

CHAPTER – I

INTRODUCTION

1.1 Background of the Study

Nepal the Himalayan of Asia has its border with China in north and India in the south, east and west. It is located between latitude 26 22' north to 30 27' north and longitude 80 12' east to 88 12' east having a total area of 1, 47,181 sq. km with a population of around 26.62 million life expectancy at birth if estimated at 62 years a year and the population density of around 180 persons per square kilometer of arable land is one of the highest in the world. The resulting pressure on Nepal's limited natural resources base contributes to low productivity, poverty and denudation of forest (TPC, 2012).

Agriculture is the prime mourner of the Nepalese economy. More than 74% of total population are engaged in the substance agriculture and agriculture contributes 38% GDP which reflect that the agriculture is the largest economic sector contributing to GDP Nepal's agriculture production is still dependent on monsoon and the vagaries of nature cause substation production fluctuation. Despite of substantial investment in the agriculture sector performance has been disappointing (www.cbs.gov.np).

Nepal's history of economic development is relatively short. Planned economic development started only since 1956 A.D. through an earlier attempt was made in 1948 A.D. Nepal has accomplished 10th five year plans. Various efforts are being put on to attain a faster growth rate Nepal's economic growth during the 1980's to accelerate economic growth through expansionary fiscal policies led to considerable macroeconomic instability. In 1993/94 Nepal experienced its best macro-economic performance in the decade of nineties. In

1991/92 and early 93, Nepal undertook a series of reforms aimed at economic liberalization. These reforms have improved economic performance in a number of areas while they have been less satisfactory in other areas. Export growth after recording negative growth in 1994-95 has recorded steady growth thereafter. Export increased by about 85.5% in 1991/92 and is expected to grow at 19.8 % in 1999/2000. Growth of imports declined in 1997/98 and 1998/99 mainly due to decline in import of gold (Shrestha, 2007:1-2).

The history of garment industry Nepal is as old as 25 years. Various types of garments are available in Nepal for the export purpose. Nepalese readymade garments are divided into four types such as woolen and knitwear, cotton wear, silk wear and quit wear. These garments cover various gents and ladies garments like waist coat, pullover sweater, caps, socks, shires, vests pants blouses, jam-suit, long dress, trousers, jackets and various other popular items. Among these four types of garments, woolen garments have a dominating role over the country's export of readymade garment (<http://www.ganasso.org>).

Nepalese garment has occupied the 1st position in term of overseas export. Garment sector has made a significant contribution to the national economy of the country. It accounts for around 18% of total export and 40 % of foreign exchange among overseas export earnings. This sector has provided employment to about 95,200 Nepalese people which is 12% of total industrial employment. About 3,45,000 people including the family members of the employees have benefited from this industry (TPC, 2010:4).

After entering the WTO and phasing out the quota system under the WTO provision. Nepalese Ready Made Garment (RMG) industry faces the-cut throat competition in international market with string competitors. In the current situation, RMG industry faces the severe threats and challenges with technologically advanced countries. Nepal loses the huge amount of market share

which she got from the U.S. market under the MFA. Budhathoki (2009) found. Due to very reason 95% of industries have been closed down and rests of the industries are operating with lower capacity.

At present the garment sector in Nepal is on the razor edge. A massive fall down in export growth rate since the second half of 2001 has forced many industries to with held production and some to close down. Both internal and external factor are responsible to create the prevailing hardship to this once flourishing sector in the Nepalese business and economy. The changes brought about b the WTO system indicate a formidable challenge to the Nepalese entrepreneurs as they are already facing the adjustment problem relater to higher production cost and delivery time frame. Nepal may have to face not only the difficult adjustment problem but also risk collapse of the industry as a result of intensified international competitions and its inability to cope with the changes situations this product line (<http://www.ganasso.org>).

The vulnerable situation of Nepalese garment sector is due to the internal constraints form outdated manufacturing process to the logistic system and non conducive government policy and attitude to the geographical disadvantage of being a landlocked country. The cost of production in Nepal is higher by approximately 25% then the production cost in other countries in South Asia. Further the lead time compared to India. For examples India can deliver goods to USA a major world market for garments in 19 days whereas it takes a minimum of 45 days for Nepal (www.ganasso.org/about/intro.php).

US government has diverted its trade from Nepal to sub-Sahara African are Caribbean Basin countries under the act of (USTADA) to 2000. Why this happen because of the pair marketing strategy of Nepalese entrepreneurs. They couldn't win the mind and heart share of the American buyers because of higher production cost poor quality and time delivery frame.

RMG industry basically has to depend on assortment of materials such as fabrics, threads, zippers, buttons and labels and so on. Everything from the fabrics to the threads, sewing machine to the needle has to be imported from another country. Nepal doesn't produce textile suitable for manufacturing export quality readymade garments. The locally produce fabrics and threads don't also meet the standard required for the production. According to the trade promotion report, Nepali textile should be 15% cheaper than foreign textile to compete in the garment market. Skilled manpower, as labor input another crucial factor for the development of garment industry, has also imported from the neighboring country India (Adhikari, 2005:6).

Ignoring the diversification of market will be harmful for any business. Nepalese RMG industry was heavily dependent upon US market. Due to very reason, after MFA, RMG industry is on the verge of collapse, and thousands of employees are suffering from the loss of job. Thus it is very necessary to explore new markets to provide a secure future for Nepalese garment industry. Nepalese garment producers should also develop direct contract with the perspective buyers. Till now most of the Nepalese garment producers depends upon Indian agents for their market abroad.

The business world is changing fast in this dynamic world. Business environment is determined by the development of science and technology, economic. Social and political factors. These factors keep industrial development changing. In order to cope with the changes, industrialists/ businessman should be able to give appropriate marketing strategy and ensure its effective implementation.

Production without marketing is waste of time, money and energy. The realization of the importance of marketing is to identify customer's requirements and to satisfy them. Though Nepal is one of the developing countries, it cannot

stay away from adopting sound marketing strategies. Because of increasing international competition, Nepal despite being basically a product oriented country, has not been able to fulfill production and demand requirements of the people. The industrialists today have realized that top priority should be given to marketing. It has been understood from study or contact with industrialists that they gave know the importance and influences of marketing in the business they still do not seem to be fully employing it. Many factors have been responsible for it. Reportedly the industrialists have been unable and in some cases even unwilling to fully adopt marketing strategies in their business (Shrestha, 2007:4).

In our constancy changing environment the key to corporate survival lies not so much in the quality of our long range planning and operational decision making. Marketing strategies should be designed with the general organizational strategies. The enterprises have been forced by the emerging challenge of competition from within outside of the country to evaluate and assess their hitherto production oriented policies. Appropriate marketing strategies and policies enable enterprise to mould suitable ways of action to attain predetermined purpose. Globalization initiatives emerging since the eighties has put further impetus for adopting more aggressive marketing in view of substantial growth in the level of competition.

Nepal's garment production started in the mid-1980s primarily because of Indian producers who entered Nepal to bypass the U.S. imposed quota on Indian garment. An immediate jump of garment exports was then observed from a mere 1% of the total export in 1983-84 to 17% in 1984-85 and then to 27% in 1985-86. Labor, raw material, and capital (mainly sewing machines) were brought into Nepal. Nepal basically provided warehouse and other facilities to these producers. Nepalese also started becoming trained by working with Indian entrepreneurs and Indian workers. In 1993-94, garment exports lingered at 27 percent of the total

export. Today, most of the garments are being produced in Nepal with Nepalese workers.

Garment production in Nepal is mainly for export. Producers must organize production so that the cost per unit is at a minimum level. This is especially significant to the producers of garments in Nepal who must compete with producers in other countries. This study analyzes the long-run cost function in the garment industry of Nepal, looking particularly at whether the producers have exploited the economies of scale.

All the parameter estimates are statistically significant. From the model, the Minimum Efficient Scale (MES) is calculated as 1,337,530 garment pieces, while the average output of the industry in 1997 was 150,131 garment pieces. This shows that the MES was about nine times the average output. In a highly competitive market, firms are expected to produce as near as possible to the MES. However, nearly 98 percent of the firms were producing at less than 50 percent of the MES. This simply indicates that the garment industry is not very competitive nor has it been exploiting the economies of scale that exist over the current production range.

The possible existence of unexploited economies of scale in the Nepalese garment industry has important implications for the development of efficient and competitive firms in the world market. Since there is no trade barrier for the garment industry in Nepal, the argument of removing trade barriers as a means for expanding production cannot be forwarded. Cost cutting measures can be used to remain competitive and move towards the MES, which could be the only way to penetrate the world market and remain competitive in the long run. Fortunately, there seems to be a slight indication in this direction.

1.2 Brief History of Nepalese RMG Industry

Clothing on Nepal in the past was done by a group of people known as "Damai" a tailoring caste group and "Sujikar" as professional group of Newar community. Both of these groups had their own determination in the area of work. The curative side to this division always belonged to the sujikar. So they used to stay and run their business activities urban area or the vicinity. Due to scarcity poverty they continued their tailoring for livelihood and subsistence. By the passing of time the preference of the people to the house tailored garments had changed with the increasing trend of RMG imported in the country (Budhathoki, 2009:10).

The history of garment industries in Nepal is not very old. It was instated about two decades ago. Though there were handfuls of garments trader in the middle if 1970s, the business really picked up speed after 1980s. its effort to develop as a major exporting sector has been magnificent. At present garment industry is the second largest currency earner after woolen carpet industry. Besides, it has played an importance role in employment generation. Initially the industry was dominated by the Indian exporters when the US government imposed quota system on import of RMG from the third world countries. India being one of import of the products, this induced the Indian garment entrepreneurs to come to Nepal, especially Kathmandu to make use of the unused quota allocated to Nepal. Nepalese entrepreneurs learned a lot from their Indian counterparts this process and the growth story of the industry began (Pant, 2002: 50).

The young industry's initiation was very haphazard and with no set policies by the government though this scenario has changed quite a lot during the years. The government has set some policies which are deemed friendly to this industry. As a matter of fact, the garment industries flourished during the only due to continuous efforts made by the industrialist albeit government policies aimed at developing this sector appeared once in a while. Signals are being noticed in the

country's export industries following the change in the world trade and global shift to liberalized economic policy. Since the garment industries being export based and has to compete with any countries, especially with the neighboring countries in the international market (<http://www.ganasso.org/news>).

The statistical record of Nepal garment export are 3.93 billion rupees in 1992, 5.48 billion rupees in 1993-94 , 5.41 billion rupees in 1995-96 and in 1998-99 it was wired up to 8.37 billion. The export has decreased by 89% 2008 in comparison to year 2008 January. This also indicates the urgent need to promote and consolidate this industry (<http://www.ganasso.org/news>).

In the early days of commencement most of factories are established under financial and technical collaboration with Indian industrialist. At that time more subsistent investment were covered by Indian industrialist. But the fact is quite opposite right now. Most of the participant like labors and financers are Nepalese. Among labors the women who are taken as ideal work force in the country are participating significantly. The demand for rural female labor and the massive movement of women from rural households to production lines can help transform their social and economic status. This flush can be used not only for industrial advancement by countries (<http://www.ganasso.org>).

The garment sector expanded unprecedentedly for about a decade after the mid eighties. The number if registered industries which were only 58 in 1982-83, increase to 757 in 1992-93 and reached a peak of 1076 in 1994-95. Since then there has been a continuous decline in the number of operating industries now standing of 212. About 51% of the registered industries are of sole proprietorship, 40% partnership and 9% are foreign joint venture. The statistics reveal that over the past few years the garment industries have made considerable contribution to the export sector by absorbing growing numbers of unemployed population and by helping reduce trade deficit to a certain extent. The garment industry provides

direct and indirect employment opportunities to over a hundred thousand people, establishing as the second leading source of foreign exchange (GAN survey, 2010)

1.3 Statement of Problem

The garment industries in Nepal are facing critical situation and time has come to save the existence of these companies on the shoulders of entrepreneurs. To overcome threat and challenges, the CEO or entrepreneurs must take rational decisions by implementing the effective and pertinent marketing strategies (Agrawal, 2002).

In addition, the most crucial challenges of Nepalese garment industries is to compete with the technologically advanced countries. It is definitely sure that this industry will be collapsed if the effective and pertinent marketing strategy is not implemented to win the market share, heart share and mind share of the prospective buyers. In comparison to the other countries RMG entrepreneurs of Nepal lack the implication of the long term strategic marketing management planning in their overseas business. Within the period of one and half decade it was the enough time for Nepalese entrepreneurs to get international marketing experiences and to build its complete positions. But nobody has taken care about the matter. As a matter of fact this industry lies inside neck as a bone whether to swallow or throw.

Regionalization of trade in textile and clothing antidumping and countervailing duties, increased customs checks to ensure that that trans-shipment activities do not take place, rigorous application of ethical standards to prevent child labor and compulsion to adapt eco-labels will be some of the key drivers and trade parameters determining exports of textile and apparels.

Not only the macro economic analysis but also the marketing strategy is the crucial factor for any enterprises to survive and thrive, either big or small, under

the changing global trading environment bit the Nepalese RMG entrepreneurs are more concerned on government policy.

Enterprises cannot exploit the opportunities and copying the threats- even the government policy or environment is favorable to business, of they are not strategically ready to interact with the business environment. Since there is intense competition in U.S., Canada, Europe and Japan, there are still other countries on south Asia and South East Asian countries where Nepalese garment entrepreneurs can concentrate their business by marketing strategy implementation. Thus entrepreneurs should be proactive rather than the reactive in nature. After the general statement of problem, some research problems identified are as follows:

1. How Nepalese garment industry can develop competitive export strategies?
2. What are the determinant factors that help garment industry to implement the export marketing strategy effectively?
3. How can garment industry and concerned organizations develop a strategic approach plan to tackle the possible challenges?
4. Do the Nepalese RMG entrepreneurs implement the efficient sourcing strategy to get inputs a cost effective rate?

1.4 Objective of The Study

The main objectives of the study is to analyze the export marketing strategies of find out the suitable marketing strategies for suggesting the entrepreneurs and for trying to seek out the ways of saving the existence and increasing the competitiveness of Nepalese Ready Made Garment industries. The specific objectives of the study are:

1. To analyze the view of entrepreneurs, CEO or marketing managers about the export marketing strategies.
2. To analyze the export marketing strategies in Nepalese Ready Made Garment industries.

3. To assign how to executives understand competitors and choose competitive position.
4. To analyze the policy and practices on export marketing strategies in present situation.
5. To suggest for effective management of threats and challenged face by Nepalese Ready Made Garment Industries in Nepal.

