PROBLEMS AND OPPORTUNITIES OF EXPORTERS WITH SPECIAL REFERENCE TO GARMENT INDUSTRY IN CHENNAI REGION.

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Abstract

This research paper is to study the problems faced by garments exporters, and strategic management on that crisis. Talking about Indian exports, it generates a large amount foreign exchange. Export business is a big contributor in the countries' development, along with generating considerable employment potential. Garments are one of the popular and a historical export of India. India is a land of culture and tradition which is respected all over the world and traditional garments or traditional clothing has a special place in the fashion world. This study is expected to be helpful for the person who wishes to start their business in the garment sector. As we know the three basic needs of human beings are food, shelter and clothing. So garment is one of the basic and very important needs to be satisfied. Clothing has also become a status symbol, and style maker all over the world. The basic need has transformed into fashion status symbol and a life style.

Introduction

Garment Industry is one of the fastest growing Industries among other industries because of the reason and demand created in the global market. As a result we can see lot of industry and brands coming up in the garments market.

Why do the buyers from many countries (especially buyers from USA, UK Canada) look for Indian Manufacturer? The most important reason for why the buyer is looking for Indian garments is because of its price, quality and variety offered by the Indian manufacturer which explains the popularity of Indian garments all over the world

Indian Manufacturers today are able to give best Quality as well as a wide in variety to its buyers all over the world at very competitive prices due to the facilities available became of technology and traditional excellence. The cost of labor is a strategic advantage over its competitors as also availability of skilled labor.

Government of India also provides various incentives to the exporters. These are discussed in the next chapter. Export promotion councils and Export import bank of India give a lot of support to encourage export Industry. Some of these points are advantageous in achieving the strategic advantage in the global market.

Development of technology, easy financing use of management techniques like marketing, HR, Finance, and Technical skill based study like Textile Engineering and Fashion designing have made the garment exporter extremely competitive with the global market. In this study we will be talking about problems faced by Indian garment exporter. like Raw material, Labor, Technology, Currency fluctuation etc.

GARMENTS INDUSTRY IN INDIA

(Readymade garments)

The textile and garment sectors play an extremely significant role in India, especially the share in value added foreign exchange earnings, and employment. The garments industry in India is one of the best in the world. An extremely well organized sector, garment manufacturers, exporters, suppliers, stockiest and wholesalers are the gateway to an extremely enterprising clothing and apparel industry in India. There are numerous garments exporters, garments manufacturers; readymade garments exporters etc. both in the small scale as well as large scale.

Encouragement, support and facility provided by the Indian Government.

It becomes a very Import to know the encouragement support and facility provided by Indian Government and dedicated organization as they constitute very important part of the growth of the Indian garment exporters industry. So first let's talk about some of the government facility, support and incentives provided to our Indian exporter to encourage the and enable them to compete with global competitor and for earning valuable foreign exchange for the country

EXPORT PROMOTION COUNCILS

The Export Promotion Councils are non-profit organizations registered under the Indian Companies Act or the Societies Registration Act, as the case may be. They are supported by financial assistance from the Government of India. The basic objective of Export Promotion Councils is to promote and develop the exports of the country. Each Council is responsible for the promotion of a particular group of products, researches and services.

Objectives of the study

- This research helps us to know about the garments export business.
- This research helps us to know about the problems faced by the garments exporter.
- The study helps us to know the facilities provided by the government and other facilities
- This study is also helpful in knowing the export market and get started with export business

Research methodology

Research is a statement to knowledge and understanding which can replace the slower, more precarious road of trial and error in experience. It implies, searching, investigating, re-examining, re-assessment and re-evaluations. It is a purposeful and systematic investigation to test carefully considered hypothesis or thoroughly framed questions.

SAMPLE SIZE

The sampling size was confined to the 25 respondents for the study, who are exporters in garments in and around Chennai

Sources of data

After identifying and defining the research problem a detailed collection of data is carried out. Data is facts, figures and other relevant materials, past and present which is the basis for the study and analysis.

