

Industry chosen:
manufacturing



**ASSIGN
BUSTER**

The garment industry of India is principally in the small-scale sector (SSI).

Almost 80 per cent of the industry belongs to this sector. As per definition of an industry in SSI, investment in plant and machinery has to be below Rs 5 crore. The knitted garment sector has made rapid strides since 1998 and overtaken the woven garment sector in terms of the volume of production. This sector too has the potential to increase forex earnings of the country.

The garment industry in India is a \$23 billion industry (at the current rate of exchange of Rs 44 = \$). Like its textile counterpart, this industry also comprises the organized and unorganized sector. The unorganized sector largely consists of job workers who carry out jobs given by their principals, under their supervision. The organized sector generally consists of units having a minimum of 10 sewing machines under one roof. This sector also covers large brands having in the vicinity with overseas partners. The organized sector is, by and large, up-to-date with modern technology, has economies of scale, is cost-competitive and is in a position to execute orders on time.

The garment industry produces over 100 varieties of garments for different end-uses. Additionally, a section of the industry concentrates on manufacture of ethnic garments, or what are traditionally called “India Items”.
Company Chosen: Aadishwar apparels, Indore
Company Overview: Aadishwar apparels is a prime manufacturing unit specializing garments for Kids of the age group 6 to 16 years. Indore is seen as a preferred destination for garment manufacturing among other cities such as Jalandhar, Ludhiana

and Surat to name a few. Indore city has a dedicated cloth market, which caters to manufacturers, whole sellers and retailers in industry.

Earlier about 20 years back the city was termed as having major potential to produce raw cloth in various categories. Indore had many cloth mills operating till early nineties. Still despite of being devoid of manufacturing advantage, the city is producing large amount of cloth through its automatic and semi-automatic power looms. Looking on to the supply side, garment manufacturing is quite prevalent in Indore. Many firms jointly produces traditional, ethnic and western outfits. Aadishwar Apparel is located in the heart of the city and enjoys operating advantage in terms of its distribution network and channel partners.

The company is catering to the needs of various retailers and whole sale dealers in Kids wears. The company has a primary operating unit at the Rajwada and two other processing units in industrial area along Indore-Ujjain highway. The processing units in the business model are treated as outsourcing agencies for all accounting purposes. Including the distribution network company employs 65 full time, part time employees and commission agents. The company is a sole proprietorship concern with Mr. Ashok Bafna, the owner of the firm manages and control most of the business activities by himself with his son Mr.

Ankur Bafna. The business office is attached with the primary unit and is a rented space. The firm employs two accountants to help the firm in accounting and financial matters. Overview of Cost Planning at Aadishwar Apparel, Indore: There are four main areas of operation of the Firm¹.

Material handling Division- this division is responsible for the receipt of raw material as well as storage of finished goods. The work in progress inventory which needs finishing at a later stage is also handled at this division².

Tailoring Division- this division concerns with the initial cutting of the raw cloth into pre specified designs. The pieces to be assembled for a particular design have been cut according to the specifications.

Thereafter the pieces, which require immediate processing, are sent to outsourcing units for sewing and dyeing. 3. Design division- this division is responsible for suggesting the design specifications for the coming season. The designs usually are based on market surveys and retailers feedback.

4. Packaging and delivery division- this division is concerned with quality checks of the finished items and their packaging. The packaging is done uniformly for various designs in cartoons, which contains 5 pieces each of various size. This division is also concerned with the delivery of these cartoons for further distribution to the wholesale dealers. The process starts with the procurement of raw material.

It includes majorly the cloth which is procured from different suppliers across the country mainly from Surat (Gujarat), Indore (M. P.), Ludhiana (Punjab). Metals, buttons, thread etc. and other miscellaneous raw materials components are also procured at this stage.

There is a store in which all this raw material is stored. In the design stage the designer according to market requirement designs various types of products by using CAD software. These designs then are sent to the management for approvals. After the approval the process starts with

precutting, in this process all the parts of the garments are cut into required design specifications. Each design is allocated a unique design number and all the various departments communicate with each other by using this particular number. After the precutting the various cloth parts are then sent for sewing.

There are four main types of garments.