1.5 Significance of the Study

Although some of the research-works on RMG-industries had been done by previous researchers this topic called 'export marketing strategies of Nepalese RMG industries' is almost new. Almost –all of the previous research works were focused on the topic of socio-economic problem and prospect WTO and it's impact to RMG industry and Nepalese RMG industry in changing global trading environment. But none of the research works had been basically focused on export marketing strategies to suggest and save the existence and to strengthen the competitive position of the RMG industry. So the present study can be considered as worthy-from the point of view;

- a. It provides the data and information of entrepreneur's point of view about the export marketing strategies, which will help to build and improve the suitable marketing strategies for the further period.
- b. The study is beneficial to other export industry also.
- c. It helps entrepreneurs, CEO and marketing managers to strengthen the competitive position of RMG industry.
- d. It provides the insights of the concerned study. So the Nepalese policy makers, teachers and students who are interested in this study will be benefited.

1.6 Limitations of the Study

The study was carried within the following limitations:

- The study is concerned with export marketing concept.
- Only limited studies and surveys are available in this area.
- The study is focused on export aspect of the industries.
- The use of questionnaire and personal visit is made to acquire necessary data. Lack of appropriate database may constrain the result.
- Samples are taken from within operating around the Katmandu valley. So it does not represent the whole country.

1.7 Organization of The Study

The study contains five chapters. They are as following:

- Introduction: The first chapter of introduction has dealt with general introduction, Brief history of RMG industry, Problem Statement, Objectives of the Study, Significance of the Study, Limitations and the Organization of Chapters.
- Literature Review: The second chapter of Literature Review focuses on review of different literatures related to this study.
- Research Methodology: The third chapter about Research Methodology describes the research methods that will be used to carry the study.
- Presentation and Analysis: The Fourth chapter Presentation and Analysis focuses on application of defined research method on the collected analysis are covered in this chapter.
- Summary and Conclusions: The fifth chapter of summary, Conclusions and Recommendations summarizes the results, conclusions drawn and recommendations are made as per study.

CHAPTER-II

LITERATURE REVIEW

2.1 Conceptual Review

Along with opportunities today's business environment is full of threats and challengers. Among such kind of complicated environment are organization needs to produce and market products to achieve their goal as well as survive and thrive for their existence. This is the age of globalization. It has brought the drastic change in global market. Development of S& T makes a worked as a global village. Seller of one comer of the worked can sale his product to the buyers of the opposite corner of the world at a click of mouse. Butter faster and more competitive organization can overcome the threats and exploit the opportunities through the pertinent marketing management and strategy. So marketing is becoming hot subject for every business organization in this fast changing world.

Prof. Govinda Ram Agrawal (2006:1) identifies the today's marketing environment characteristics as follows:

Globalization: Global corporations are present in most of the markets; no domestic market is safe from competition. Technological changes: Technological advances have shortened the time and distances. New product appears worldwide in a short period. Consumers are using internal and computers for shopping purpose.

Liberalization: Deregulation has brought competition everywhere. Public enterprises are being privatized.

For a managerial definition marketing has often been described as "the art of selling product," but people are surprised when they hear that the most important part of marketing is not selling, selling is only the tip of the marketing iceberg

(Kotlers, 2003). The above identification outline that marketing is not only the art of selling products but also the integrative activities of marketing where the selling is the part of marketing activities.

Prof. Dr. E. Jerome Mc Carthy & Dr. Perreault (1990:3) argue the effects if marketing in almost every aspect of our daily life are as follows:

When it's time to-roll-out of bed n the morning; does your general alarm make you with a buzzer playing your favorite radio station? Is the station playing rock, classical or country music? Will you slip into your into your Levi's, your shirt from L.L. bean and yours Nikes, or does the day call for your brooks brother's suit? Will breakfast be Kellogg's corn flakes made with corm from American's heartland or some "extra large" eggs and Horne! Becon cooked in Panasonic microwave imported from Japan will it be Maxwell house coffee grown in Colombia or some minute made as orange juice? May be you're late and plan to get an egg mc muffin at the M.C. Donald's drive thru. When you leave home, will it be n a Toyota, on a huffy bike. Or on the bud that the city bought from General Motors.

When you think about it, you can't get very far into a day without bumping into marketing and what the whole marketing system for you. It affects every aspect of our lives often in ways we don't ever consider.

It means that most of the human and social needs are extremely related with marketing activities. An organization can achieve its goals by fulfilling the customer's need or satisfying them through proper marketing activities. Marketing helps organization to find out what their customer needs and wants. After identifying the customer needs and wants. The ultimate achievement of the marketing is to win the large marketing share, heart share and mind share of the customers.

Marketing requires separate work and a distinct group of activities. But it is first a central dimension of the entire business. It is the whole business seen from the point of view of its final results that is from the customer's point of view (Carvens, Hill & Woodruff, 1988:4)

Some of the important definitions of prominent writers are as follows: According to Prof. Cundiff, Still & Govine (1992: 5)

Marketing activities are those most directly concerned with the demand stimulating and demand fulfilling effort of the enterprise, these activities interlock & interact with another as component of the total system by which a company develops and makes its product available, distributes them through marketing channels, promotes them & price them. From the above definition we can understand that the marketing is the combination of 4ps (i.e. product, price, place, promotions).

Prof. Philip Kotler (2003:9) in his famous book marketing management defines marketing as, "a social & managerial process by which individuals & groups obtain what they need & want through creating & freely exchanging products & services of value with others,"

The above definition outlines the some core marketing concepts like needs. Wants & demands: products & services Utility, value and satisfaction: exchange, transaction and relationship; social & managerial process, markets, marketing & marketers & individual single buyer & group institutional buyers.

2.2 Review of Previous Related Studies

In the process of reviewing literature, different theme papers were also analyzed. Some important related parts of such studies were mentioned & explained as under:

- i. Nepalese garment industry under changing global trading environment

This paper was prepared by Bijendra M. Shakya on behalf of WTO cell- GAN on the date of 26 dec 2009. This study was a theme paper on implication of MFA phase out under the WTO system, and the impact of the US African and Caribbean Bills on Nepalese Garment Industry with a policy recommendation. Some of the extremely related parts of the were included as following;

1. Major bottlenecks: The garment industry in Nepal has been suffering from a number of bottlenecks at different levels, from lacks of infrastructures to narrow export base, from problematic government policies to market access in foreign countries. He classified the problems in flowing major grouped areas.
2. Supply side constraints: Supply side is characterized by a narrow expert base and non-competitive technology. Limitations in product adaptation to international demand, higher production cost as well inefficient marketing and delivery are the important limitations related to supply side. A major cost disadvantages arises from the higher cost of transportation of goods in external trade. Inadequate quality and packaging also cause serious problems in that export trade.
3. Inadequate trade support service: Some of the major problems related to trade support service are lacks of logistics and transport service, international price and trade information, export marketing service, and export financing support (i.e. higher collateral and interest race, etc.)
4. Non-conducive government polices: exporters most faces lengthy administrative procedures ineffective incentives (like duty drawbacks), unfriendly labor policy inappropriate export tariff etc. these problems have involved extra cost to garment exports from Nepal.
5. Difficulty of access to foreign markets: Nepalese garments are subject to tariffs and quotas in major market like the US. They face complicated rules of origin for preferential market access in the EU, and difficulty in complying with standard and technical regulation in the target markets some times.

6. Demand constraints: buyers are sometimes reluctant to accept Nepalese garments due to non-competitive price and unreliable deliveries as the lead-time from the date of order to date of delivered is 120-150 days as against only 19-45 days in India.

7. Changing pattern in international trade: The pattern of international textiles and clothing has been changing due to the elimination use of non tariff barriers in the post of MFA clothing trade they are also facing the trade diversion problems due to the US and EU policy of the special and preferential market access to particular countries and regions under the free trade agreement- (FTAS).

8. A major threat: Apart from the implication of the WTO provision, the future of Nepal's garment trade would also be influenced adversely by the recent United States announcement to provide duty free access to clothing made on the developing nations of African & the Caribbean basin.

The United States the single largest importers of garment, has announced a preferential treatment to clothing imports from the developing countries of sub-Saharan African & Caribbean basin under the US trade & development act (USTDA) of 2000. Apparently, the Caribbean nation, -such as Honduras, El Salvador Dominican republic & Jamaica, are among the fastest growing suppliers of clothing to the US, after Mexico Countries like the Dominican Republic, Costa Rica. Honduras & Guatemala are among the top ten exporters of clothing items that are of interest to Nepal exporters In fact the united state is clearly favoring suppliers in the hemisphere & Africa at the cost of the Asian developing suppliers including Nepal. A gradual increase in the export from these countries indicates a formidable challenge to Nepalese exports to the American market, & would further marginalize Nepal's position in the international clothing trade.

9. Diversity markets & procedures: Despite permission, liberalization of quotas may offer good opportunities to Nepalese garment exporters' in developing

country markets. It is very likely that they will be able to diversify their product to the developing countries, which have unilaterally reduce high tariff that they gave been applying. Demand for garments in such countries is gradually increasing with rise in their per capita income & consumers in such markets are relatively flexible regarding quality. There will be no quota barriers in such countries also, so Nepalese exporters can benefit from this if they are competitive enough. The chance of market diversification will depend upon how the buyers specification is followed whereas the development of own design & brands would determine the product diversification. An extensive study however may be required to achieve this goal.

Nepalese exporters should concentrate on the Asian marketing rapidly in textile & clothing trade. Asian market can be important because of a demographic status and rising their per capita income moreover, intra Asian trade in textiles & clothing is the second largest alter Europe. Nepal should eye on the Indian market as an immediate market diversification goal. Government of Nepal should focus on the possibility of the Indian market for Nepalese garment while dealing with the Nepal-India trade arrangements.

ii. Nepal's apparel sectors at crossroads: assessment of adjustment problems and preparation for quota free trade.

This study was a theme paper by Bijendra M. Shakya a resource Person for the workshop organized by garment association of Nepal (GAN) and co-sponsored by international trade centre – ITC (UNCTAD\WTO), December- 2012, Kathmandu Nepal.

Some of the extremely related parts of the study were included here.

Performance Appraisal: Relatively low cost of labor will be the key advantage to Nepalese apparel producers in the liberalized system. However lower worker productivity will offset the advantages of the wages. That suggest for

investment in productivity in garment industry in Nepal is about 60-70% that of Chinese workers, who are considered the most productive in the world. That suggest for investment in productivity enhancement with application of latest technology & fashion urgently. At the same time it is also required to overcome the internal bottlenecks, related to supply constraint, high transaction cost, lack of quality & inadequate infrastructure of substation in international clothing trade after 2009.

The country's overall apparel export performance is largely determined by the export to the US overtly dependent on one single market & the minuscule exports shares by the other two major exports destinations, Canada & the EU had subjected to high volatility. Although modest the export to EU looks promising, as rate in later years, which could be mainly because of the duty free market access to Nepalese apparels under the generalized system of preferences (GSP), under the EBA scheme of the EU. The facility of derogation from the EU-GSP rules of origin since 1997 has, to some extent, encouraged Nepalese export under the GSP scheme. Unlike that the export to Canada does not look that encouraging, despite the GSP privilege.

Changing patterns of apparel trade: Bearing the production efficiency & policy flows, Nepalese traders should perceive the changes taking place in the global trading environment if they wanted to retain their position even in post MFA, which is going to be one of the biggest transformations in the apparel trade history. In a quota-free trade, Nepal's strength of a guaranteed market in the US will perish, & that will apparently turn in to a tough competition. Since the country has never faced the quota constraint, the determining factors for its survival in the quota free trade way are the competitive productive pricing with the efficient delivery system. If that would be a decisive factor. Nepal has nothing to gain the quota phase out. The gainer of the trade would be the country giving capacity to manufacture apparels in "vertical" production, or to

make from yarn to fabrics & to fashion, in order to trim the cost of production efficiently. Since the apparel industries in Nepal are confined to the cut make trim (CMT) process, they wouldn't be that effective to slash chain to face stiff competition, reducing the global apparel prices un precedent.

Price: it is necessary to understand that the advantage of lower wage would be not sufficient to offset other costs to be price competitive. Although wages in least developed countries (LDC) like Bangladesh is 20-30% lower than China for example wage costs are only 10% of the cost of a garment making the wage advantage insufficient of offset other costs disadvantage relation to production and exports. Like Bangladesh, Nepal is also endowed with a pool of cheaper labor for garment manufacturing which seems to be insufficient cost advantage to surmount the existing higher production and delivery costs now estimated to be about 25% higher than in neighboring countries. Yet the labor component still matters in developed countries where labor cost is relatively at large portion. In France the labor costs are 50% of the total cost as against less than half in Portugal and only one third in China. Even with the customs levies and transport. The shirt from China would therefore cost little more than half the shirt made in France.

Post MFA preparation: keeping all these possibilities aside it inevitable that the Nepalese garment sector should get prepared itself to face the intense competition in the quota –free trade, either; by trimming the costs or by delivering the international fashion requirements. This is possible only if the industry get consolidated to a larger scale of production with the technology up gradation and procedural simplification assuring a full package of production and service to foreign buyers. Comparative advantage to Nepalese apparels will largely depend not just on cheap labor but on a workforce that is both relatively cheap and technologically skilled seeking increased investment in training and skill development for the future and drawing on the latest

information technology and marketing system. Unlike the buyer – driven commodity chain (I. e. the buyer practice of instructing where to buy and source fabrics and ancillaries) followed by Nepalese manufactures. It would required for them to develop their own supply chain to improve their competitiveness in the future. It would be important for Nepalese manufacturers to have flexibility in sourcing for securing fabrics from the cheapest source with the quality and design meeting the buyer's expectation. Such kind of practice will gain momentum in sourcing of materials for optimization. Even the Indian garment industries which are relatively efficient are thinking over sourcing linen form China where fabrics can be as much as 30% cheaper than in India.

iii. Puspa Raj Adhikari,(2005) has conducted a study entitled readymade garments industry in Nepal ("past, present and Future") with the objectives of:

Basic objectives: to find out the problems faced by the garments industry right at the moment and the contribution made by this sector to economic development.

Other objectives:

-) To show the trends of development of readymade garments industry in Nepal.
-) To examine the role of garments industry in remove & employment generation.
-) To study the impact GATT on readymade garment industry.
-) To find out the problems faced by the garments entrepreneurs and to provide suggestions for their remedies.

The major findings of the study are as following:

-) Foreigner currency earner this industry occupied second position in the overseas export , was initiated in Nepal a decade ago by Indian exporters was primarily based on imported raw materials and covered 90% share in quantity and value of export. Most of the readymade

garment export is done through agents with none of very little direct contact with the main buyers.

-) Although the international market for readymade garments is unlimited the Nepalese garment industry has not been able to fulfill even a limited number of US quota allocated to Nepal. The production of readymade garments mostly depends on the demands of the Indian middlemen (buyers and exporters).
-) This industry has used Indian technology and piece rate system in garment marketing. Industry has products were made according to the demand of buyers because of poor product specialization.
-) Indian employers highly paid and skilled persons not easily available in Nepal, where more efficiency and productive than those of Nepalese employees. They were very much sincere about their work and were very much discipline and did not create problem by labor unionism.
-) Most of the entrepreneurs were not satisfied with the government policy.
-) Garments entrepreneurs were very much serious about the impacts of GATT's new provision of phasing out of multi fiber arrangement (MFA) within a period out of 10 years starting from 1st January 1995. Joint effort should be made immediately between the government and the entrepreneurs sector to minimize the impact of gain as more as possible from the GATT's new provisions.

iv. Marina Adhikari (2009) has conducted a study entitled "Integration of MF A into WTO: Its implication on Nepalese Readymade Garment Industry" with the objectives of:

-) Examine the status of garment industry in Nepal.
-) Analyze the different facets of multi-fiber arrangement (MFA).