Primary Data

This is generated when a particular problem at hand is investigated by the researcher questionnaire, personal interviews, observations, etc. In this study data is collected as mentioned questionnaire specially prepared for the purpose of the study.

Secondary Data

This also includes data which is collected from some previous research work and survey and which can be used by the researcher in his study. The information from secondary source is collected from manuals, magazines, journals, reference books, articles, etc.

Data analysis and Interpretation

Table 1

Shows the number of year of Experience in garments Industry of garment exporter on whom the survey was conducted.

Options	No. of respondents	Percentage
Less then 2 years	4	16%
Between 2 – 5 years	3	12%
Between 5 – 7 years	6	24%
Between 7 –10 years	3	12%
Above 10 years	9	36%

Interpretation

From the above table and graph we see that 24% of the respondents have about 5 to 7 yrs experience in the industry

Table 2

Countries exported by the respondents.

Options	No. of respondents	Percentage
U,S,A	23	92%
U,K	18	72%
Canada	13	52%
Germany	3	12%
Japan	1	4%

Interpretation

It can be seen from the table than the maximum number of respondents (92%) are exporting to U.S.A and 72% to U.K and 52% to Canada. while exports to Germany and Canada is 12% and 4%.

Table 3

Details of products exported

Options	No. of respondents	Percentage
Men Apparel and garments		
Shirt	25	100%
T-shirt	16	64%
Pants	22	88%
Jackets	3	12%
Shorts	23	92%
Women Apparel and garments		
Skirts	18	72%
Blouse	6	24%
Tops	19	76%
Jackets	3	12%
Short pants	4	16%
Dresses	8	32%
Kids Apparel and garments		
Tops	3	12%

T-Shirts	8	32%
Shirts	2	8%
Shorts	8	32%
Pant's	1	4%
Skirts	3	12%
Body Suits	3	12%

Interpretation

The table shows all the respondents were involved in the exports of shirts and 18 respondents were involved in exports of women apparels – skirts and 8 respondents were involved in exports of kids T-shirts.

Table 4

Raw Materials sources of supply

Options Country	No. of respondents	Percentage
India	25	100%
Hong Kong	2	8%
China	12	48%
Japan	3	12%
Other country	1	4%

Interpretation

This graph shows us the source of raw Material from different is as the respondents sources their Raw materials from India. But 12 of the respondent also sourced them from china and the rest from Japan Hong Kong and other counters

Table 5

This table shows the perception of Indian exporter about the infrastructure available in the country. Perception of respondent prevalent infrastructure in the country.

Road	No. of respondents	Percentage
Excellent	0	0%
Good	7	28%
Poor	18	72%
Type of cargo service	**No. of respondents**	**Percentage**
Excellent		
Good	25	100%
Poor		
communication	**No. of respondents**	**Percentage**
Excellent	2	4%
Good	23	96%
Poor	0	0%
Power supply	**No. of respondents**	**Percentage**
Excellent	0	0%
Good	9	36%
Poor	16	64%
Availability of labor	**No. of respondents**	**Percentage**
Excellent	8	32%
Good	17	68%
Poor	0	0%

Interpretation

This table tells us about perception of the exporters regarding the infrastructure in some cases cargo service and communication there is no much difference found in the perception and The exporter are happy about it and they don't face much problems they feel its Good the perception about roads and power or like manageable but they are not very happy with it. The perception about the availability of labor is Good 68% and Excellent 32%

Table 6

 This table helps us to understand the level of problem faced by our Indian exporters due to the infrastructure

Roads	No. of respondents	Percentage
High	0	0%
moderate	9	36%
Low	16	64%
Cargo service	**No. of respondents**	**Percentage**
High	0%	0%
moderate	0%	0%
Low	25	100%
communication	**No. of respondents**	**Percentage**
High	0%	0%
moderate	8	32%
Low	17	68%
Power supply	**No. of respondents**	**Percentage**
High	3	12%
moderate	21	84%
Low	1	4%
Availability of labor	**No. of respondents**	**Percentage**
high	0	0%
mid	0	0%
low	25	100%

Interpretation

This table helps us to understand the problems faced due to Infrastructure Moderate 36% and Low 64%. Indian exporter feels it's manageable by them. Cargo service, Labor, Communication problems faced are low by the exporter. In case of power problem faced by exporter in High 12% Moderate 84% Low 4%

Table 7

This table shows the barrier faced by respondents in the global market.

