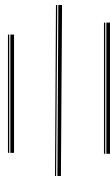
A STUDY

ON

NEPALESE READY MADE GARMENTS IN POST MULTIFORM ARRANGEMENT REGIME



Submitted by:

Bishnu Prasad Adhikari

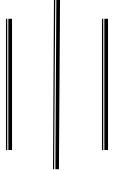
Roll No 130/065

Exam Roll No:- 140171

T.U. Registration No:7-2-14-574-2005

R.R.M. Campus

Janakpurdham



Submitted to:

Office of the Dean

Faculty of Management

Tribhuban University

In Partial Fulfillment of the Requirement for

the Master's Degree in Business Studies (M.B.S)

Janakpur, Nepal

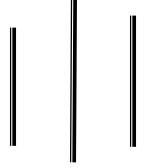
August-2012

A STUDY

ON

NEPALESE READY MADE GARMENTS

IN POST MULTIFORM, ARRANGEMENT REGIME



Sumitted by:

Bishnu Prasad Adhikari

Roll No 130/065

Exam Roll No:- 140171

T.U. Registration No:7-2-14-574-2005

R.R.M. Campus

Janakpurdham



Office of the Dean

Faculty of Management

Tribhuban University

In Partial Fulfillment of the Requirement for

the Master's Degree in Business Studies (M.B.S)

Janakpur, Nepal

August-2012

TRIBHUVAN UNIVERSITY 520174 (off) 520174 (off) 520993 (off) 520993 (off) 520993 (off) 525348 (R.) पत्र संख्या : <td colspan=

विषय:-

RECOMMENDATION

This is to certify that the thesis <u>Submitted by</u>

Bishnu Prasad Adhikari

Entitled

A Study on Nepalese Ready made

Garments in post Multiform Arrangement Regime

has been prepared as approved by this department in the prescribed format of the faculty of Management. This thesis is forwarded for Examination.

Thesis Supervisor	<u>Chairman, Research Committee</u>
Name :Mr. Gopal Pd. Sah	Name: Pro. Dr.Sailendra Labh Karna
Signature:	Signature:
Date:	Date:
Assistant Campus Chief	Campus Chief
Name:Mr. Jugeshwor Sah	Name:Mr. Vishnudeo Yadav
Signature:	Signature:
Date:	Date:

विषय:- <u>VIVA-VOCE SHEET</u>

We have conducted the viva-voce examination of the thesis.

Submitted by:

Bishnu prasad Adihkari

Entitled

A Study on Nepalese Readymade Garments in post Multiform

Arrangement Regime and found the thesis to be the original work of the student and written in accordance to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for Master's Degree in Business Studies (M.B.S.)

Viva-Voce Committee

Chairman, Research Committee	•••••
Thesis Supervisor	••••••
External Expert	••••••
Date:	

DECLARATION

I here by declare that this thesis entitled "A Study on Nepalese Ready Made Garments In Post Multiform Arrangement Regime" Submitted to R.R.M Campus Faculty Of Management, Tribhuban University, is my original work as partial fulfillment of the requirement of the degree of Master in Business Studies (M.B.S.) which is prepared under the guidance and supervision of Mr. Gopal Prasad Sah, R.R.M. Campus Janakpur.

.....

Bishnu Prasad Adhikari

(Researcher)

R.R.M. Campus Janakpur

Roll No:- 130/065

Exam Roll No; 140171

T.U. Registration No:- 7-2-14-574-2005

Date:-

ACKNOWLEDGMENT

To being with, my sincere gratitude goes to my thesis advisor Mr. Gopal Prasad Sah for his moral support, Steering guidance and sustainable help while processing the thesis work and throughout. I am equally indebted to my respected teacher Mr. Jugeshwor Sah for his initial support to choose topic of thesis and others sustainable help.

I would like to express deep sense of thanks to the garment exporters. I have approached, for sparing their invaluable time and providing me requisite information for the study. Thanks also go to all the friends and individuals for their direct and indirect help to complete this thesis.

I'm grateful to the officials of SWATEE, Economic policy network (EPN), TPC and FNCCI for furnishing me required materials also information is well.

I'm also grateful to my friend Rim Nath Adhikari for his moral support and all kinds of possible help while preparing the thesis. My sincere appreciation goes of friend Lila Gautam for helping me in proof reading.

Lastly, my appreciation goes to Quality Computer & photo Studio Service for typing the thesis matter.

.....