-)] Assess the major problems of Nepalese garment industry and to develop appropriate measures to survive in the competitive market.
-)] Examine the major implications of integration of MFA into WTO on Nepalese garment industry.

The major findings of the study were as follows:

-)] USA is the major importer of Nepalese RMG with 90 percent of share.
-)] The integration of MFA into WTO can result in significant net trade in textile and developing countries including Nepal. Elimination of MFA trade in textile and clothing products would tend to gravitate back to large exporters like India, China or Far East. LDC like Nepal might face some problem staying in business.
-)] Before integration into MFA, Nepal government has to improve its comparative competitiveness among other competitors.
-)] Although there are majority of small scale industries there are also few and big scale industries. On an average per industry has 60 sewing machines and the biggest fixed capital investment is more than 200 millions.
-)] Nepalese garment industry actually has a good prospect: however government has to various promotional polices regarding the garment industry in Nepal.

v. Dr. Ram Krishna Shrestha (2001) has conducted a study entitled "Marketing strategies in textile industry of Nepal" with the objectives of:

Basic objective : To evaluate the marketing practices and strategies being followed by Nepalese textile industries.

Complementary objectives

-)] To identify the existing marketing system and strategies adopted by Nepalese textile industrialist.

-) To find out assess and evaluate the nature of marketing strategies of the textile industries.
-) To identify marketing problems being encountered by the industry.
-) To recommend appropriate marketing strategies to the industry and suggest measure for development.

Major findings of the study:

-) The marketing strategies of the industry were found to be weak in view of the existence of differences in the views of the general managers and the marketing managers in key areas.
-) The statistical tools proved that the industry is declining.
-) It may be concluded that the textile industry in Nepal has been adopting mostly traditional approaches and does not appear to be taking necessary initiatives to redress the declining position of the industry.

vi. Bajracharya, Muna (2001) , "A study of Readymade Garment Industries in Kathmandu Valley": Export policy , unpublished master's level thesis T. U. Kathmandu.

The findings of the study were:

1. Readymade garment productions are in a large scale and the export of it from Nepal is a new phenomenon. In this initial period, it has welcomed many industrialists' labor, capital and equipments from India. As such, major benefits out of this sector have been utilized by the Indians and Nepal has become only the media.
2. The garments produces have to follow different garments semi garment rules and regulation and these regulations compel the producers to cross different channels.

3. Most of the labor skilled and semi skilled is from India. Rough estimation of the Indian labors in these factories is more than 50%. Nepalese labors have been utilized only in simple works like thread cutting, checking, packaging and for port rage.
4. There seems to have no direct contact of the buyer of Readymade Garment in USA.
5. Raw materials and almost all come from India despite of so many mills and textile produce cotton fabrics in Nepal.
6. The orthodox in Indian inflow in this tiny capital has the chances to cause a lot of problems in socio-political and cultural aspects of social life.

2.2.1 Role of Marketing in Industrialization

Marketing plays a very significant role in acceleration the pace of industrialization which in turn aims at making the economy developed and strong. In this connection it is significant to note that marketing is the most important multiplier of economics development. The development of marketing makes possible economics integration and the fullest utilization of assets and production capacity an economic already possesses. It mobilizes latent economic energy and finally contributors to the greatest need that for the rapid development of entrepreneurs and managers. Ultimately the development of entrepreneurs and managers help in managing industrial activities in a country. It is evident that industrially developed countries are developed in the area of marketing too.

Marketing plays important role in the process of industrialization. The proceeds of industrial activity are passed on to the society through the process of marketing. Hence the success or failure of business largely hinges upon the art and science of marketing which is composed of explorative knowledge tact and talent of veteran practitioners. In the global market the multinational companies like Sony, Hitachi, Toshiba, Philips, Proctor and Gamble, Johnson and Nicholson and

many others have been permeating throughout the world with the help of modern marketing practice and methods. So are Tata, the Biral, the Bajaj India and the STC, Thai Foods and pancha Kanya Iron in Nepal. Marketing in this sense has made the producers as well as the customers more conscious towards comparative services, values, safety, satisfaction and convenience (Sharma, 1999:4)

Sherbini (1995) has contended that marketing is instrumental for industrial development. he also observes that marketing problems could be more obtrusive than many other deterrents to the process of industrialization. The growth of marketing attributes to disseminate new ideas favorable to economic growth. Hirsch (1961) pointed out that growth in marketing could help disseminate new ideas favorable to economic growth, new pattern of consumption possible new techniques and the end purpose of business enterprises.

Lazer (1969) while discussing the need for broadening the social role of marketing argues that it can help reduce and eliminate poverty preserves and natural resources and stimulate economic growth. Slater (1976) mentions that it has become an article of faith among preachers of the gospel that marketing has something vital and constructive to add to development effort. Kicker (1982) asserts that marketing enhances potential aggregate demand, which further aids to enlarge market and accelerate economic development. Rao (1982:60) opines that it plays the role of an educator it cultivates changes in public attitudes, it brings about changes in the quality of life, it encourages a modern way of living, it strives to build efficient economic and social institution; it strives to secure the satisfaction of the public which is the primary recipient of national development. Anonym (1984) adds that marketing has a cost reducing dimensions. Effective marketing not only create new and bigger markets thereby helping to activate production, it enables industries to reduce cost, create further demand and ensure further production increases.

2.2.2 An Overview of Strategic Marketing Management

Marketing irony of cultural values is the next pivotal element to an industry's survival prosperity or quit from a particular market. Campbell soup withdrew from markets in Brazil because housewives believed that they were not fulfilling homemaker's role if they served canned soups. Even in the countries like Japan, Australia, Singapore and many European countries consumers seem to put their money where their mouth is regarding the purchase of environmentally sensitive products in spite of being environmentalism political factors. However, this factor of marketing may be underestimated in the countries like Nepal, Bangladesh, Pakistan, and India and so on where there is a crying need for clothes, food and shelter; and lower purchasing capacity; and irregular buying habit as compared to marketing rich countries (Sharma, 1999:4-5).

Strategic marketing management is a system designed to help management & make strategic decision, as well as creation, change or retention of the resources & time required create strategic vision. A strategic decision involves the creation, change or retention of the resources & time required to reverse, or change it. The cost of altering a wrong decision may be so high as to threaten the very existence of an organization. Normally, a strategy decision has a time frame greater than one year; sometimes decades are involved (Aaler, 2001:18).

A strategic vision is a vision of a future strategy or sets of strategies. The realization of an optimal strategy for a firm may involve a delay because the firm is not ready or the emerging conditions are one yet in place. A vision will provide direction & purpose for interim strategies & strategies (Aaker-2001:180).

An importance vision is a vision of the system is to precipitate as well as make strategic response is frequently a critical step. Many strategic blunders occur because an incorrect decision was made. Furthermore, the role of strategic market management of not limited to selecting from among decision alternatives, but it

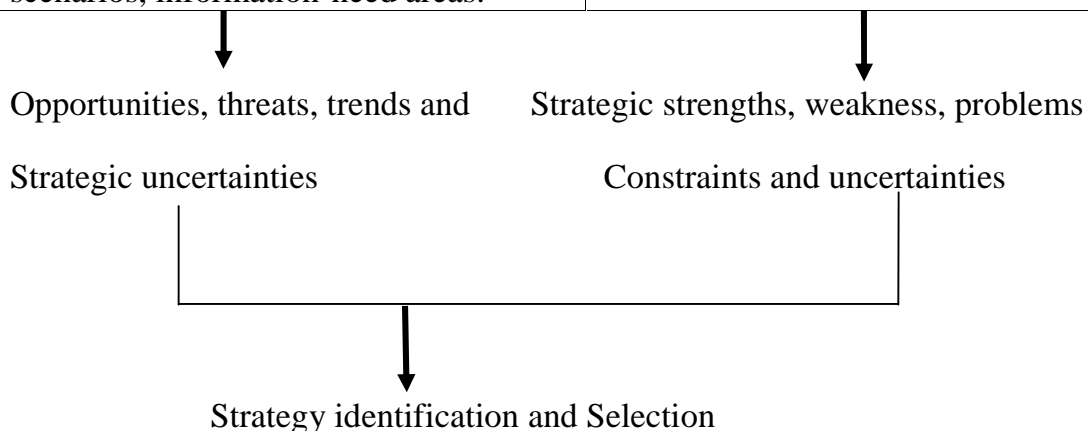
includes the identification of alternatives as well. Much of the analysis is therefore concerned with identifying alternatives (Aakar, 2001: 18).

Table: 2.1

Strategy Identification and Selection

Overviews of its principal elements are as follows.

External Analysis	Internal analysis
Customer Analysis: Segments, motivation, unmet needs,	Performance Analysis: Profitability, sales, shareholder value analysis, customer satisfaction, product quality, brand association, relative cost, new products, employee capability and performance, product portfolio analysis.
Competitor Analysis: Identity ,strategic group, performance, image, objectives, strategies, culture, cost, structure, strengths, weakness.	Determinants of strategic options: Past and current strategies, strategic problems, organization capabilities and constraints. Financial resources and constraints, strengths and weaknesses.
Market Analysis: Size, projected Growth profitability, entry barriers. Cost structure, distribution systems, trends, key success factors.	
Environmental Analysis: Technological, governmental, economic, cultural, demography, scenarios, information-need areas.	



-) Identify strategic alternatives.
-) Product-market investment strategies.
-) Functional area strategies.
-) Assets, competencies, and synergies.
-) Select strategy
-) Implement the operating plan.
-) Select strategy.
-) Implement the operation plan.
-) Review strategies.

(Source: Aakar, 2001: 19).

2.2.3 International Marketing

International marketing is the performances of business activities designed to plan, price and product & direct the flow of a company's goods & services to consumers or users in marketing & international marketing is that in the latter case marketing activities take place more than one country. This apparently minor difference, "in more than one country" accounts for the complexity & diversity found in international marketing operations. Marketing concepts, process & principles are universally applicable, & the marketer's task is the same whether doing business in Dime box, Texas, or Dar distribution, products for which there is a market (Cateora & Graham, 1999: 7-8).

The answer lies not with different concept of marketing but with the environment within which marketing plans must be implemented. The uniqueness of foreign marketing comes from the range of unfamiliar problem & the variety of strategies necessary to cope with different levels of uncertainty encountered in foreign markets (Catrora & Graham, 1999:8).

Competition, legal restraints, government controls, weather, fickle consumers, & any number of other uncontrollable elements can & frequently do, affect the profitable outcome of goods, sound marketing plans. Generally speaking, the marketer cannot, control or influences their uncontrollable elements,

but instead must adjust or adapt to them in a manner consistent with a successful outcomes of the marketing decision (product, price, promotion & distribution) with the framework of the uncontrollable elements of the market place (competition, policies, laws, consumer behavior, level of technology, & so forth) in such a way that marketing objectives are achieved. Even though marketing principles & concepts are universally applicable, the environment within which the marketer must implement marketing plans can change dramatically from country or region. The difficulties created by different environment environments are the international marketer's primary concern (Caterora & Graham, 1999: 8).

The business org. must consider the uncontrollable elements for adjusting or adapting them scan the environment for coping the unfamiliar problems, & plan, implement & control the varieties of strategies necessary to cope with different levels of uncertainty encountered in foreign market.

2.2.4 Internal Marketing Environment

The internal marketing environment has undergone significant changes since 1945 creating both new opportunities and mew threats. The most significant changes are:

- The significant internationalization of the world economy reflected in the rapid growth of world trade and investment.
- The increasing domination of US dollar in the world economy.
- The rising economics power of China, South Korea, Japan in the worlds market.
- The shift in the world income since 1973 to the oil-producing countries.
- The increasing trade barriers put up to protect domestic market against foreign competition.
- The establishment of a working international financial system offering improved currency convertibility.

- The gradual change of government and politics in various countries of the world.
- The gradual shift of Communism into Capitalism.

The hundred-odd nations of the world differ greatly in the kinds of goods and services they are ready of use or they need. For example, it would be as such a mistake for a Nepali manufactures of microwave ovens to seek a market in Nepal.

International marketing decisions and programmers' are highly influenced by the international marketing environment. Some international environments are internal and are of controllable nature, but some are external and are of uncontrollable nature. Since, the key to the success of international marketing managers is the ability to make timely and appropriate adoptions to a complex and ever changing environment, it is their task to cope with the internal forces of their decisions on light of the external environment in such a manner that marketing objectives are achieved.

The task is made more difficult in international marketing, because the marketer must deal with at least two levels of uncontrollable uncertainty instead of one. Uncertainty is created by the uncontrollable elements of the business environment at home that are applicable to foreign operations plus the uncontrollable elements of business environments fund in the foreign country or countries in which a company operates. The following diagram illustrates the total environmental marketing. (Shretha, 2007:9)

Controllable Domestic Factor:

Controllable factors include 4Ps i.e., product, price, place and promotion, popularly known as marketing-mix. In order to achieve the desired goal of the firm, the marketing decision marketing is created most frequently.

Domestic Uncontrollable Factors:

Marketing decisions based on the marketing-mix are influenced by the home countries political, economic, social, cultural, competitive, legal and natural factors. The marketing decision makers analyze and follow the ever-changing environment regarding these forces. On the basis of these changes, the marketing decision makers should make marketing programmes and decisions if they want to succeed in the market.

Uncontrollable Foreign Factors:

Uncontrollable factors may differ from countries to countries. For example, the politics and legal environment of Nepal may differ from that of India, Japan and USA. Therefore, whatever marketing decisions are made in Nepal by taking into considerations the political and legal environment of Nepal may not adopt to the India, Japanese or US markets.

2.2.5 Concept of Export Marketing

Export marketing is a part of international marketing. It is concerned with the foreign trade of a country. It simply implies exporting of goods to importing countries each country must have some export to pay for its imports. Exports are of vital importance for a developing country like Nepal as they bring required foreign exchange essential for the development of a country.

Export marketing means selling out products successfully overseas. It implies marketing our products abroad. This type of marketing is a highly specialized activity. It is quite different from that of domestic marketing. There are a number of distortions in such a type of trade flows. These have emerged due to certain policies pursued and institutions developed to regulate their trade by certain countries. These distortions are in the form of (a) Import Restrictions. (b) Trade Agreements and (c) Regional Grouping / Trade Blocs (Kalkundrikar & Wali, 1993:7)

Although there is no difference between domestic and export markets so far marketing principles are concerned, they differ greatly in marketing environment. While deciding to sell abroad, a firm will have to learn a great many new things. It will have to acquire a good knowledge of changing international marketing environment for the marketing of a particular product in a particular country or territory. The international marketing largely depends upon the local environment of that particular country or territory.