I.   This table lets us to know the level of barrier faced due to Information

Information	No. of respondents	Percentage
High	-	0%
moderate	4	16%
Low	21	84%

Interpretation

As we can see 16% of respondents feels the level of barrier is Moderate and 84% feel that it's Low. As we can see that Information is not a high barrier for an exporter due to the advancement in technology and method of business approach

For example: the information about the requirement can be tracked on Internet with website like www.indianmart.com

II.   This table helps us to understand the problem faced due to Government rules and regulation

Government rules and regulation	No. of respondents	Percentage
High	8	32%
moderate	4	16%
Low	13	52%

Interpretation

The problem faced due to Government rules and regulation by respondents is 32% feel it's high and 16% feel its moderate and 52% as following of respondents feel it's low. The exporter who feel its low and moderate that's 52%+16%= 68% exporter feel the barrier level is minimized after quota System is lifted the problems are not high as they were Before.

III.   This table helps us to understand the level of barrier faced due to Red tape.

Red tape	No. of respondents	Percentage
High	4	16%
moderate	8	32%
Low	13	52%

Interpretation

As respondent felt that barriers due to red tape is 32% respondent felt it as moderate and 52% felt it as low and 16% respondent feel it as high

IV.   This table helps us to understand the level of barrier faced due to Customs

Customs	No. of respondents	Percentage
High	2	8%
Moderate	8	32%
Low	15	60%

Interpretation

The level of barrier faced due to customs is High 8% Moderate 32% Low 60% the main reason for problems faced due to customs is delay in time due to customs procedure today this problem is minimized so as a result we can 68% as low

V.   Problems faced due to non-availability of shipping

Availability of shipping	No. of respondents	Percentage
High	0	0%
Moderate	4	16%
Low	21	84%

Interpretation

Problems faced due to non-availability of shipping High 0% Moderate 16% and low 84%

VI.   This table helps us to understand the barrier faced Due to Finance

Finance	No. of respondents	Percentage
High	0	0%
moderate	4	16%
Low	21	84%

Interpretation

The level of barrier faced due to finance is low as we can see on chart Low is 84% and high is 0%

VII.   This table helps us to understand the barrier faced due to Bank charges

Bank charges	No. of respondents	Percentage
High	0	0%
Moderate	7	28%
Low	18	72%

Interpretation

The level of barrier faced due to bank charges are as we can see the problem is not a high level 0% on chart. As we can see Moderate at 28% and low at 72%

VIII.   This table helps us to understand the barrier faced due to communication

Communication	No. of respondents	Percentage
High	0	0%
moderate	2	8%
Low	23	92%

Interpretation

The level of barrier faced due to Communication is very Low as we can see on chart high level is 0%, Moderate is 8% and Low is 92% this is the result of improvement and development of technology.

IX.   This table helps us to understand the barrier faced due to Raw material

Raw material	No. of respondents	Percentage
High	0	0%
moderate	3	12%
Low	22	88%

Interpretation

The level of barrier faced due raw material is also very low as we can see on chart Low is at 88% which show that very less problem is faced due to Raw Material

Moderate is 12% this is in case if the raw material has to be imported and if the availability is low then it may act as a barrier.

Table 8

 Problems faced by respondents due to Government policies

present policies of government helpful	No. of respondents	Percentage
High	15	60%
moderate	7	28%
Low	3	12%

By this chart we can understand that government policy are very helpful as we can see High is on 60% and moderate on 28% And low on 12%

Table 9

Effects of economic changes around the world on Indian exporter.

Economic changes taking place	No. of respondents	Percentage
Yes	21	84%
No	4	16%

Interpretation

The table shows the number respondent who felt that the economic changes that effected the garments export was 84% yes and 16% no.

