO	54575	40.1	21,88,458.00
20/5/2007	BREMTEX LINGERIE EUROPE B.V.	6958	40.3	2,80,407.00
24/5/2007	TEIDEM B.V.	3258	40.25	1,31,135.00
29/5/2007	BREMTEX LINGERIE EUROPE B.V.	6497.53	39.9	2,59,251.00
<b>TOTAL INFLOW</b>				<b>60,53,881.00</b>

### INTERPRETATION

It could be deduced from the Table 4.2.4 that the total inflow of money for the receipt of orders during the month May 2006 was Rs. 90, 56,446.00 and Rs. 60, 53,881.00 during May 2007 from the Table 4.2.5. There is a reduction of 33.15% from the previous year

## DOLLARRATE FOR THE MONTH OF MAY- 2006 & 07

### TABLE 4.2.6

DATE	RATE PER DOLLAR
1/5/2007	40.85
2/5/2007	40.80
3/5/2007	40.65
4/5/2007	40.90
5/5/2007	40.75
6/5/2007	40.50
7/5/2007	40.20
8/5/2007	40.20
9/5/2007	40.40
10/5/2007	40.40
11/5/2007	40.80
12/5/2007	40.90
13/5/2007	40.85
14/5/2007	40.50
15/5/2007	40.20
16/5/2007	40.15
17/5/2007	40.25
18/5/2007	40.35
19/5/2007	40.10
20/5/2007	40.30
21/5/2007	40.15
22/5/2007	40.10
23/5/2007	40.31
24/5/2007	40.25
25/5/2007	40.50
26/5/2007	40.70
27/5/2007	40.55
28/5/2007	40.02
29/5/2007	39.90
30/5/2007	40.15
31/5/2007	40.20

DATE	RATE PER DOLLAR
1/5/2006	44.50
2/5/2006	44.45
3/5/2006	44.40
4/5/2006	44.52
5/5/2006	44.78
6/5/2006	44.60
7/5/2006	44.45
8/5/2006	45.50
9/5/2006	45.20
10/5/2006	45.40
11/5/2006	44.96
12/5/2006	44.93
13/5/2006	45.00
14/5/2006	45.30
15/5/2006	45.10
16/5/2006	45.22
17/5/2006	45.04
18/5/2006	45.45
19/5/2006	45.37
20/5/2006	45.68
21/5/2006	45.40
22/5/2006	45.60
23/5/2006	45.20
24/5/2006	45.63
25/5/2006	45.68
26/5/2006	45.50
27/5/2006	45.44
28/5/2006	45.07
29/5/2006	45.85
30/5/2006	46.02
31/5/2006	46.30

**TABLE SHOWING THE MONEY INFLOW FOR THE ORDERS  
RECEIVED IN THE MONTH JUNE-2006**

**TABLE 4.2.7**

<b>DATE</b>	<b>PARTICULARS</b>	<b>USD</b>	<b>RUPEES PER DOLLAR</b>	<b>MONEY INFLOW</b>
2/6/2006	BREMTEX LINGERIE EUROPE B.V.	38570	46	17,74,220.00
6/6/2006	BREMTEX LINGERIE EUROPE B.V.	11394.2	45.8	5,21,854.00
7/6/2006	BREMTEX LINGERIE EUROPE B.V.	88949	45.8	40,73,864.00
13/6/2006	TEIDEM B.V.	6550	45.66	2,99,073.00
19/6/2006	BREMTEX LINGERIE EUROPE B.V.	2000	45.75	91,500.00
24/6/2006	TEIDEM B.V.	5440	45.9	2,49,696.00
<b>TOTAL INFLOW</b>				<b>70,10,207.00</b>

**INTERPRETATION**

There was no orders received by the company in the month of June 2007, whereas the money inflow for June 2006 was Rs. 70, 10,207.00

## DOLLAR RATE FOR THE MONTH OF JUNE 2006 & 07

### TABLE 4.2.8

DATE	RATE PER DOLLAR
1/6/2006	46.45
2/6/2006	46.00
3/6/2006	45.50
4/6/2006	46.55
5/6/2006	45.50
6/6/2006	45.80
7/6/2006	45.80
8/6/2006	45.81
9/6/2006	45.80
10/6/2006	45.79
11/6/2006	45.94
12/6/2006	45.78
13/6/2006	45.66
14/6/2006	45.85
15/6/2006	45.78
16/6/2006	45.60
17/6/2006	45.80
18/6/2006	45.78
19/6/2006	45.75
20/6/2006	45.65
21/6/2006	45.70
22/6/2006	45.80
23/6/2006	45.90
24/6/2006	45.90
25/6/2006	46.00
26/6/2006	46.01
27/6/2006	46.07
28/6/2006	45.95
29/6/2006	46.00
30/6/2006	45.80