2.2.6 Role of International Organization

After the collapse of international trade in 1930 i.e., after the great depression of 1930s, the developed countries sought in order to reconstruct and developed their countries, the monopolistic policies or unilateral policies of bilateral trade agreements, competitive tariff barriers, devaluation and quotas. The monopolistic and unilateral policies created a serious problem for the developing countries like Nepal whose exports consists primarily of agriculture products and have inadequate resources for developments. Therefore, in order to protect the interest of developing countries, international organizations such as IMF and GATT were formed soon after the Second World War. Since IMF is purely a financial institution, it does not help in protecting countries from trade barriers.

Generalized Agreement on Tariff and Trade (GATT)

It is a multilateral treaty that lays down agreed rules for conduction international trade on a stable basis and without any discrimination. The main objective of GATT is to achieve liberalization of world trade through negotiations among member countries. It aims at reducing, or even eliminating, trade barriers between countries, so that international trade may flow freely and swiftly.

One of the chief features of a GATT proposal is that member countries agree to expand the "Most-Favored nations" (MFN) treatments to one another.

Besides offering the "MFN" status to member countries, the GATT committee constantly strives to achieve a progressive reduction in other duties payable in the importing countries by arranging a series of negotiations aimed at mutual settlement.

Till 1979 seven major trade negotiations gas taken place under the GATT's auspices. However, the most important and fruitful negotiation was Kennedy Rounds of Negotiation (1964-68) held in Geneva. It was successful in reducing customs duties and tariffs.

It was unfortunate that while during the decade 1960-70, substantial reduction was made in tariff barriers notably through the Kennedy Round or tariff negotiations, this trade liberalization was to a certain extent offset by the growth of non-tariff barriers which was disguised and therefore difficult to quality and preferential trading groups such as the EEC, EFTA etc. which engaged in free trade between the member countries and therefore, in fact discriminated against non-member countries.

United Nations Conference on Trade and Development (UNCATD)

Since the existing institutions like GATT and IMF were not properly organized to handle the peculiar problems of the developing countries, the United Nations Conference on Trade and Development (UNCTAD) was established in 1964 in order to provide a forum where the developing countries could discuss the problem relating to their economic development. UNCATD presently is the only body whose membership includes developing, developed as well as centrally planned countries.

One of the main objectives of UNCATD is to prevail upon the developed countries into progressively reducing and eliminating tariff barriers and non tariff barriers and other restrictions that seriously limit trade from developing countries.

Developing countries like Nepal is specially facing the problem of instability of prices on their primary products in international markets. In order to stabilize the prices of such primary products, the UNCATD formulated the integrated programmed of commodities and created a common fund which will stabilize the prices of primary products through buffer stock.

Although developing countries like Nepal are enjoying special treatment such as the GSP and reduction or elimination of tariff and non-tariff barriers, the problem stands where it was. The main reason for this is frequent change in import regulations, customs regulations and procedure in developed countries, their unilateral and monopolistic right in doing so, creation of preferential trading groups such as EEC, EFTA etc. the developed countries are increasingly enjoying a larger share of the international trade and do not faces such trade barriers.

2.2.7 Risk Management and Export

In the previous section we discussed the nature and consequences of export barriers. Now we shall discuss various risks which are supposed to be overcome in the country's export trade.

Due to increasing complexities of business, the number and variety of risks are increasing these days. Actually speaking, international trade flows along with such risks. They cannot be separated from one another. Therefore, in international marketing, risks are neither voluntary nor avoidable. The exporters must face and try to solve the risks while neither voluntary nor avoidable. The exporters must face and try to solve the risks while entering the international market. There is variety of such risks (Varsney & Bhattacharya, 1992:64).

Commercial Risks:

Commercial risks include the risks arising from suitability of the product for the market or otherwise, changes in supply and demand conditions and

changes in prices like exchange rate, transit etc. Generally, commercial risks arises due to the inability of a country to adapt themselves to new environment, lack of knowledge, different kinds of situations obtaining in different countries, and greater transit time involved in the arrival of goods in the foreign country.

Political Risk:

Every government reacts to their environment by inviting and pursuing policies deemed necessary to solve the problems created by their particular environment. The government is an integral part of every foreign business activity a silent partner who has nearly total control. Therefore, before a company commits itself to operating the foreign market, it should exert considerable effort in assessing the dominant political climate.

Political risks arises as a result of changes in the party in power in the country concerned changed in the form of governments, strong felling of nationalism, strong cultural division, coups, civil wars, rebellion, wars between two or more countries, capture of cargoes by enemies etc. these risks may be avoided or reduced to some extent by judicious selection of countries. Insurance companies may also agree to provide cover for some of these risks on payment of additional premium. Some of the risks are also covered by the Export Credit and Guarantee Corporation, but in Nepal there is no such Cooperation as yet.

Some products appear to be more politically vulnerable than others, that is, because of particular circumstances they receive special government attention, either favorable or unfavorable depending on the product. Favorable political attention mean protection while unfavorable political attention mean discouragement or politically risky. The host government may intervene over the foreign firm in different forms such as, confiscation, expropriation, and domestication.

Confiscation occurs when a foreign investment is taken over by a government without any reimbursement. Expropriation involves the official seizure of foreign property by a host country whose intention is to use the seized property in the public interest may or may not lead to full or partial financial compensation. A while, domestication is defined as the process whereby a host government, by various means, forces a foreign held corporation to relinquish control, including actual ownership, on several fronts to national. Domestication entails a transfer of ownership in part or totally to nationals. Greater decision making powers.

Legal Risks:

Countries vary in their political setup, their commercial laws may ting also be different. Conducting legal proceedings in a country is complicate and expensive task. The exporter must try to solve or reduce such risks through agents' or exporter and the importer.

Cargo Risks:

One of the most important and regular risks in export marketing is the cargo risk. Cargo risk may arise due fire, storm, collision, theft, leakage, explosion, perils of sea etc. every international trade must insure cargos to protect it from these risks.

Credit Risks:

The foreign buyer, in many cases, does not make advance payment to the exporter. He may ask for credit. Therefore, on the one hand, the exporter must have enough money to offer credit to overseas buyer and on the other; he should be prepared to take credit risks. Although, in Nepal, exporters are provided with pre-shipment and post-shipment finance to make them financially capable to offer credit to the overseas buyers, such finance is provided in a restricted manner and

as such most of the exporters are not in a position to face these risks. Another most important problem is that export credits are not guaranteed by any specialized financial institution.

Foreign Exchange Fluctuation Risks:

Payment in international trade is made in internationally acceptable or convertible foreign currencies depending upon the contract or negotiations between the exporter and the importer. However, in international markets, exchange rates fluctuate from time to time due to various reasons such as devaluation or revaluation of a particular currency vis-a-vis other currencies, changes in economic power etc. in such cases, the uncertainty of foreign exchange rate becomes a risk in export marketing. Although is reached between exporter and importer at the time of the contract, such problem, frequently arise in international trade. The exporters of Nepal have been facing this problem in the recent years to a considerable extent.

2.2.8 Export market management in Nepal

Till 1951 Nepal remained virtually in a state of isolation from the outside world. It was in that year that some political upheaval took place and a new era in Nepal's politics and economy started. But it was only in 1956 that the country launched its first five year and set in motion a systematic process of development. And yet till 1960 no attempt was made to streamline the country's foreign trade (Sherstha, 2007:214).

1961 saw the introduction of 'Bonus System' to achieve the objectives of economic independence and trade diversification, but instead of promoting the country's export trade this system brought distortion and dislocation in this field. It introduced the malpractice of 'over-invoicing' in the country.

It was only after the establishment of Trade Promotion Centre in 1971 that the country started diversifying its foreign trade and reduced economic dependence in India. Yet the volume and value of export trade did not rise satisfactorily. In order to achieve better results, government abolished the 'bonus system' and introduced 'dual rate system'. But this system also could not serve the basic objective of the country. Then his Majesty's Government of Nepal abolished this system too and introduced a 'multiple exchange rate system' i.e., a 'basket system' which was able to adjust foreign exchange rates according to the demand for and supply of foreign exchange and essential commodities in the country.

In spite of all these efforts, the pattern of Nepal's foreign trade did not change. It continued to an acute balance of payments problem. Imports continued to gallop year after year, but growth in exports decreased.

Frankly speaking there are several fundamental weaknesses in the country's export thrust which are responsible for creating a serious situation of this type. The present study reveals that Nepal's exportable products are not being subjected to the rigors of the requirements of the international market; export is often conceived mainly as a matter of trade in surplus in the existing products, rather than as an effort to develop products especially for foreign markets. The concepts of product suitability and adaption and high quality are still unknown in the country.

Trade policy is directed more towards import substitution than export promotion. Responsibility for policy execution lies in the wrong hands. As such it has created 'fly-by-night' exporters in the country whose main intention is to make quick gains by taking illegal advantages if import incentives rather than to promote exports of the country as such.

Trade promotion centre is the only export institution which is engaged I the country's export expansion. But it is quite inefficient and ineffective in its

working. There are various trade associations also working in this direction but they are all very much self-centered and do not contribute directly to the country's export expansion. It is primarily a Generalized System of Preferences which plays a vital role not only in this country's export promotion but also in the economic growth of the country, although Nepal has not been able to enjoy full benefit from this system. About 70 percent of its total exports is still going to the non-preference giving countries such as India, Bangladesh, Hong Kong and other Asian, African and Latin American countries.

Since the financial capabilities of most of the exporters in Nepal are limited, their collection and supply capacity is extremely low. Moreover exporters in Nepal cannot look to the financial institutions for support with confidence. The banking system in Nepal is not yet fully geared to support the export sector. Funds are made available only in a restricted manner and that too through time-consuming procedures. There are no specialized agencies operating in the country for export credit guarantee and export credit insurance which could undertake the risk of banks as well as the exporters.

For a smooth flow of an export order every exporter has to fulfill various legal requirements. The quantum, mode and mechanics of export of a vast range of goods are regulated by the Export and Import (Control) Act, the Customs Traffic Act and the foreign exchange Regulation Act with a view to simplifying licensing procedure, exporters. Similarly export products and licenses have also been classified into various categories for this purpose. Licenses are issued on the basis of customs Traffic Act which enables the government to prohibit either absolutely or subject to conditions, the import and export of goods so that the interests of the country may be protected against fraudulent activities such as smuggling and black-marketing. Foreign Exchange Regulation Act has been introduced in the country in order to properly utilize the country's foreign exchange reserves. Allocation of foreign exchange is done by the Nepal Rastra Bank on the basis of

national priority but day business of buying and selling foreign exchange is ordinarily handled by the exchange departments of commercial banks.

One of the most important requirements for the success of an export campaign is the capacity of the country to prepare a comprehensive and precise export plan. It is that which will give a proper direction to the country's export thrust by deciding in advance about what to export. Where export and how to export. In Nepal unfortunately there is no export planning as such. It is just an annual estimate and programmed. While fixing the export target the authorities concerned consider only the supply position of the country and its past record. But other important factors such as taste of the customers, changing environment in international markets, competitive position of the foreign competitors etc. are not taken into account. These days there is absolutely lack of even annual estimates.

There are various products in the country which can be developed specifically for foreign markets and in which the country has comparative advantages in terms of raw materials, trainable manpower, technological base, and capacity to absorb higher technology. Saffron is one of them. It is an expensive spice which is used for various purposes such as flavoring dishes, coloring medicine, religions ceremonies etc. Although there is no production of saffron in Nepal, studies have proved that it can be produced and developed for the purpose of export.

The next important aspect of export management is export procedure and documentation of which the whole attention of the authorities remains fixed. In Nepal this aspect has been a most time-consuming and tedious process. Due to the weak institution base and negligence on the part of the government towards the export sector, exporters are facing another great problem i.e. non-receipt of payment from the importers even after the goods have been delivered at the importer's port.

Nepal's geography is one of the biggest bottlenecks to export expansion. Calcutta remains the only exit port for Nepali Cargo. On the one hand, the physical facilities of the port are very poor and on the other, transit expenses in terms of time spent in fulfilling transit formalities, port clearance, and frequency of strikes, execution insurance cover and other during the period of strikes or other forms of labor unrest or congestion of docks.

2.2.9 Strategy for Export Promotion

Nepal is the second least developed country in the world. Hence like other least developed countries, it is also facing the problem of vicious-circle of poverty and economic backwardness. It has multidimensional problem such as fast population growth, slow pace of industrialization, deterioration in productivity, sluggish growth of export, growth of imports, at a faster pace, lack of commitment, adverse geographical position etc. The country therefore faces a dual challenge, firstly, how to grow faster and secondly, how to overcome its balance of payments problem.

Since one of the factors on which a country's economic growth depends is the balance of payments situation, the task of a country should be to improve this position. From the strategic point of view, there are four methods of adjusting balance of payments disequilibrium. These are (a) penetration into foreign markets, (b) import-substitution, (c) lowering the overall economic growth rate and thereby reducing demand for imports, and (d) increasing net external borrowings. Although these four methods are equally important to adjust the country's balance of payments disequilibrium, penetration into foreign markets has been regarded as the best method for the purpose. This is so because imports cannot be curtailed sufficiently and the last two methods are regarded as 'beggar policy'.

For the development and expansion of the country's export trade, Nepal launched a new trade policy, economic programme and export programme. However, the situation did not improve, because the whole organizational infrastructure in this regard in the past has been extremely weak. Similarly, there has been lack of entrepreneurship, sincerity and determined effort in the aforesaid areas.

The present study shows that for the promotion of exports and consequent economic growth of the country, the following measures are a must.

2.2.9.1 Product development Programme

(i) The foremost task of the country should be the country should be the selection and development of genuine exportable products. For this purpose, it should concentrate on those products in which the country has a comparative advantage in raw materials, manpower and technology.

(ii) There is no guarantee that a product once developed, launched and introduced will continue to be popular in the foreign market. Steps should, therefore, be taken to review the product-popularity periodically and to upgrade it and redesign it as and when required. A country should assess the suitability and acceptability of the product before launching it in a new market. For this purpose, a three-step investigation is necessary:

- Study the product in relation to competitive products on the market.
- Investigate trade acceptance of the product (acceptance from importers, Wholesalers and retailers),
- Test the product with consumers and end users.

(iii) If any deficiency appears while assessing the suitability and acceptability of a product it should be corrected by possible redesigning of

the product or its packaging, which is known as 'adapting the product' to the target market.

2.2.9.2. Massive Industrialization

(i) Industrialization increases the economic wrath of the country. Therefore proper attention should be paid to protecting the existing infant industries and promoting new industries in the country by clearly defining their categories such as basic industries, export-oriented industries and import substitution industries. Since there is a dynamic relationship between these industries, their balanced growth is essential. One without the other will not produce fruitful results.