Table 10

According to this table the level of problems faced due to currency fluctuation   can be known. Level of problem faced by respondent due to currency fluctuation.

currency fluctuation	No. of respondents	Percentage
High	3	12%
moderate	14	56%
Low	8	32%

If we look at this chart we can understand the problems faced due to currency fluctuation by our respondents. As we can see on the chart the High is 12% Moderate is 56% and low is 32% so we say that the problem faced is moderate.

Table 11

This table shows whether WTO agreement is favorable are not

WTO Agreement favorable	No. of respondents	Percentage
Yes	2	8%
No	23	92%

Interpretation

If we look at the chart we can understand that most of the people felt it's favorable. On chart yes favorable is 92% and 12 % of respondent felt it as unfavorable

Table 12

This table helps us to under stand the impact of problem faced by our respondent due to the documentation.

WTO Agreement favorable	No. of respondents	Percentage
Yes	4	16%
No	21	84%

Interpretation

The number of respondents who felt the problem due to documentation was yes 16% and 84% respondents felt no .

Table 13 This table helps us know the method adopted by respondent to export the product

Process their export activity	No. of respondents	Percentage
Direct Export	9	36%
Indirect Export (agent)	14	56%
Export Management House	2	8%

Interpretation

If we look at the chart we can understand that the percentage of direct export is 36% and Indirect export is 56% and Export Management house is 8%

Table 14

Risk involved in payment respondent view

level of risk Involved in there mode of payment	No. of respondents	Percentage
High	0	0%
Moderate	11	44%
Low	14	56%

Interpretation

If we look at the chart we can understand that the percentage of risk involved in receiving payment is not High as we can see its 0% the risk involved is less that's 56% Moderate is 44%

Table 15

This table will give us the information about the respondents, supplier's of Raw Materials and it will let us know the level of their performance.

Quality		
supplier's performance	**No. of respondents**	**Percentage**
High	17	68%
Moderate	8	32%
Low	0	0%
Flexibility		
supplier's performance	**No. of respondents**	**Percentage**
High	11	44%
Moderate	12	48%
Low	2	8%
Price (Good deal)		
supplier's performance	**No. of respondents**	**Percentage**
High	5	20%
Moderate	16	64%
Low	4	16%
Continuity		
supplier's performance	**No. of respondents**	**Percentage**
High	5	20%
Moderate	11	44%
Low	9	36%

Interpretation

This chart shows the Raw material supplier performance. The continuity is not found in all the cases like we can only 20% cases as high rest is life Moderate 44 % and low36%

flexibility of supplier may be in case of credit limit or quantity its moderate 48% high is 44% and low is 8% it shows that Flexibility of supplier is good Over all the supply and supplier performance is good and exporter is caring a good advantage computation between the supplier.

If we look at the chart we can see that the price at which the exporter gets his raw material is good like if we see the chart Moderate is 64% and high is 20% all together it comes to 84% so we can see that the price the price at which exporter is good

Table 16

This table will give us the information about the availability the skill labor's their cost, productivity, labor turnover, and level of problem caused

Skill labor's availability		
Skill labor's availability	**No. of respondents**	**Percentage**
High	9	36%
Moderate	12	48%
Low	4	16%
Cost		
Cost	**No. of respondents**	**Percentage**
High	0	0%
Moderate	14	56%
Low	11	44%
Productivity		
Productivity	**No. of respondents**	**Percentage**
High	7	28%
Moderate	18	72%
Low	0	0%
labor turnover		
labor turnover	**No. of respondents**	**Percentage**
High	9	36%
Moderate	16	64%
Low	0	0%

Interpretation

If we look at the chart we can understand that Labor is not a major problem faced the cost of labor is also moderate Productivity is also Good.