DATE	RATE PER DOLLAR
1/6/2007	40.25
2/6/2007	40.1
3/6/2007	39.95
4/6/2007	39.95
5/6/2007	40.15
6/6/2007	40.1
7/6/2007	40.25
8/6/2007	40.2
9/6/2007	40.45
10/6/2007	40.5
11/6/2007	40.4
12/6/2007	40.25
13/6/2007	40.3
14/6/2007	40.4
15/6/2007	40.4
16/6/2007	40.25
17/6/2007	40.3
18/6/2007	40.2
19/6/2007	40.15
20/6/2007	40.3
21/6/2007	41
22/6/2007	41.2
23/6/2007	41
24/6/2007	41.1
25/6/2007	40.25
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27/6/2007	40.5
28/6/2007	40.45
29/6/2007	40.25
30/6/2007	40.25

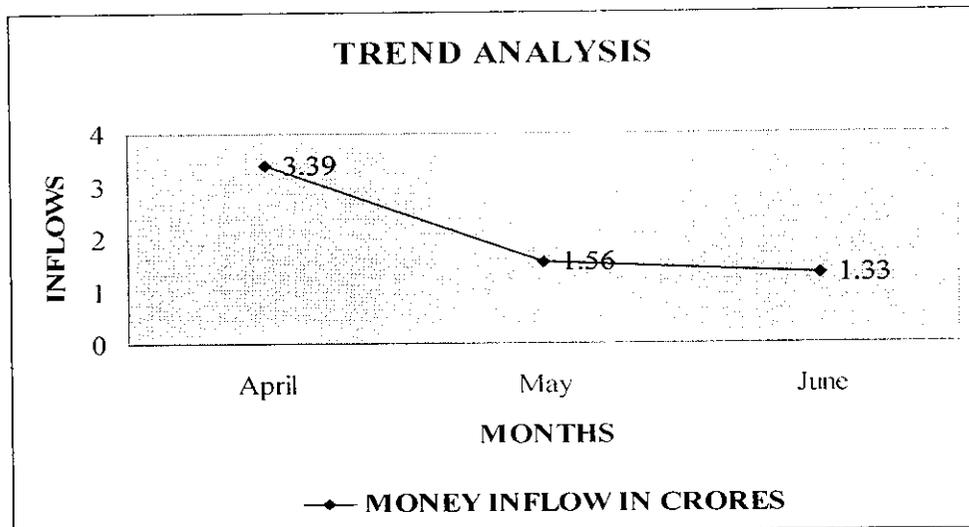
## 4.3 TREND ANALYSIS

### 4.3.1 SHIPMENT FOR THE PREVIOUS ORDERS

**TABLE 4.3.1**

FOR THE PERIOD APRIL-JUNE 2006	
MONTH	MONEY INFLOW IN CRORES
April	3.39
May	1.56
June	1.33

**CHART 4.3.1**



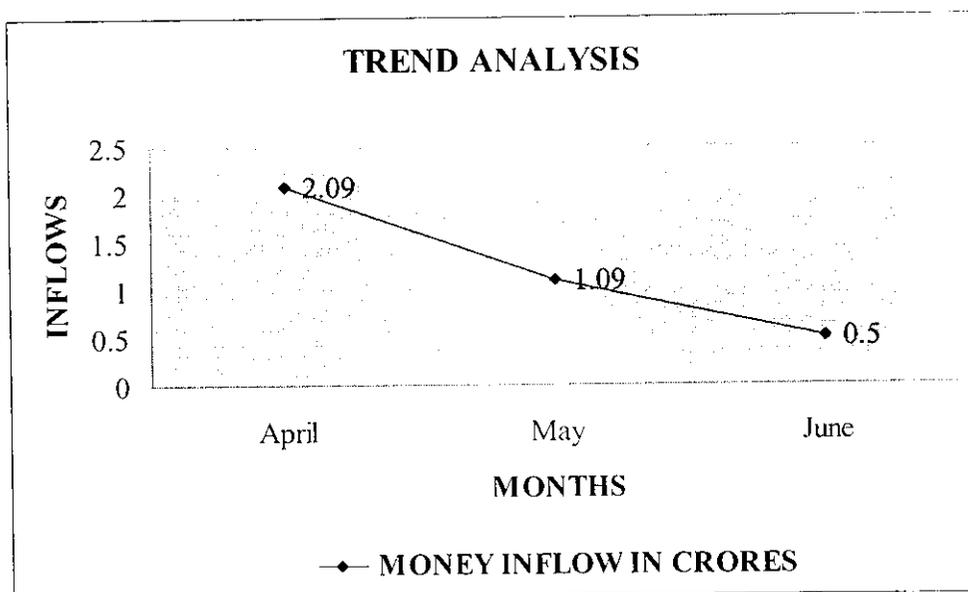
## INTERPRETATION

From the above chart 4.3.1 it is found that there is a gradual decline in the profit margin of the organization. Rs 1.83 crores is the difference amount in the month April & May and Rs 0.23 crores in May & June

TABLE 4.3.2

FOR THE PERIOD APRIL-JUNE 2007	
MONTH	MONEY INFLOW IN CRORES
April	2.09
May	1.09
June	0.5

CHART 4.3.2



## INTERPRETATION

From the above chart 4.3.2 it is found that there is a gradual decline in the profit margin of the organization. Rs 1 crores is the difference amount in the month April & May and Rs 0.59 crores in May & June