(ii) There is a dynamic change in the demand to the people. Products today should be able to win not only the mouths and hands of the people but also their eyes and minds. Therefore, proper attention should be paid to industrial design. The rising demand for the Hon Kong and Japanese goods in the world market early reveals how important industrial design has become for the general public. For this purpose the country should fulfill at least the following pre-requisites;

- The national education plan should pay greater attention to the production of industrial designers within the country.
- Incentives should be provided to the designers concerned for developing a professional character.
- Effort should be made to boost the profession of industrial design, and arrangement should be made for organizing and operation the exhibition facilities and ancillary services to the designers in the country.
- For greater industrialization and higher productivity in the country appropriate technology should be imported through joint

ventures as has been done in other countries of the world such as Japan, Taiwan, Hong Kong, India etc.

Nepal should also adopt 'me too' type of near-copying of products and processes developed elsewhere, because one who fails to keep up with technological change may fail in international competition as well.

2.2.10 The Export Procedure and Practices

The Nepalese Export Regulations for the Garment Industries.

All export must have been registered at the government office.

All garment exporters are required to hold a Bonded Warehouse Certificate, issued by the Ministry of Finance, Department of Customs.

All garment exporters are required to be the member of GAN.

Payment of foreign currency have to be guaranteed and an approval carrying letter attached with the L/C or the advance payment note issued by the bank are require to be presented at the time of export.

All payment has to be done through bank.

Garments have to be of Nepalese origin, re-exporting is prohibited.

The export procedure of the Nepalese garment to overseas countries is stated as follows;

(i) Import of Raw Material

Raw materials for the garment manufacturing mainly comprise of fabrics ad its accessories such as buttons, zippers, threads, etc. Nepalese garment industries are mainly dependent on India for fabrics supply. Fabrics are also imported from the countries like Korea, Hong Kong, Taiwan etc.

After the arrival of raw materials at the import point, they are required to be made custom clearance for which the concerned party should submit the delivery order receipt, registration certificate and renewed income tax certificate to the custom office. In addition to it the import custom declaration form explaining all the imported items and its details (quality, total amount, origin of materials airway bill number, income tax certificate and firm's registration number etc) should be filled up by the currency (US \$ or other foreign currency) used in the import of the raw materials should also quoted.

Then the sample (swatches) are taken from the values of cloth and attached to the import custom declaration form. It is sent to RMG section in Tribhuban International Airport. After the signing of bond and provision of a bank guarantee, the raw materials is then transported to the factory and kept under the terms and conditions of the bonded warehouse facility.

While issuing the bank guarantee the concerned bank will charge 10 percent of more, depending on the size of party's business.

(ii) Issuing Visa

For the export of garment from the country Visa is required which is provided by the Visa Cell of the National Productivity and Economic Development Center, on the recommendation of the GAN. The Visa system was introduced in July 1987. The following documents are required in order to get Visa for garment export.

- Recommendation of the GAN.
- Copy of Custom Declaration Form (import)
- Copy of import L/C
- Copy of export L/C
- Copy of Custom Declaration from Import of previous Visa.

On the basis of these document and availability of quota for the concerned industry, the visa is issued by Visa Cell of NPEDC.

(iii) Export of RMG.

After obtaining the visa, exporters using bonded facilities in the import of raw materials have to obtain the recommendation letter from the RMG section of Custom Office located at Tribhuban International Airport, in order for custom clearance. An export is required to submit following documents to the Customs Office along with the good to be export;

- Import Custom Office declaration form.
- Invoice of the exporter and Packing list.
- Certificate of Origin from the Local Chamber of Commerce
- Firm company registration certificate.
- Income Tax certificate
- GSP in case of export to advanced counties, which have unilaterally introduced the scheme of such preferences.
- Foreign exchange declaration form of Nepal Rastra Bank.
- Certificate of Valuation and documents related to freight.

After submission of export declaration, RMG section attaches sample of fabrics import and dispatch it to custom section office for verification of sample with the deemed export. During the examination, consignment should confirm the description given in packing list and the price quoted should not vary.

The customs section matches the sample with the deemed export goods and if found the same authorize to export. After physical examination and documentary verification the export consignment is repacked on the spot under the supervision of custom's staff until every package of the consignment is sealed.

After the completion of inspection, the custom inspector endorses all the documents and certificates customs declaration forms of the Nepal Rastra Bank foreign exchange form, GSP certification and Custom Transit Declaration.

The export consignments, which are to be shipped by air, have to be stored in the warehouse for 24 hours in the customs down.

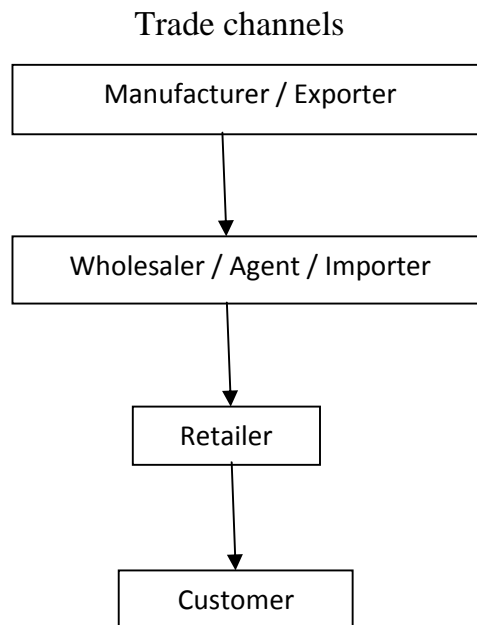
Upon export the custom office advises the RMG section, which the prepares the documents regarding release of Bank guarantee and forwards the particulars to the import custom office on remaining stock of raw material the prevalent duties and taxes are charged by the import custom duty on the balance of fabrics (total import – total consumption) of fabric for exported goods.

a. Export Practices

The various export of practices related to the RMG industry of Nepal has been presented below under their respective headings.

b. Export Trade Channels

In Nepal, garment exporter uses both indirect trade channels. Indirect trade channels operate through middlemen and the Nepalese exporter are highly dependent on this channel. The majority of middlemen are Indian agents. Part of the export is done through direct contacting where either the buyers themselves contact the Nepalese manufacturers exporter or vice versa. The prevailing export trade channel is as follows;

Table: 2.2**Export Trade Channels**

(Source: <http://www.ganasso.org/news>)

Order of RMG are also secured either through middlemen or directly to the Nepalese manufactures / exporters.

(iv) Pricing

Pricing for RMG is settled between an exporter and importer as a term of contract. Once the price is fixed, exporter and importer must comply with it. The usual pricing method practiced by garment manufactures is "cost plus" pricing, which may also be described as;

Cost of raw materials + Labor + Overhead + Profit = Price offered

(a) Floor Pricing

GAN fixed a floor price for all categories through the government has removed floor price for RMG few year back. GAN still have I for the purpose of providing safeguard to exporter against nonpayment because buyers have to open L/C equivalent to amount

quoted for the particular category after placing an order. In case of nonpayment by the buyers, Nepalese exporters could at least recover the amount paid in form of pay or L/C.

(V) Export Valuation

The value of goods mentioned in the bill or invoice subtitled by the exporters is regarded as the value of such goods for the customs purpose. In case the custom officer is not satisfied with the bill or invoice submitted to him, he may determine the value of such foods on the basis of previous records. Irrespective of this provision, custom office demands certification of valuation of garments from GAN.

(VI) Transportation

Both air and ser carriers are equally used for the transportation of RMG as it is of lightweight, Via air, Nepal is directly linked to Europe through Frankfort, London and Paris or otherwise for cheap air routes to Europe. The goods can be transported through India (Delhi, Mumbai), Bangladesh (Dhaka), and Saudi Arabia eta. Via sea, Nepal is linked to European ports through Calcutta port.

The mode of transportation for garment may be land-sea, air –air and air –sea .The commonly used route is land –sea as it is the cheapest. However, the buyers dictate the route

(VII) Terms of payment

Exporters do not export garments unless a guarantee of payment is obtained. Such a guarantee may take the form of advance payment or a letter of credit (L/C), other methods of payment include documents against payment, documents against acceptance and deferred payment terms. The bank does not guarantee payment of these cases therefore, they carry a greater risk of non- payment.

a. Export Payment policy

According to the Foreign Exchange Regulation Act 1962 and Rules 1963, an exporter is responsible to receive the total payment for exported goods in terms of convertible currency within six months from the date of shipment from Nepal. No export transaction can be effected on the consignment basis. Payment for the export of any product should be made either in advance of shipment or on the basis of irrevocable letter of credit. This rule applies to garment exporters too.

(VIII). Terms of delivery

The terms of delivery depends on the conditions set forth in the contract. It could be;

- a. Free onboard (F.OB)
- b. Cost plus Freight (CF)
- c. Cost –plus Insurance and Freight (CIF)

(IV) Sales promotion

The most commonly used tools for sales promotion is the trade

Fairs or exhibition Exporters have been regularly participating in such fairs and exhibitions. Exporters have to be recommended by GAN in order to participate in the trade fairs or exhibitions.

2.3 Research Gap

There is gap between the present research and the previous researches. Previous researches conducted on the topics concerning on the macroeconomic aspect. Most of the study were based on trade aspects rather than marketing aspects. The findings of the previous researches were mostly based on secondary data. Most of the previous researches did not disclose what kinds of export marketing strategies should be implemented in Nepalese RMG industry. Thus to

fill up those gap the current research is conducted. This research is a survey type of research. It is based on the primary sources of data. It examines the view of entrepreneurs about the marketing strategies competitive situation of Nepalese RMG industry, implementing condition of marketing strategies by the industry. Probably this might be the first research study carried on this topic regarding Nepalese RMG industry.

CHAPTER – III

RESEARCH METHODOLOGY

3.1 Introduction

In the chapter, efforts have been made to present & explain the specific research design for the sake of attaining the research objective. It includes research design, source of data, population & sample data gathering procedure & data processing procedures.

3.2 Survey Research Design

The research design adopted in this study was basically descriptive. But some of the hypotheses were also to be tested. To achieve the objectives relevant, data & information were collected, analyzed & tested simultaneously. The study was carried out through survey.

3.3 Nature and Source of Data

Both types of primary & secondary data have been used for the present study. But main focus is given to primary data. Data were mainly collected from primary source. Primary data were collected through questionnaire, interview & discussions.

3.3.1 Population & Sample Size

According to Garment Association of Nepal, there were 50 garment industries were operating in 2012. Among them, more than 90% were operating in Kathmandu valley. Out of them only 15-20 found to be in operation at the time of survey. For the purpose of survey, those industrial units which were in operation during the survey period were accounted. Hence, out of total 10 units (3units from small scale, 4units from medium scale &3 from large scale) were selected as a

sample size. Purposive or judgmental was followed to find out the fact & to analyze the marketing strategies of Nepalese RMG industry.

3.4 Data Collecting Instruments

Primary data was collected by using the questionnaire. The set of questionnaire was distributed to (CEO, MI) & marketing manager of entrepreneurs of the selected industries. Interviews were also conductive with the few executives & managers in order to acquire in depth information & support the survey for the study.

3.5 Components of Questionnaire

The questionnaire prepared for data collection related marketing strategies. They also inquired about the background information of industries, objective, business policies, market situation for the product, organizational & managerial competitive & managerial competitive strategies, external and internal business environment, planning & implementation of the industries. The questionnaire included three types of questions closed ended scales (schematic rating scale) and preferential rating. In closed ended question, appropriate alternatives were to enable the respondents to make simple but correct choices. In the scaled questionnaire, five point scale was given in ranging from 1 (most favorable) & in the preferential rating questionnaire, number 1 was given for most preference, number 2 for second most preference and so on . The questionnaires were included in the annex.

3.6 Questionnaire Administration

The questionnaire was administered to the CEO, MD, marketing manager or entrepreneurs of the selected industries. Personal were also taken for clarifications of information. Personals visits also made during the study period.

Personal visit was made to have direct contact with the interviewees so that more information & data could be collected & relative accuracy ensured.

3.7 Data Processing & Tabulations

Primary data's are processed & tabulated as per the need of the study. The computed mean scours. (M.S.) could range from 1 to 5 have been interpreted as favorable & 5 as unfavorable. However the score range from 1-5 was given. The range has been interpreted in the following ways:

1.0 to 2.5 favorable (maximum)

2.5 to 3.5 indifferent (moderate)

3.5 to 5.0 unfavorable (minimum)

Percentages of response were also incorporated

3.8 Data Presentation & Analysis

3.8.1 Survey

The information received is described in the study. Percentage & mean scores are –computed & the results interpreted.

3.8.2 Statistical analysis

The Measure of central tendency, mean test has been used to measure and analysis the views of CEO,MD, and Marketing Manager export strategic and degree of relationship of the differences in various forms of primary data.

CHAPTER – IV

PRESENTATION AND ANALYSIS OF DATA

4.1 Analysis of Survey Data

The basic objective of this study is to "analyze the export marketing strategies of Nepalese RMG industry to find out pertinent strategies for suggesting the entrepreneurs and trying to seek out the way of saving the existence and increasing the competitiveness of Nepalese RMG industry"

Hence , in order to identify the nature of export marketing strategies , the existing status of marketing and their attitude toward market , a survey of RMG industry was made in each RMG industry, the CEO, MD. Marketing manager, export managers or entrepreneurs were interviewed using structured questionnaire in the Appendix-A. The results of the survey are presented below.

Table: 4.1

Effectiveness of Marketing Strategies and polices

S.N.	Factor	Mean
1	Effectiveness of export marketing strategies and polices	2.9

Source: Field survey, 2013

An attempt has been made to rate the effectiveness of export marketing strategies and polices. The assessment of effectiveness of strategies and polices help an enterprise to take necessary steps to further develop or rectify them. The executives rated the effectiveness of their strategies at the mean score of 2.9. It shows that effectiveness of marketing strategies and polices is nether very satisfactory nor of much consequences.

Moreover the study reveals that the executives did not give due attention to proper formulation of their marketing strategies and policies. It is ironic that they do realize the limitation of their strategies but have not initiated effort to correct them.

Table: 4.2

Timing of Analysis of Export marketing strategies

S.N.	Factor	No of Respondents	Percentage
1	Annually	2	20
2	At the time formulating plan	1	10
3	No fixed period	7	70
	Total	10	100

Source: Field survey, 2013

Generally business organizations analyze their export marketing strategies time to time. The analysis of marketing strategies of an organization is conducted to compete the competitors and to increase the competitive position of the organization. 20 percent the respondents stated that they analyzed the export marketing strategies at the time of formulating plan. 70 percent of the respondents stated that that they analyzed it any time. It shows that analyzing the export marketing strategies is neglected by Nepalese RMG industrials.