But we can see that there is a problem faced in labor turnover. If we look at chart High is 36% Moderate is 64% and Low is 0% which shows that there is problem faced due to labor turnover

Table 17 Information about identification of buyer by respondent

Way used to identify the buyer	No. of respondents	Percentage
Use of Internet	25	100%
Agents	23	92%
Council ate commercial section	0	0%
Exhibitions	22	88%
Trade fare	22	88%
Apparel Export Promotion Council	19	76%
Direct approach	12	48%

Interpretation

If we look at the chart we can understand exporters are making using of almost all the source to identify the buyer. Every one is making use of Internet that comes to 100%, Agents at 92%, Exhibitions and Trade fare are at 88% AEPC at 76% and direct approach at 48% direct opportunity respondent finds it through exhibition and trade fair.

Table 18

This chart shows us the effect of abolition of WTO quota on Indian Garments exporter

effect by abolition of WTO quota	No. of respondents	Percentage
High	0	0%
Moderate	16	64%
Low	9	36%

Interpretation

Effect by abolition of WTO quota is moderate64% of respondent low as per 36% of respondent.

Findings

Problems faced by garments exporter

1. **Raw material**
   - In case of a particular order, sometimes availability of raw materials may cause a problem if the raw materials has to be imported or due to some other reason the cost of raw materials than estimated rise that may cause a problem.
   - Rise in cost of raw materials will effect on pricing which has a final effect on competition.

2. **Labour problem**

Labor problem has its effect on cost and time for example loss of material due to unskilled labor which has its effect on cost. Loss of time due to strike and lockout, mass absence of labor is also one of the problems faced by some of the garment industry which has its effect over delivery time.

3. **Power**

Power is also one problem faced Power shutdown or power cut slows the production Rise in cost of production due to generation of power For example cost of diesel or fuel used for generator.

4. **Documentation**

Today Less problem are faced due to documentation when compared to before but, It has some effect on the exporter due to time taken in procedure involved

For example custom clearance

5. **Currency fluctuation**

Is also one of the problems faced by garments exporter. For example: I. if an exporter accepts a contract for $1000 at Rs42 Due to currency fluctuation if the dollar is now equal to Rs45 then export will face a loss of Rs3000.

6. **Marketing problems**

Identifying the buyer is one of the problems faced by garment exporter cost incurred in over seas marketing. Some of the other problems identified at the time of interaction with the respondent were: Pricing this is the problem faced by many of our exporters due to global computation Pricing and the competition is rising day by day and as we know pricing is one of the main strategy adopted. Distance is also a problem faced where it directly effect on time and cost Transport or shipping involves huge amount of cost. Which may effect pricing

Suggestions

After identifying the problems faced by the Indian exporters the problems were analyzed and some suggestions are given. These are some of suggestion we hope, can be of some use to solve the problems faced by them.

1. Raw materials problems faced by garments exporter can be solved by. Identifying the proper supplier. Work closely with the supplier and give him the guidance and supervision. One of the most important step involved is to check and inspect the of raw material before accepting the lot. The exporter has to see that the supply of raw material will be done in time.

2. Use of Internet or E-commerce to identify the supplier quickly and to strike the best deal and get a better quality at a good price irrespective of the location of the suppliers. Identifying the suppliers in foreign countries has been made easy and fast due to the advancement in technology. A buyer has to just log in into a search engine like www.google.com or other website known to him or some other search engine and

identify the buyer online. He can even look in to his company profile and identify the suppliers as per his need and requirement and he can move in to the contract with the supplier.

3.   Labor problem

Availability of skilled labor is solved for some extent due to government and private training instruction. The organization can have their own training program within organization and they can provide training to the new employee who enters the organization They can have training programs like on job training. Proper training of a new employee can solve the problems to some extent

4.   Power cut

This problem can be over come by use of generators to avoid machine shut down, to save the idle time spent on power cut.

5.   Documentation is not a major problem today after abolition of WTO quota   documentation process is easier. The government has minimized the legal   formalities and procedure and It is very important on the part of exporter to   maintain proper documents ,facts and figures and fulfill the legal requirements in   time

6.   Currency fluctuation problem can be solved by forward buying and currency   option

7.   Garments exporter can over come the marketing problem by adoption of good   Marketing strategy

Garments exporter can identify his buyer through internet, agents, Council ate

Commercial section, exhibitions, trade fare and export promotion council

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