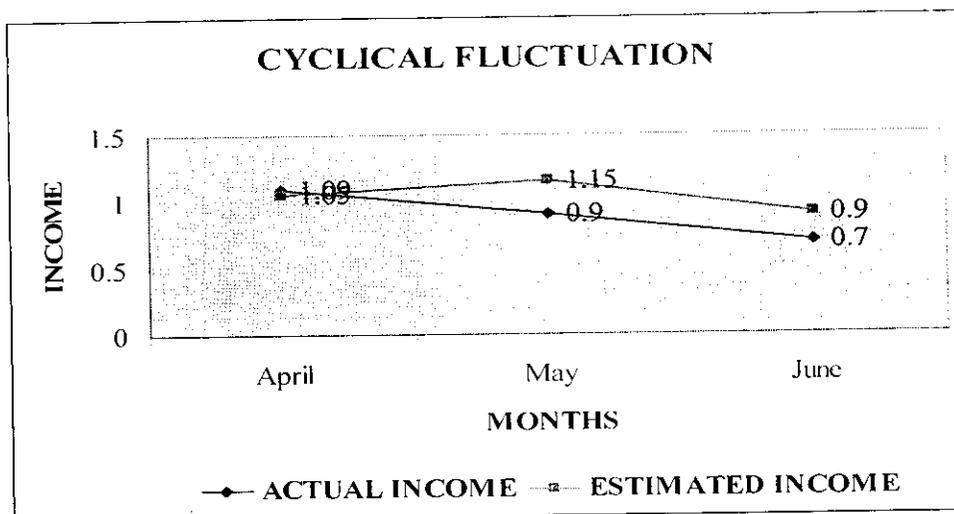
## 4.4 CYCLICAL FLUCTUATION

### 4.4.1 ORDERS RECEIVED FOR THE NEXT SEASON

**TABLE 4.41**

FOR THE PERIOD APRIL-JUNE 2006		
MONTH	ACTUAL INCOME	ESTIMATED INCOME
April	1.09	1.05
May	0.9	1.15
June	0.7	0.9

**CHART 4.4.1**

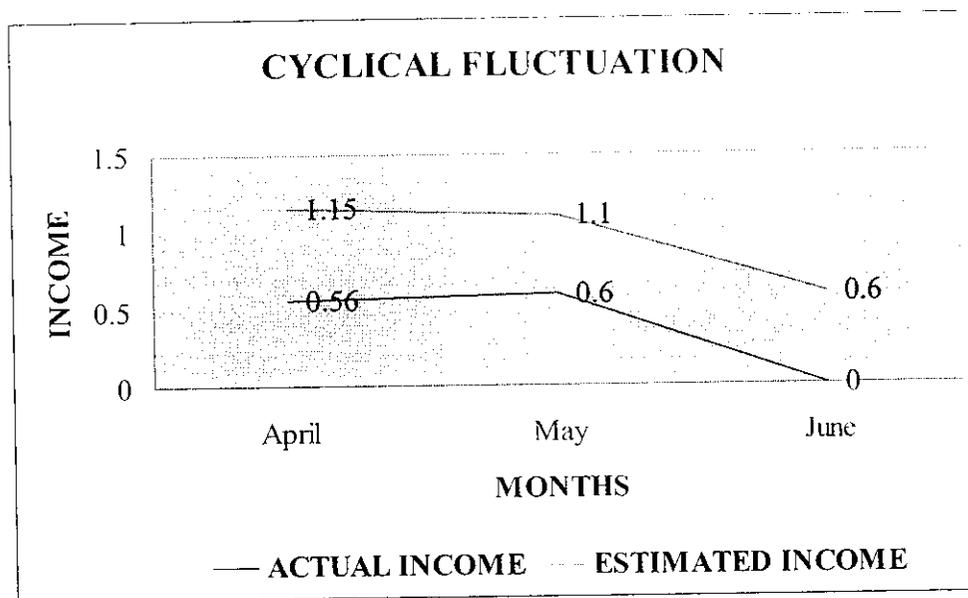


## INTERPRETATION

From the above chart 4.4.1 it is found that the actual income has been deviated from the estimated income of the organization. There is a increase of Rs. 04 crores in April, decrease of Rs. 0.25 crores in May and Rs. 0.2 crores decrease in June

**TABLE 4.4.2****FOR THE PERIOD APRIL-JUNE 2007**

MONTH	ACTUAL INCOME	ESTIMATED INCOME
April	0.56	1.15
May	0.6	1.1
June	0	0.6