Table: 4.3

Achieving the Desired objectives only through the export marketing strategies

S.N.	Factor	No of Respondents	Percentage	Mean
1	Yes	6	60	2.83
2	No	4	40	
	Total	10	100	

Source: Field survey, 2013

Without proper and appropriate export marketing strategies, no organization can achieve the desired objectives. Despite other factors, export marketing strategy is one of the important factors for any business organization. Out of 10 respondents, 4 respondents or 40% are not agree to achieve desired objective only through marketing strategies but 6 respondents or 60% are agree to achieve objectives only through export marketing strategies and they rated it at the mean score of 2.83.

Although most of them are agree with the above statement. They have not given more emphasis on the export marketing strategies only. It is inferred that other factors (e.g. conducive govt. Policy, attitude of buying countries. WTO provision and competitors activities etc.) Have played the crucial role whether to achieve the desired objectives or not.

Table: 4.4

Overcoming Almost all the problem that Industry faces in the Quota free Market by Suitable Export Marketing strategies

S.N.	Factor	Mean
1.	Overcoming almost all the problem that industry faces in the quota free market by suitable export marketing strategies	2.83

Source: Field survey, 2013

Suitable export marketing strategy is one of the important activities of the business organization to overcome the problems and to make the competitive position of the organization. Most of the organizations face the problems because of poor marketing strategies, so suitable export marketing strategy is must. The executive rated the suitable export marketing strategies to overcoming almost all the problems that industry aces in the quota free market by the mean score of 2.83. It shows that they are neither agreed nor disagreed with the above statement.

Table: 4.5**Need Approaches for coping strategically the existed rapidly changing and increasingly unpredictable environment.**

S.N.	Factor	Mean
1.	Need approaches for coping strategically the existed rapidly changing and increasingly unpredictable environment	2.4

Source: Field survey, 2013

Static approaches or only one approach cannot be suitable for today's vast environment. So for thriving and surviving in today's rapidly unpredictable business environment, it is necessary to copy with the export marketing strategy. The mean score of 2.4 above shows that they have quite positive attitude towards the above statement.

Table: 4.6**Promotion strategies**

S.N.	Factor	No. of Respondents	Percentage
1	Consumer production (pull strategy)	2	20
2	Dealer stagey (push strategy)	5	50
3	None of the Above	3	30
	Total	10	100

Source: Field survey, 2013

The main objective of promotion is to make consumers aware about the products. Promotional efforts include activities such as advertising, personal selling, publicity and a multitude of others such as fair, sampling, contests and cooping. Anonymous (1997) defines promotion as the function of informing, persuading and influences the consumer's purchase decision." Anonymous (1981) in this connection opined that marketing must speak to the consumer's rationale side about the product advantages. They must cater to the goal is to make the

consumer happy through the purchase of this product. Among the dealer promotion. Out of 10, 2 or 20% of industries had opted consumer promotion strategies, 5 or 50% industries have adopted dealer promotion strategies and 3 or 30% have been doing promotion directly to the consumer. It implies that they have direct contact with consumer and which may be beneficial for their business in future. The large numbers of industries are promoted through dealer (Agents). It implies that they don't have adequate market power in terms of promotion. Remaining industries don't have any promotion strategies. They have poor market power in terms of promotion.

Table: 4.7

Evaluation of External Environment for the operation

Growth and Expansion of Enterprises:

S.N.	Factor	Mean
1	Political	4.7
2	Economic	4.1
3	Socio-culture	2.3
4	Technology	2.7
5	Competitive	4.0

Source: Field survey, 2013

External environment plays a vital role in the smooth operation, growth and expansion of enterprises. If external environment is not suitable and conducive, the organizational goals and objectives can't be fulfilled. Therefore, changes in the firm's environment must be constantly monitored and, if they suggest basic modification to policy, these should be given every careful consideration. The response to political environment has been rated to the mean score of 4.7 showing extremely unfavorable environment for the industry. Economic environment plays a vital role in designing marketing strategies. The

executives rated cultural environment include many aspects of society and its various constituents such as attitudes. Beliefs, desires, expectations, education, customs, demographic components, role of women and view towards themselves, society and nation. The executives rated the mean score of 2.3 showing favorable environment for the industry. Technology brings innovativeness. Science has invented many sophisticated many sophisticated technologies. These technologies have been adopted by today's business and industries. The technological environment was rated at the mean score of 2.7. This shows that industries have given high priority to it. Another crucial external factor is competition in the market is increasing at a phenomenal pace. The enterprise must always be able to go along with the nature and the level of competition. One can stand in the business world when it can meet the challenges. In this regard, the respondents rated response at the mean score of 4.0. It reveals that the strong competitors are existed in the market and rivalries among competitors are very high.

Table: 4.8

Rating of Understanding Competitors there are Many

S.N.	Factor	Mean
1	Similar characteristic (Size and resource)	2.5
2	Strength (e.g. product quality distribution, low cost etc.)	1.6
3	Strategies into strategic group	3.0
4	Country wise product	2.3

Source: Field survey, 2013

To understand the competitors is one of the inevitable activities of business organization. Those organizations who can understand the competitors can make the effective export marketing strategies and also can win the large market share or make strong position in the battle field. The researchers found that mean score of 2.5 was rated for similar characteristic, 1.6 for strength factors, 3.0 for strategies

into strategic group and 2.3 for country wise product by the executives. The study shows that they have given more preference to understand the competitors by seeing their strength factors. Second most preference is given to country wise product. Third most preference is given to similar characteristics and the least preference is given to the strategic group. It indicates that they are aware of understanding the competitors.

Table: 4.9
Effect of competitive Situation on Enterprises

S.N.	Factor	Mean
1	Effective of competitive situation on enterprises	1.9

Source: Field survey, 2013

The executed rated the "Effect of Competitive Situation on Enterprises" at the mean score of 1.9 which indicates that Nepalese RMG industry is extremely affected by the competition in the present time.

Table: 4.10
Ranking of Major Competitors of Nepalese RMG industry

S. N.	Country	Rank													
		1	%	2	%	3	%	4	%	5	%	6	%	7	%
1	India	3	30	4	40	-	-	3	30	-	-	-	-	-	-
2	Bangladesh	2	20	1	10	5	50	1	10	1	10	-	-	-	-
3	Sri Lanka	-	-	-	-	-	-	2	20	1	10	6	60	1	10
4	China	3	30	4	40	2	20	1	10	-	-	-	-	-	-
5	East Asia	-	-	-	-	1	10	-	-	6	60	3	30	-	-
6	African	2	20	1	10	2	20	3	30	2	20	-	-	-	-
7	Other	-	-	-	-	-	-	-	-	-	-	1	10	9	90

Source: Field survey, 2013

According to the above table, biggest competitors of Nepalese RMG industries are India and China. Out of 10 respondents, 30%, 40% and 30% respondents ranked India as a major competitor by ranking 1, 2 and 4 respectively. Similarly, out of 10 respondents, 30%, 40%, 20%, and 10% respondents ranked

China as a major competitor by ranking 1, 2, 3, and 4 respectively. Bangladesh and African & sub-Saharan countries are the major competitors after India and China. 20%, 10%, 50% and 10% respondents ranked Bangladesh as a major competitor by ranking 1,2,3,4 and 5 respectively. 20%, 10%, 20% respondents ranked African & Sub –Saharan countries as major competitors by ranking 1, 2, 3, 4, and 5 respectively. Sri Lank & East Asia are not the biggest competitors as China, India, and Bangladesh and African & Sub –Saharan countries.

However, the above countries might become the major competitors in future if Nepal couldn't implement the effective marketing strategies. 20%, 10%, 60% and 10%, respondents ranked Sri Lanka as competitors by ranking 4, 5, 6 & 7 respectively. 10%, 60% and 30% respondents ranked East Asia as a competitor by ranking 3, 5 and 6 respectively. 10% and 90% respondents ranked other countries as competitors by ranking 6 and 7 respectively.

Table: 4. 11

Sources of Getting Information about the Competitors

S.N.	Country	Rank							
		1	%	2	%	3	%	4	%
1	Website (WTO, ITC, FNCCI, etc)	1	10	3	30	3	30	3	30
2	Govt. Agency (MICS, TPC)	-	-	3	30	4	40	3	30
3	Garment Association of Nepal (GAN)	7	70	2	20	1	10	-	-
4	Exports	2	20	2	20	2	20	4	40

Source: Field survey, 2013

Information has the greater role in business organization. One of the important functions of information is to understand the competitors. It helps by formulating effective marketing strategies and policies to beat the competitors and to strengthen the competitive position. According to the above table, Garment Association Nepal (GAN) is the major informational sources for getting information about the competitors. They have awarded the 70% score as ranked-1. They have given second rank to the website by scoring 30%, third rank to the

government agencies by scoring 40% and fourth rank to the experts by scoring 40% and fourth rank to the experts by scoring 40%. The study shows that they are highly dependent on Garment Association Nepal only.

Table: 4. 12

Using the FIT, an International Trade Centre (ITC) Benchmarking Tool, for Comparative Analysis with Competitors

S.N.	Option	No. of Respondent	Percentage
1	Yes	-	-
2	No	10	100
Total		10	100

Source: Field survey, 2013

The all (100) % of respondents did not use this tool for comparative analysis. In spite of recommending using this tool by the ITC for the developing and the least developed countries in quota free market. Nepalese executives have not used this tool. During the interview, the researcher also found that they didn't know about the tools. It implies that they are unknown about the benefit and importance of the FIT.

Table: 4.13

Timing of Monitoring the Objectives and Strategies of Competitors

S.N	Factor	Mean
1	Monitoring the Objectives and Strategies of Competitors	2.7

Source: Field survey, 2013

The executives rated the mean score of 2.7 for "monitoring the objectives and strategies of competitors" The study shows that they are moderately monitoring the objectives and strategies of competitors. In other words, they are monitoring neither continuously nor discontinuously. During the interview, the

researcher also found that they usually monitor the objectives and strategies annually. It reveals that they have fixed time.

Table: 4.14

Competitive Position of Enterprises

S.N	Factor	Mean
1	Competitive Position of Enterprises	3.2

Source: Field survey, 2013

The executives rated the mean score of 3.2 for competitive position of their enterprises. They are in survival position. It can be inferred that existing industry (remaining industry) of Nepal has satisfactory reputation among buyers.

Table: 4.15

Satisfying the Need and Wants of Customers

S.N	Factor	Mean
1	Satisfying the Need and Wants of Customers	2.2

Source: Field survey, 2013

The executives awarded the mean score of 2.2 for satisfying the need and wants of customers. This shows that they have been fulfilling the customer's desire. During the interview, the researcher found that they were able to meet the merchandisers (agent) need and want instead of ultimate customer. It implies that they gave poor proximate to ultimate consumers.

Table: 4.16

Rating the Market Power, Market share and Market growth of Enterprisers

S.N	Factor	Mean
1.	Market Power	3.1
2.	Market Share	3.5
3.	Market Growth	4.0

Source: Field survey, 2013

The main essence of export marketing strategies is to increase the market power, market share and growth of enterprises. The executives have rated the mean score of 3.1, 3.5 and 4.0 for market power, market share and growth respectively. The study reveals that they are neither satisfied nor dissatisfied with their market power. But they are highly dissatisfied with their market share and market growth. It implies that their export marketing strategies are quit poor.

Table: 4.17

Allocation of Resources to Increase the Business Strength of Enterprises

S.N	Factor	Mean
1	Allocation of resources to increase the business strength of enterprises	2.2

Source: Field survey, 2013

To increase the business strength, more resources must be allocated. The executives rated the mean score of 2.2. It shows that they have been allocation their resources satisfactorily. But, during the interview, the researcher found that they didn't allocate their resources to enhance the marketing department.

Table: 4.18

Kinds of Periodic Plans

S.N	Factors	No. of respondents	Percentage
1.	Short-Term	5	50
2.	Medium-Term	1	10
3.	Long-Term	1	10
4.	Perspective Plan	-	-
5.	No Fixed Period	3	30
		10	100

Source: Field survey, 2013

Marketing planning is very important to determine volume for production. It is also equally important for the proper and effective use of resources. Its absence in an organization leads to directionless. Anonymous, 1984 have rightly stated that "Market Planners often need to forecast product demand at various alternative price levels to develop pricing strategic and set sales goal for their firms". There are usually adequate historical data that can be used to project future market behavior. Majority 50% respondents maintained that they formulated short term plans. 10% indicated that they designed medium term plans and also 10% that they practiced long term planning. 30% started that they formulated plan for any time. And, no one formulated perspective plan. The study showed that most of the enterprises did not have long term planning. They extremely believed in short term planning.

Table: 4.19

Consideration and Evaluation of the Rival's Plans and Policies while formulating own Plans and Strategies

S.N	Factors	Respondents	Percentage
1.	No	2	20
2.	Yes	8	80
		10	100

Source: Field survey, 2013

Business is very competitive today. They should make plans and policies according to their own nature of business. No company formulates its plans and policies without a deep study of competitor's plans and policies. They do not remain silent observers, they rather keep their eyes and ears open all the time on revals business plans and policies. In reference to this, it was found in this study that the substantial majority of 80% stated that they evaluated their rival's plans and strategies while 20% did not think it was necessary. The study reveals that the

executives are well aware of the importance of the study of the competitors marketing plans and strategies.

Table: 4.20

Timing of Evaluating the Implementation of Marketing Plan

S.N	Factor	Mean
1	Timing of evaluating the implementation of marketing plan	2.9

Source: Field survey, 2013

The executives rated the mean score 2.9 for the above statement. It reveals that they evaluated the implementation of marketing plan moderately. In order words, they didn't give enough time to evaluate it even though the industry has been facing the tough market condition.

Table: 4.21

Rating of the Implementation of Company's Program according to Market Plan

S.N	Factor	Mean
1	Rating of the implementation of company's program according to market plan	2.7

Source: Field survey, 2013

The executive rated the mean score of 2.7 for the implementation of company's program according to market plan. The study show that the implementation of industry's program according to market plan is neither excellent not poor. It implies that they didn't take into careful consideration the above statement very much even though the industry has been facing the tough market condition.

Table: 4.22
Important Strength and Weakness of Enterprises

S.N	Factors	Mean
Strength:		
1.	Production capacity	1.7
2.	Manpower	2.4
3.	Technology	2.5
4.	Organization	2.5
5.	Brand Name	4.2
6.	Market Logistic	3.2
7.	Marketing Information System (MKIS)	3.6
Weakness:		
1.	Financial position	3.5
2.	Marketing problems	2.7
3.	Skilled manpower	3.2
4.	Capital	3.7
5.	High cost of production	2.6
6.	Slow distribution	3.1

Source: Field survey, 2013

Every business organization has some strengths and weakness. An organization can exploit the opportunities and overcoming or neutralizing the threat threats through its strength and by reducing its weakness. The executives rated the mean score of its strength factors as production capacity of 1.7, manpower of 2.4, technology of 2.5, organization of 2.5, brand name of 4.2, market logistic of 3.2 and marketing information system (MKIS) of 3.6 respectively. They rated the mean score of its weakness factors as financial position of 3.5, marketing problems of 2.7, skilled manpower of 3.2, capital of 3.7, high cost of production of 2.6 and slow distribution of 3.1 respectively. The study shows that the industries

have more strength on product capacity and manpower, moderate strength on technology, organization and market logistic and the least strength on brand name and marketing information system.