Bishnu Prasad Adhikari

(Reseacher)

R.R.M Campus

Janakpur

CONTENTS	Page
Recommendation	I
Viva-Voce Sheet	II
Acknowledgement	III
Table of Contents	IV
List of Tables	V
List of Figures	VI
Abbreviation	VII
CHAPTER I	
INTRODUCTION	
1.1 Background Information	1
1.2 Objective of the Study	4
1.3 Statement of the Problems	4
1.4 Statement of Hypothesis	5
1.5 Significance of the Study	5
1.6 Limitation of the Study	6
1.7 Origination of the Study	6
CHAPTER II	
REVIEW OF LITERATU	JRE
2.1 Historical Background	7
2.2 Related Studies	7
CHAPTER III	
RESEARCH METHODOL	OGY
3.1 Research Design	25
3.2 Survey Period	25
3.3 Sampling Procedure	25
3.4 Tools and Techniques of Data Collection	25
3.5 Methods of Data Analysis	25
3.6 Statistical Tools Employed	25
CHAPTER IV	

PRESENTATION AND ANALYSIS OF DATA

4.1 Status of RMG Industries	
4.2 Quantitative Analysis	26
4.2.1 General Information	26
4.3 Review of Nepalese RMG in Post MFA	32
4.3.1 Readymade Garment Export	32
4.3.2 Analysis of Product and Market Mix	35
4.3.3 Nepal in South Asia Regarding RMG Export	36
4.3.4 Comparison of Pre MFA and Post MFA Period	
in RMG Export	42
4.4 Some External Challenge of Nepalese RMG in Post MFA	44
4.4.1 The Chinese Domination	44
4.4.2 Pricing -Trend of RMG in Post MFA	46
4.4.3 Tariff and Non Tariff Barriers in the Post MFA	47
4.4.4 Domination of Preferential Trading Arrangements	49
4.5 Internal Bottlenecks of Nepalese RGM in Post MFA	49
4.5.1 Constraints to Supply Efficiency	50
4.5.2 Inadequate Institutional and Trade Support Services	51
4.5.3 Administrative Complications	52
4.5.4 Police Drawback	53
4.6 Some Ideas to Build Capacity to Face Post MFA Situation	53
4.6.1 Utilize Market Opportunities Properly	54
4.6.2 Product Innovation and Skill Development	55
4.6.3 Vertical Production and Consolidation of Industry Through	56
4.6.4 Public-Private Sector Partnership Approach	58
4.7 Test of Hypotheses	58
4.7.1 Hypotheses A	60
4.7.2 Hypothesis B	61
CHAPTER V	
SUMMARY, CONCLUSIONS AND RECOMMENDATION	
5.1 Summary	64
5.2 Conclusions	66
5.3 Recommendation	68
BIBLIOGRAPHY	72
ANNEX	74

LIST OF TABLES

Table 1	Readymade Garment Export to US	33
Table 2	Readymade Garment Export to Canada	34
Table 3	Readymade Garment Export to EU	35
Table 4	Major Apparel Categories Exported to USA and EU	36
Table 5	Level of Market and Product Concentration in Five	
	South Asian Counties	38
Table 6	T&C Imports from South Asian Countries in to the EU the US	39
Table 7	Total RMG Export in US (2010-2011)	42
Table 8	Total RMG Export in EU (2010 and 2011)	43
Table 9	Growth Rate of Selected Chinese Clothing Imports to US	45
Table 10	Change in Average Chinese's Prices	
	(Quota Free Apparel Categories Per Square Meter)	46
Table 11	Comparison of Nepalese Apparel Prices with China	
	and Rest of the World	47
Table 12	Tariffs for Major Nepalese Apparel in US	48
Table 13	Assumption of Standard Costing Format for Apparels	51

LIST OF FIGURES

Fig. 1	Age of Company	27
Figure 2	Type of Enterprise	28
Figure 3	Size of Enterprise	28
Figure 4	Funding of the Enterprise	29
Figure 5	Employment Male and Female	30
Figure 6	Employment -Temporary/ Permanent	31
Figure 7	Employment- Male/Female Compositions and Comparison	31
Figure 8	Employment - Permanent/ Temporary Comparison	32
Figure 9	Readymade Garment Export to US	33
Figure 10	Readymade Garment Export to Canada	34
Fig. 11	Garment Export to US by Different Counties in	
	the Year 2010.	39
Fig. 12	Garment Export to US by Different Countries in	
	the Year 2011	40
Fig. 13	Garment Export to EU by Different Countries in	
	the Year 2010	40
Fig. 14	Garment Export to EU by Different Countries in	
	the Year 2011	41
Figure 15	Total RMG in US (2010 and 2011)	43
Figure 16	Total RMG Export in EU (2010 and 2011)	44

LIST OF ABBAREVIATIONS

AGOA : African Growth and Opportunities Act

ATC : Agreement on Textile & Clothing

CAD/CAM : Computerized Aided Designing Computerized Aided

Manufacturing

CBTPA : Caribbean Basin Trade Partnership Act

CMT : Cut-Made-Trim

DDA : Doha Development Agenda

DOI : Department Of Industry

EPN : Economic Policy Network

EU : European Union

FNCCI : Federation of Nepalese Chamber of Commerce and Industry

GAN : Garment Association of Nepal

GPZ : Garment Processing Zone

GSP : Generalized System of Preference

HS : Harmonized System

ICD : Inland Container Depot

MFA : Multiform Arrangement

MMF : Man Made Fiber

MOICS : Ministry of Industry, Comprised & Supplies

NAFTA: North American Free Trade Agreement

NAMA : Non-Agriculture Market Access

RMG : Ready Made Garment

RMGEPC : Readymade Garment Export Promotion Committee

SAWTEE : South Asian Watch on Trade, Economics and Environment

T&C : Textile & Clothing

TPC : Trade Promotion Centre

US : United States

WTO : World Trade Organization