**CHART 4.4.2****INTERPRETATION**

From the above chart 4.4.2 it is found that the actual income has been deviated from the estimated income of the organization. There is a decrease of Rs. 0.56 crores in April, decrease of Rs. 0.5 crores in May and Rs. 0.6 crores decrease in June. There is no orders received in the month of June 2007, as the volatility in the dollar rate was more

## 4.5 FORECAST ERRORS

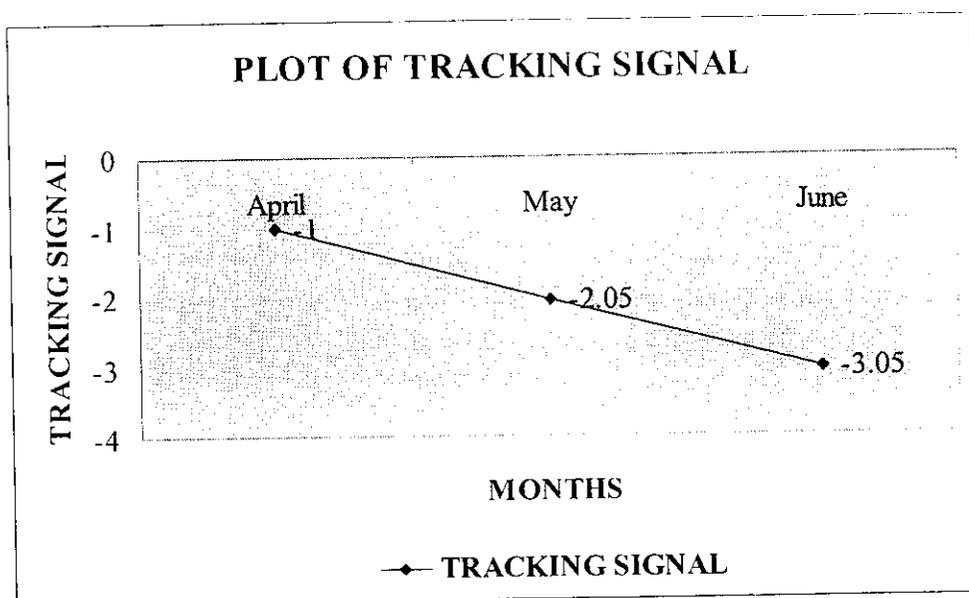
### 4.5.1 FOR THE PERIOD APRIL-JUNE 2006

**TABLE 4.5.1**

**FOR THE PERIOD APRIL-JUNE 2006**

Months	Actual	Estimated	Deviation	a-f	RSFE	$\Sigma a-f$	Mad	Ts
April	1.09	1.25	-0.16	0.16	-0.16	0.16	0.16	-1
May	0.9	1.15	-0.25	0.25	-0.41	0.41	0.2	-2.05
June	0.7	0.9	-0.2	0.2	-0.61	0.61	0.2	-3.05