Table: 4.23
Focusing Activities of Industry

S.N	Factor	Mean
1	Heavily focusing their activities in international trade rather than international marketing	1.2

Source: Field survey, 2013

Any export oriented business organization must focus its business activities in both. No organization can survive and thrive in long term without concerning both in today's competitive world market. In this regard, the industrialist rated the mean score of 1.2 showing their attention towards international trade. This indicates that international marketing practices are the neglected part of business activities

Table: 4.24
Rating of Understanding the Competitor's Activities and Status

S.N	Factor	Mean
1.	Performance	1.5
2.	Image and Personality	2.2
3.	Objectives	2.0
4.	Current and past strategies	1.9
5.	Organizational Culture	2.7
6.	Cost Structure	1.2
7.	Strength and Weakness	1.8

Source: Field survey, 2013

Before understanding the competitors, organization should understand their activities and status. After understanding their activities and status, organization can make the effective marketing strategies for being market leader, follower or niche marketer whatever is suitable. Hence, for long term survival and thriving, understanding the competitor's activities and status is most. In this regard, the executive rated this aspect at the mean score of 1.5 for performance, 2.2 for image and personality, 2.0 for objectives, 1.9 for current and past strategies, 2.7 for organizational culture, 1.2 for cost structure and 1.8 for strength and weakness, current and past strategies, objectives, image and personality and organizational culture respectively. It also indicates that what they have rated id quite consequences except organizational culture (moderately satisfactory).

Table: 4.25

Rate of Approaches to identify the Competitors

S.N	Factor	Mean
1.	Customers based Approach: This grouping of competitors is based on competitors for customers	1.9
2.	Strategic group approach: A strategic group consists of organization with similar competitive strength, similar characteristic and similar image in given industry	3.1

Source: Field survey, 2013

The executives rated the mean score of 1.9 for customers based approach and 3.1 for strategic group approach. It reveals that they have given high priority to customer based approach and moderate priority to strategic group approach for indentifying the competitors. It can be inferred that they have less awareness if competitor's strategies.

Table: 4.26

**Anticipation the Future Moves and Reaction Patterns of competitors after
Phasing out the Multi Fiber Arrangement (MFA) or Quota System**

S.N	Factor	No. of Respondents	Percentage	Mean
1.	No	4	40%	
2.	Yes	6	60%	
	a. Laid back reaction (slow reaction)			2.66
	b. Selective reaction (attacking selective moves of the revels)			2.66
	c. Tiger reaction (reacting swiftly to all the revel's moves)			2.33
	d. Stochastic reaction (no predictable reaction to revel's moves)			2.83

Source: Field survey, 2013

Out of 10 respondents, 4 or 40% respondents gave responded that they didn't anticipate the future moves and reaction pattern of competitors. It indicates that they are unaware of competitor's reaction pattern. 6 or 60% respondents have responded that they anticipated them by scoring the mean score of 2.66, 2.66, 2.33 and 2.83 respectively. It shows that competitors will they and moderately react to "all of their moves" and to "select of their moves" respectively. Show and unpredictable reaction will also be in moderate rate.

Table: 4.27**Evaluation of Executive's Preference to Increase Market Power**

S.N	Factor	Mean
1.	Improving customer value	1.7
2.	Offering New Product	2.0
3.	Competitive market positioning and brand	1.8
4.	Latest marketing practices (E-commerce)	1.9
5.	Customer Satisfaction.	1.2

Source: Field survey, 2013

Without market power, no one organization can achieve its desire objectives in long term. Increasing market power is must for being market leader and challenger. The main essence of increasing market power is to survive and thrive in long term. In this regard, the executives rated the mean score of 1.2, 1.7, 1.8, 1.9 and 2.0 for customer satisfaction, improving customer value, competitive market positioning and brand, latest marketing practices (E-commerce) and offering new products from high to low preference respectively. The study shows that they have given high preference to all these factors. But, during the discussion with the respondents, the researcher found that they didn't use it in practice.

Table: 4.28**Business Strength of Enterprises**

S.N	Factor	Mean
1.	Market Share and its growth	3.2
2.	Product Quality	1.8
3.	Distribution network	3.0
4.	Promotional network	3.0
5.	Product capacity and Efficiency	2.1

6.	Unit cost	2.5
7.	Customer service	2.2
8.	R & D performance	4.0
9.	Management competencies	2.5

Source: Field survey, 2013

The table presents that the executives rated the mean score of 1.8, 2.1 & 2.2 for product quality, product capacity and efficiency and customer services respectively. It indicates that their business strength on these factors is satisfactorily. But, during the discussion with executives, the investigator found that they provide the service was for merchandiser (agents) not for ultimate customer. They rate the mean score of 2.5, 2.5, 3.0 and 3.0 for unit cost, management competences, distribution network and promotional network. It reveals that their business strength of these factors is neither satisfactory no dissatisfactory. They rated the mean score of 3.2 and 4.0 for market share and its growth an R&D performance. It shows that their business strength of their factors are dissatisfactory. To consider all o these factors, their business strength is in dissatisfactory level.

Table: 4.29

Evaluation of the Competitive Situation of Industry

S.N.	Factor	Mean
1.	Threats of substitute product	2.8
2.	Bargaining power of buyers	1.3
3.	Bargaining power of suppliers	1.3
4.	Rivalry among competitors	2.4

Source: Field survey, 2013

The availability of substitute product places limits on the price, market leaders can change in an industry; high price may induce buyers to switch to the

substitute (Keegan, 2000: 373). If substitute pose of credible threats, then firms in the industry will be prevented from raising their prices or from failing to develop and improve their product services (Bowman, 1996:29). The executives rated the mean score of 2.8 showing the moderate condition o threats of substitute product. The ultimate aim of industrial customers is to pay the lowest possible price to obtain the products or service that it uses as inputs. Usually, therefore, the buyer's best interests are served it they can drive down profitability in the supplier industry. The executives rated the mean of 1.3 showing the strong bargaining power of buyers. Supplier's power over industry firms is the "flip side of the coin" to buyer power. If suppliers have enough leverage over industry firms, they can raise price high enough to significantly influence the profitability of their organizational customers. The executive rated the mean score of 1.3 showing the strong bargaining power of suppliers. The head to head rivalry can be intense and cut throat or it may e governed by unwritten "rules" gentlemen's agreements which help the industry to avoid the damage that excessive price cutting, advertising and promotion expenses can inflict on profit. The executives rated the mean score of 2.4 showing high rivalry among competitors.

Table: 4.30

Evaluation of the Company's Formulating the Marketing Plan

S.N.	Factor	Mean
1.	Formulating the goal after assessing the SWOT analysis	1.9
2.	Formulating the strategies after assessing the SWOT analysis and formulating the goal	2.2
3.	Formulating the program according to the strategies	2.2

Source: Field survey, 2013

The above table shows that the executives rated the mean score of 1.9, 2.2, and 2.2 for the above statement respectively. It shows that the formulation of

marketing plan is in satisfactory level. But, during discussion, the researcher found that they have formulated the marketing plan for short term.

Table: 4.31

Timing of Evaluation the Feedback (result) and Control of Enterprise

S.N.	Factor	Mean
1.	Evaluation the feedback (result) and control of enterprise	2.4

Source: Field survey, 2013

The executive rated the mean score of 2.4 for the above statement. It stated that they evaluated the feedback and control of enterprises satisfactorily (frequently). In other words, they gave enough time to evaluate them. But, it can be implied, by consideration previous table, that the effectiveness of evaluating the feedback and control of enterprises is poor because of not taking into careful consideration the implementation of industry's program according to market plan.

4.2 Major Findings of the Study

On the basis of comprehensive analysis of the data, the study has following findings:

1. The enterprises were found to be engaged in the evaluation of the strategies and policies, which were in general, rated not very satisfactorily. It showed that strategies and policies of RMG industry may not be sound or effective. Analysis of marketing strategies, further, was not in satisfactory level. Analyzing the marketing strategies was neglected by Nepalese RMG industrialist. They didn't have any rule of frequently analyzing them for evaluating the effectiveness of their marketing strategies. Due to many reasons, ignoring other factors (e. g. WTO provision etc.) sales of Nepalese RMG industry might be decreased by 41 %.

2. 40% respondent didn't accept the statement (achieving the desired objectives only through the marketing strategies). It showed that they were pessimistic about the marketing strategies. 60% respondents accepted the given statement but they rated it moderately. It showed that they were considering the other determining factors (e. g. Govt. Policy, WTO provision, Competitive Situation etc.) Their view about the marketing strategies is not adequately considerable.
3. The most of the executives were disagree with the statements (i. e. overcoming almost all the problems that industry faces in the quota free market by pertinent marketing strategies). It showed that other determining factors (e.g. Govt. Policy, WTO provision, Competitive Situation etc.) play the crucial roles in term of their view. Their view about the pertinent marketing strategies is also not adequately considerable.
4. The industrialist /CEO/ manager's view about the need approaches for coping strategically the existed rapidly changing an increasingly unpredictable environment is quite positive. They felt the necessary of effective strategies in today's business environment.
6. The executives rated the mean score of 1.6, 1.0, 1.0, and 1.9 of pertinent marketing strategies, conducive government policy, lobbying the large importing country and strategic alliances with other countries respectively to cope the adverse effect existed through (USTAD ACT 2000) providing duty free access to clothing made of African and Caribbean basin by USA. It showed that they have been given top most preference to conducive govt. policy and lobby rather than pertinent marketing strategies and strategic alliances with other countries.
7. The executives were highly agreed with the statement (i.e. heavily focusing their activities in international trade rather than international marketing). It

showed that international marketing practices were neglected part of their business.

8. Similar characteristic (size & resources etc.) and strategies into strategic were rated to be moderately satisfactory to understand competitors when there are many groups. It showed that they didn't into careful consideration in these factors. Strength factors (brand name, distribution, low cost etc.) and country wise products were rate to be satisfactory. It revealed that they have taken into careful consideration in these factors.
9. Performance, Image and personality, Objectives, Current and past strategies, Cost structure, Strength and weakness of the competitors are the major factors which are rate to be satisfactory to understand the competitor's activities and status. Organizational cultural factor was rated to be moderately satisfactory. It showed that what they had rate was quite consequences except the factor of organizational culture.
10. China and India are the biggest competitors of RMG industry. They were ranked number 1 and 2 respectively. Bangladesh, African and Sub-Saharan countries are the third and fourth competitors of Nepal respectively and followed by East Asia and Sri Lanka is the fifth and sixth competitors of Nepal. Other countries are the least competitors of Nepal which were ranked number 7.
11. Garment Association Nepal is the main sources of getting information about the competitors. They ranked it as a number 1 source. Websites (WTO, ITC etc) is the second sources of information, and followed by Govt. agency (MICS and TPC etc.) and expert are the number 3 and 4 source of getting information respectively.
12. Among the three benchmarking types (i.e. Performance Benchmarking, Process Benchmarking, and Strategic Benchmarking), most of them have

been adopted process benchmarking and all of them. No industry have been adopted Strategic Benchmarking.

13. No industry use FIT (i.e. FIT is the benchmarking tool developed by international trade centre). In spite of recommending using this tool by ITC for the developing and the least developed countries in quota free market. Nepalese executive didn't use this tool.
14. The numbers of foreign competitors are very high and those of domestic competitors are quite low. The domestic competitors don't have to seriously compete with each other.
15. The industry has given high priority to customer based approach (i.e. this grouping of competitors is based on competitions for customers) and moderate priority to strategic group approach (i.e. A strategic group consists of organization with similar competitive strategies, similar characteristics and similar image in a given industry) for identifying the competitors.
16. The executives have been moderately monitoring the objectives and strategies of competitors. In other words, they have been monitoring the objectives and strategies of competitors neither continuously nor discontinuously. During the interview, the researcher found that they usually monitor them annually.
17. 40% respondents didn't anticipate the future moves and reaction pattern of competitors. It implies that they are unaware of competitors' will highly and moderately react to "all of their moves" and to "selective of their moves" respectively. Competitor's reaction will also be moderately slow and unpredictable in the future.

18. The existing industries are in competitive position, and they have been fulfilling the customer's desire satisfactorily. But, during the interview, the researcher found that they have been able to satisfy the merchandiser (agent) desire instead of the ultimate customers.
19. The executives have given high preference to concerned factors (i.e. improving customer's value, offering new product, competitive market positioning and brand, latest marketing positioning and customer's satisfaction). But, during the discussion with the respondents, the researcher found that they didn't use it in practice. Anyway, they have positive attitude about these factors.
20. The executives ranked the Chain and India as a number 1 & 2 and followed by East Asia and other countries as the third and fourth rank for sourcing destination to increase the customer value and industry's profit.
21. The majority 60% executives adopted cost focus strategies in narrow target and the least 30% executives adopted the cost leadership strategies in brand target. But no industry adopted the differentiation strategy. Only one executive didn't adopt any generic strategy.
22. The industry's primary value chain activities are quite satisfactorily effective except service and marketing which are ineffective and moderately effective respectively. In secondary value chain activities technology development activities and firm infrastructure are satisfactorily effective but procurement and human resources management of them is moderately effective.
23. Most of the industries do not have long term planning. They extremely believe in short term planning. The study also indicates that the executives of this category of industry do not have a long term development program

and nor do they gave appropriate plans and strategies from a longer term prospective.

24. The majority (30%) of the executives ranked 'competition' as number 1 considering factors while developing marketing plan. 40% of the executives ranked the 'consumer' as a number 2 considering factor. 20%, 30%, 40%, & 60% of the executives ranked 'economic', Govt. policy', Technological development', Firm's Strength and Weakness and 'Political condition as a number 3,4,5,6 & 7 considering factors while developing marketing plan respectively.
25. The executives evaluated the implementation of marketing plan moderately in other words they didn't give enough time to evaluate it even though they have been facing the tough marker condition .implementation of industry's program according to market plans is neither excellence nor poor .

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Nepal's history of economic development is relatively short. Planned economic developments started only since 1965 A.D. though earlier attempt was made in 1948 A.D. various efforts are being put in to attain a faster growth rate. In 1994/95, Nepal experienced its best macro economic performance in the decade of nineties.

The history of garment industry in Nepal is as old as 25 year. Nepalese garment industry had occupied the 1st position in terms of overseas exports. Garment sector has made a significant contribution to the national economy of the country. It accounts for around 18% of the total export and 40% of foreign exchange among the overseas export earnings. This sector has provided employment to about 1, 00,000 Nepalese people which is about 12% of total employment.

In the current situation RMG industry faces the severe threats and challenges with technologically advanced countries because of WTO's provision. A massive fall down in export growth rate since the second half of 2001 has forced many industries to withheld production and some to close down. Nepal may have to face not only difficult adjustment problem but also risk collapse of the industry as a result of intensified international competition and its inability to cope with the change situation in this product line. The vulnerable situation of Nepalese garment sector is due to the internal constraints from outdated manufacturing process to the logistics system and non-conducive government policy and attitude to the geographical

disadvantage of being landlocked country. The cost of production and the further lead time from the date of order to date of shipment of the goods are 25% higher than other South Asian countries and three times longer compared to India respectively.

The main objectives of the present research is to analyze the marketing strategies to find out the pertinent marketing strategies for suggesting the entrepreneurs and trying to seek out the way of saving the existence and increasing the competitiveness of Nepalese RMG industry. As per the nature of the study, survey type research design is followed with descriptive and analytical approach. Surveys of different scale industries were made. Questionnaires were distributed and the table discussions were carried out to gather information. Information thus acquired was tabulated as required by the study.

The study was focused on analyzing the marketing strategies of Nepalese garment industries. It revealed that executives have positive attitude about the marketing strategies but they are pessimistic in practices. They preferred more on conducive-government policy rather than marketing strategies. They have not formulated proper marketing strategies to cope the present situation. The enterprises gave mostly depended on Indian agents. They have not been able to adopt effective out ward looking marketing policy. Therefore the whole industry appears to be deficient in formulation and adoption of effective marketing strategies. The traditional ways of doing business has not helped. Te executives could not put their industry in competitive position by making plans and implementing them.

From the hypothesis tests, they are found that;

- The executive's preferential category and increasing of competitive position are independent.

- There is significant difference between the scale of industries and their rated mean score.
- There is no significant difference between the scale of industry (i.e large & medium) and their rated mean score.
- There is significant difference between the scale of industry (i.e medium &small).
- There is significant difference between the scale of industry (i.e. large & small). And their rated mean score.

5.2 Conclusion

From this study following conclusions are deduced:

- The executives have realized the limitation of the strategies but they have not initiated effort to correct them. Thus their marketing strategies and policies are in effective.
- The executives feel effective strategies necessary for today's business environment. They have positive attitude about the change of marketing strategies.
- The industry has poor marketing mix. The executives have not ken any measures to solve marketing environment problems.
- The industries did not invest their money to increase brand name and to establish marketing department even though they had good financial condition. It is inferred that they do not want to take risk as they think it is wasting of money.
- They heavily focus their activities in international trade rather than international marketing. International marketing practices are neglected.
- They are aware of competitors' activities and status but they do not analyze the competitors' strategies.

- India, China, Bangladesh and African & Sub-Saharan countries are the biggest and the major competitors of Nepal respectively. Nepalese RMG industry is extremely and adversely affected by the competition in present time.
- The executives are highly dependent on GAN for getting information. They have not established the marketing department and marketing intelligence department, so their marketing strategies are poor.
- The executives have given more emphasis on performance-base benchmarking neglecting other benchmarking. So it is very difficult for them to understand the competitor's overall activities.
- The industry has to complete with foreign competitors but not with the domestic competitors. So the executives are less aware of competitor's strategies.
- The executives did not monitor the objectives and strategies of competitors frequently.
- The executives do not seriously anticipate the future moves and reaction pattern of competitors after phasing out of MFA. It is inferred that their competitive strategies are ineffective.
- China and India are the most preferential sourcing destination of Nepalese RMG industry.
- Competitive situation of industry is not so favorable.
- Most of the industries adopt the lower cost strategy. No one industry adopts the differentiation strategy. It is very difficult for the industry to complete by applying the lower cost strategy only.
- Planning is important for effective use of resources. Most of the responding enterprises have short term planning. Hence they may be termed as short-sighted.
- The executives did not give enough time to evaluate the implementation of marketing plans even though the industry has been facing tough condition.

Moreover they are unable to implement the marketing program according to marketing plan. Hence it can be concluded they have poor marketing activities.

- The effectiveness of evaluating the feedback and control of enterprises is poor.
- The executives have given much emphasis on conducive-government policy to solve present problem rather than applying the effective marketing strategies. So it shows the pessimistic view of entrepreneurs toward marketing strategies.
- The comparison of large, medium and small industry shows that large industry has slightly effective marketing strategies compared to medium scale industry and medium industry has slightly more effective marketing strategies than the small scale ones.

5.3 Recommendation

Till now marketing strategies is the neglected part of the garment industry. Lack of proper vision, mission and objectives this industry is lagging behind in terms of competition. China, African and Caribbean basin countries as well as neighboring South Asian countries have their own marketing and exporting strategies. But Nepal is in survival positions instead of competitive position.

As Nepal is one of the members of WTO, Nepalese RMG industry should fit the global environment. Best fit marketing strategies should be developed and enhanced information should be updated for better utilization of the limited resources and achieving goal through competition for which effective marketing strategies can be of great help.

Based on this research carried on, the following recommendations are made:

- The RMG industry must clearly indentify its goals and formulate strategies with the changing environment and market.

- Marketing strategies must be reviewed and evaluated periodically in order to ascertain whether the effectiveness of marketing strategies are good or not suited to the changing market environment and competition. If necessary modification and amendments must be made in good time.
- The industry should not be over dependent on agents. They should make their own trustful relationship with ultimate consumers.
- Every RMG industry should establish the marketing department. They should create their own brand name.
- The industries do not have brand name of their products. They should create their own brand name.
- Competitors' plans and programs should be studied before formulating own plans and policies. R & D should be conducted on a continual basis to understand the market effect and market situation should be analyzed.
- The technology should be upgraded and should be appropriate for the needs and competition.
- Market surveys should be done before applying market mix strategies. The changing needs of consumers should be indentified for proper designing of production.
- Customer value should be increased for long term survival and differentiation strategies can increase the customer perceived value.
- The executives should make long term planning instead of short term planning. The feedback should be analyzed and marketing implementation phase should be closely monitored. The fines marketing strategies can fail unless the implementation link that makes contract with customer is strong.

5.3.1 Recommendations for Future Research

The further research can be carried out in the following areas of this related study.

- Marketing economics of RMG industry.
- Determination of competitive advantages of Nepalese RMG industry.
- Impact of WTO's provision on Nepalese RMG industry with respect to marketing aspect.
- Feasibility of differentiation strategy in RMG industry.
- Importance of brand strategy in Nepalese RMG industry under changing global environment.
- Marketing mix Strategy in Nepalese RMG industry.

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APPENDIX – A

To

The CEO / MD / Marketing Manager

Dear Sir,

As a student of MBS of Prithvi Narayan Campus, Pokhara. I would like to inform you that I am writing a thesis entitled "export marketing strategies of Nepalese RMG Industries in Kathmandu". For this purpose I have taken your enterprise as one of the sample and it is obvious that without your kind cooperation, I would never be able to complete my thesis research. I would also like to assure you that the information obtained from your enterprise will be used only for the academic / research purpose in my thesis and not otherwise. I therefore request you to furnish the following information as per the questionnaire. Please tick () where necessary.

QUESTIONNAIRE

Name of the industry:
Name of CEO/MD/Marketing Manager:
Established Year:
ISO No. (if the industry has):
Scale of Industry: Cottage (), Small (), Medium (), Large (),

1. How do you rate the effectiveness of your export marketing strategies and policies?

Highly Satisfactory	1	2	3	4	5	Not Satisfactory
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2. When do you analyze your export marketing strategies?

Annually ()

At the time of formulation plans ()

No fixed period ()

3. Do you think that company can achieve the desired objectives only through the export marketing strategies?

Yes. (), No. (), If yes, what extent,

Max.	1	2	3	4	5	Min.
------	---	---	---	---	---	------

4. Do you agree that export marketing strategies can overcome almost all the problem that industry faces in the quota free market?

Highly agree	1	2	3	4	5	Highly Disagree
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5. Do you agree that Nepalese RMG industries now exist in rapidly changing and increasingly unpredictable environment and therefore need export marketing strategies to cope with the problem?

Highly agree	1	2	3	4	5	Highly Disagree
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6. Which of the following promotion strategies do you take in quota free market?

Consumer Promotion (Pull Strategy) ()

Dealer Promotion (Push Strategy) ()

None of the above ()

7. How do you rate your external environment for the operation growth and expansion of your enterprises?

Political and Legal	Highly Favorable	1	2	3	4	5	Not Favorable
Economic	Highly Favorable	1	2	3	4	5	Not Favorable
Socio-Cultural	Highly Favorable	1	2	3	4	5	Not Favorable
Technological	Highly Favorable	1	2	3	4	5	Not Favorable
Competitive	Highly Favorable	1	2	3	4	5	Not Favorable

8. How do you rate to understand competitors when there are many?

Similar Characteristics (Size and Resources)	Max.	1	2	3	4	5	Min.
Strength (e.g. brand name, distribution, low costs etc.)	Max.	1	2	3	4	5	Min.
Strategies into strategic group	Max.	1	2	3	4	5	Min.
Country wise Product	Max.	1	2	3	4	5	Min.

9. To what extent has competitive situation affected your enterprise?

Extremely	1	2	3	4	5	Not at all
-----------	---	---	---	---	---	------------

10. Which countries are the major competitors of Nepalese RMG industry?
Give your preference 1 to the most 5 to the least.

India	()
Bangladesh	()
Sri Lanka	()
East Asia	()
African & South Saharan Country	()
Other countries	()

11. What are the sources that you get information about the competitors? Give
your preference 1 to the most and 2 to the second most and so on.

Web Sites (WTO, ITC, etc.)	()
Government Agencies (MICS, TPC)	()
Garment Association of Nepal (GAN)	()
Exports	()
All the above	()

If other, Please Specify ()

12. Do you use the FIT, an international Trade Centre (ITC) benchmarking tool, for comparative analysis with competitors?

Yes (), No (),

13. How do you rate to continuously monitor the objectives and strategies of competitors?

Max.	1	2	3	4	5	Min.
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14. How do you rate the competitive positions of your enterprise?

Highly competitive	1	2	3	4	5	Highly survival
--------------------	---	---	---	---	---	-----------------

15. How do you rate that your enterprise has satisfied the need and wants of customers?

Highly satisfaction	1	2	3	4	5	Highly Dissatisfaction
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16. How do you rate your enterprise?

Market Power	High	1	2	3	4	5	Low
Market Share	Highly Satisfactory	1	2	3	4	5	Highly Dissatisfactory
Market Growth	High	1	2	3	4	5	Low

17. To what extent have you allocated the resources to increase the business strength of your enterprise?

More.	1	2	3	4	5	Less.
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18. What kind of periodic plans do you formulate?

Short term (up to 1 year) ()
 Medium term (1to 3 year) ()
 Long term (5 year) ()
 Perspective plan (10 years & more) ()

High Cost of Production	Max.	1	2	3	4	5	Min.
Slow Distribution	Max.	1	2	3	4	5	Min.
Others	Max.	1	2	3	4	5	Min.

23. Do you agree that Nepalese RMG industry heavily focuses their activities in international trade rather than international marketing?

Highly Agree	1	2	3	4	5	Highly Disagree
--------------	---	---	---	---	---	-----------------

24. How do you rate to understand competitor's activities and status?

Performance	Max.	1	2	3	4	5	Min.
Image and Personality	Max.	1	2	3	4	5	Min.
Objectives	Max.	1	2	3	4	5	Min.
Current and Past Strategy	Max.	1	2	3	4	5	Min.
Organization Cultural	Max.	1	2	3	4	5	Min.
Cost Structure	Max.	1	2	3	4	5	Min.
Strength and Weakness	Max.	1	2	3	4	5	Min.

25. How do you rate to identify the competitors?

Customer-based approach: This grouping of competitors is based on competitions for customers.

Max.	1	2	3	4	5	Min.
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Strategic group approach: A strategic group consists of organization with similar competitive strategic similar characteristic and similar image in a give industry.

Max.	1	2	3	4	5	Min.
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26. Do you anticipate the future moves and reaction pattern of competitors after phasing out the Multi Fiber Arrangement (MFA)?

29. How do you rate about?

The threats of substitute products	High	1	2	3	4	5	Low
The bargaining power of buyers	High	1	2	3	4	5	Low
The bargaining power of suppliers	High	1	2	3	4	5	Low
The rivalry among competitors	High	1	2	3	4	5	Low

30. How do you rate about company formulation?

The goal after assessing the SWOT analysis	Max.	1	2	3	4	5	Min.
The strategy assessing the SWOT and formulating the goal	Max.	1	2	3	4	5	Min.
The program according to the strategy	Max.	1	2	3	4	5	Min.

31. How do you rate the evaluating of feedback (result) and control of your company?

Frequently	1	2	3	4	5	Less frequently
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Thank you very much for your kind co-operation.

APPENDIX-B

List of Sample Units

S.N.	Name of Industry	Scale of Industry
1.	Destination Apparels Pvt. Ltd., Old Baneswor	Large
2.	Jasun Fashion. Lazinepart, Kathmandu	
3.	Rara Apparels Pvt. Ltd., New Baneswor	
4.	Deurali Garments. Bajeshwori, Kathmandu	Medium
5.	Heritage Garments. Balkumari Kathmandu	
6.	Classic Casual Pvt. Ltd. Bhimsen Gola, Kathmandu	
7.	N.S. Export. Maitidevi, Kathmandu	Small
8.	Bhimsen Garments. Maitidev, Kathmandu	
9.	Bitisha Garment. Sinamangal, Kathmandu	
10.	Gaurab Garments. Koteshwor, Kathmandu	

APPENDIX- C

The FIT

Performance benchmarking for SMEs in the clothing sector.

What is FIT?

The FIT is software based benchmarking tool for small and medium scale enterprises (SMEs) in the clothing sector. This tool compares and positions enterprises performance of one firm with respect to a group of other national and international firms on a completely confidential basis. Providing an analytical basis for identification of strengths and weakness in the global performance of an enterprise, the FIT helps participating enterprises prioritize areas of action to action to improve their competitiveness.

The FIT checklist enables each company to measure performance gap in the key areas of management and organization, 'financial planning', 'marketing and sales', and 'production operation and sourcing'. This information is used to develop well-focused business improvement plans aimed at increasing competitiveness, which will become increasingly important in the fast approaching quota free era, after the phasing out of the Agreement on Textiles and Clothing (ATC) on 31st December 2004. The versatility of the FIT lies in the variety of report output options, enabling custom made reports which are self-explicit analytical graphs and charts. These performance benchmarking reports help assess real needs of SMEs thereby serving as a basis for textiles and clothing manufacturing associations to develop and or provide additional services.

Who is it for?

The FIT is targeted at SMEs through a network of textiles and clothing manufacturing associations operation the benchmarking report.

Where is it used?

In the development and operation of the FIT, ITC works in partnership with national counterpart agencies. The associations which administer the benchmarking help SMEs analyze the results and then arrange for related consulting or training services, this tool has been pilot tested by companies from Cambodia, India, Lesotho, Nepal, Sri Lanka, Thailand, Mauritius and Turkey. It is now ready for implementation worldwide. National textiles and clothing associations should contract to participate.

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