**CHART 4.5.1**



## INTERPRETATION

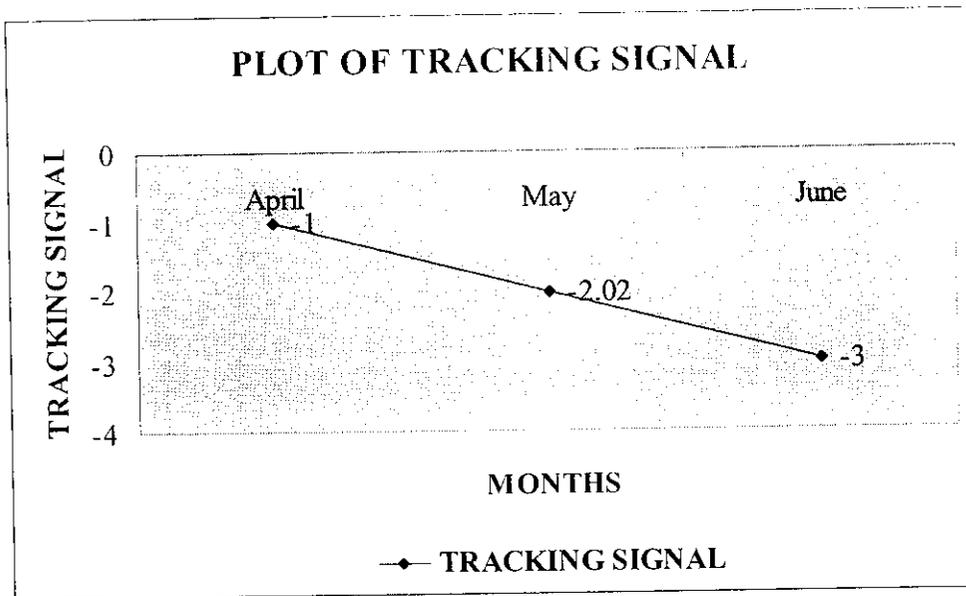
Mean Absolute Deviation is the average error in the forecasts using the difference between the actual inflow and expected inflow. From the above chart 4.5.1 it is found that the forecast average is keeping pace with downward change in the inflows, i.e. the Tracking Signal represents the declining income of the organization

## 4.5.2 FOR THE PERIOD APRIL-JUNE 2007

**TABLE 4.5.2**

FOR THE PERIOD APRIL-JUNE 2007								
Months	Actual	Estimated	Deviation	$ a-f $	RSFE	$\Sigma a-f$	Mad	Ts
April	0.56	1.15	-0.59	0.59	-0.59	0.59	0.59	-1
May	0.6	1	-0.4	0.4	-0.99	0.99	0.49	-2.02
June	0	0.6	-0.6	0.6	-1.59	1.59	0.53	-3

**CHART 4.5.2**



### INTERPRETATION

Mean Absolute Deviation is the average error in the forecasts using the difference between the actual inflow and expected inflow. From the above chart 4.5.1 it is found that the forecast average is keeping pace with downward change in the inflows, i.e., the Tracking Signal represents the declining income of the organization

**CHAPTER-5**

**CONCLUSION**

## **FINDINGS FROM THE STUDY**

- The fluctuation in the dollar rate has its hidden impact over the profit margin of the organization from the month February 2006, but from April 2007 it has been focused clearly
- The inflow of money for the shipment of goods during the month April-June 2007 was reduced to 38.39% from April 2006, 30.29% from May 2006, 62.04% from June 2006
- The inflow of money for the receipt of orders during the month April-June 2007 was reduced to 48.72% from April 2006, 33.15% from May 2006 ad there was no orders received in the month of June 2007 as the volatility in the dollar rate was more
- Nearly 30% of the organization's production function has been stopped in the month of June 2007

## CONSIDERABLE SUGGESTIONS

- They can centralize their profit rather than earning from each unit separately...i.e., 'Single profit center' can be developed.
- Directly reducing the profit margin will not favor the growth of the organization. In this situation Value added garments like sequence works, embroideries, stone works which adds value to the fabric with cost can be avoided.
- If the organization maintains a better reserve, it sustain this situation for a short period of time.
- Forward transaction helps this situation in a larger extent. Many exporters practice this for safety purpose. A specified rate of Indian rupee will be fixed to US Dollar for a period of time. Until the agreed period comes to an end the buyer and seller will make their transactions with the same amount though the dollar rate fluctuates in the exchange market.

## CONCLUSION

Drastic appreciation in the value of the Indian rupee and the volatility in the US dollar has created a panic environment among the garment exporters. From the month of April to June 2007 exchange rate fluctuation was more. So the study was conducted for these three months by comparing the collected data with the previous year three month's data. It was found that the organization has lost its one third of the earnings. If this condition prevails in future, then the organization would adopt forward transactions

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## REFERENCE

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