



# EXPORT PERFORMANCE OF EOU'S IN KARNATAKA : A DESCRIPTIVE STUDY

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## **ABSTRACT**

This paper analyze the export performance of EOU's in Karnataka, particularly Textile, Garments and Computer software Export Oriented Units. Every country strives hard to achieve positive balance of payment by increasing the exports over the imports. It is not an easy goal to achieve, for developing countries to export more than imports. An attempt has been made to study and analyze the performance of export oriented units which are located in Karnataka by using 10 years data of Export statement, Import statement and volume of Investment. The study is conducted to examine the data pertaining to export volume of garments and computer software units which are indulge in export and allied activities. It is found that proper export promotional schemes and measures are required to augment the exports; Karnataka is one of the top major contributing states to the country's total exports, employment generation and GDP.

**KEY WORD:** Export oriented units, Export, Import, Investment, Export Performance.


## **INTRODUCTION**

Export oriented units (EOU) scheme was introduced by ministry of commerce resolution dated 31-12-1980. The purpose of the scheme was primarily to boost exports by creating additional production capacity. it is a complementary scheme to the free trade zones/ export processing zone (EPZ) scheme which were introduced in 1960, which had not successful to attract many units due to location barriers. The exporters showed willingness to set up units with long term commitment to exports under customs bond operations provided they had the freedom to locate them in places of their choice and given most of the benefits as provided to units set

up in the zones. Export oriented unit scheme is one of the export enhancement and promotion schemes. The concept of EOU states that service or manufacturing sector units are allowed to set up with the objectives of exporting the entire production of goods or services. Increasing exports, earning foreign exchange, attracting foreign investment and generating the employment are the primary concerns of the scheme.

### Major Sectors in Export Oriented Schemes

1. Aqua & Pearl Culture
2. Chemicals
3. Coffee
4. **Computer Software**
5. Electrical & Electronics
6. Engineering Goods
7. Food Processing
8. Gem & Jewellery
9. Granite
10. Pharmaceuticals
11. **Textiles / Garments**



### Prime Objectives of Export Oriented Units

1. Boosting exports
2. Earning foreign exchange
3. Attracting foreign investment
4. Generating employment
5. Backward and forward linkage by way of sourcing of raw material from and supply of finished goods to DTA
6. Attracting latest technology into the country
7. Upgrading the skill and creating source of skilled man-power
8. Development of backward area

### REVIEW OF LITERATURE

**Antonio Navarro Garcia et al (2013)** the export culture and strategic orientation is essential export performance. This paper examines the model implications of strategic export orientation, management and performance. Computed the sample size of 150 Spanish exporters, the result derived the significance of export orientation in strategic implications for the success of the firms by constructing two dimensional approach.

Qualitative with respect to satisfaction of export performance and quantitative with respect growth in export volume.

**Jorge Francisco lengleret all (2013)** integration of market orientation creates the international marketing scope wider. Empirical studies have been conducted in the context of domestic operation. Competitor and customer test model that examines orientation level have linear or quadratic relationships with export performance and export profit. 197 Brazilian export firms' survey data, structural equation modeling was conducted to that the hypothesized relationships and to validate model test model reveals that customer orientation and competitors orientation export profit relationships is linear.

**Zaur hasanov et all (2015)** this research paper makes an attempt to study the functional relationship between innovativeness indicators and export performance. This Studies the Impact of innovativeness on export performance. Descriptive statistics were used to prove the hypotheses. Study shows positive association between innovation and countries export performance, industrial design, economic size, patent and methods of export operation are the key indicators of export performance of the country.

**Oluwaseun eniola et all (2018)** the purpose of the paper is to evaluate the export environmental hurdles and export learning potentialities with reference to market oriented culture of export performance. Qualitative approach technique was used on 249 small and medium exporting firms in Nigeria and sub - Sharan African economy. Export oriented marketing environment leads to increase export performance and enhance high export marketing performance capabilities. Improvement of better marketing system provides positive export performance and reduces export marketing turbulences.

**Prashanth k j et all (2019)** this research paper studies the influence of investment on export performance of selected export oriented sectors of Karnataka. The empirical analyze has been done by using descriptive statistics, normality test, unit root test for sector wise export performance. Correlation analysis, regression analysis and inferential analysis revealed substantial influence of level of investment does have positive impact on export performance

### STATEMENT OF THE PROBLEM

In modern era of foreign trade system export and allied exporting activities plays a very significant role. Net national income earn from abroad to achieve net positive balance of payment, enhancement of exports from the nation is most essential. Though achievement of net export balance have numerous hurdles to crack and encounter. Finding new potential buyers in export destination and Market specification for products and services has been competitive and export and import procedures of the nations have lot of steps which create problems in every stage. Export import quality standards, purchasing power parity and other determinants acts as barriers to internationalization with respect export trade.

## OBJECTIVES OF THE STUDY

1. To study Textile and Garments Export oriented units in Karnataka
2. To study Computer software Export oriented units in Karnataka
3. To analyze the Export performance of Garments and computer software EOUs

## METHODOLOGY

This present study focuses on the export performance of textile and Garments and computer software export oriented units in Karnataka. The research methodology is descriptive form and touch of analytical explanation of export status of various export houses. The researcher collects the required data and information from official website of special economic zone and annual reports from various export oriented units. Secondary survey methods were used in addition to books, reports and published article has been reviewed thoroughly to meet the set objectives of the paper.

Following are the tables and statement which depicts the information regarding the export, import and investment status of the garments and computer software export oriented units of Karnataka between years 2010-2019.

### EXPORT STATEMENT OF TEXTILE AND GARMENTS EOU'S IN KARNATAKA

SL. NO	YEAR	TOTAL EXPORTS IN CRORES ₹	DIFFERENCE IN EXPORTS IN CRORES ₹	GROWTH IN %
1	2010	1524.47	0	0
2	2011	1573.51	49.04	3.21
3	2012	1715.12	141.61	8.99
4	2013	1776.17	61.05	3.43
5	2014	1706.99	-69.18	-4.052
6	2015	1550.97	-156.02	-10.05
7	2016	1126.67	-424.3	-37.65
8	2017	952.24	-174.43	-18.31
9	2018	953.24	1	0.10
10	2019	519.99	-433.25	-83.31
	<b>TOTAL</b>	<b>13,399.37</b>	<b>-1004.48</b>	

The above table shows the data of exports oriented units in Karnataka. We can observe that there is an increasing trend from 2010 to 2013. Thereafter the table showcase a negative trend wherein there is a slight dip during the year 2014 followed by downward slope till 2019.

**IMPORT STATEMENT OF TEXTILE AND GARMENTS EOU'S IN KARNATAKA**

SL. NO	YEAR	TOTAL IMPORTS IN CRORES ₹	DIFFERENCE IN IMPORTS IN CRORES ₹	GROWTH IN %
1	2010	811.84	0	0
2	2011	853.79	41.95	5.16
3	2012	934.97	81.18	9.50
4	2013	762.51	-172.46	-18.44
5	2014	790.52	28.01	3.67
6	2015	822.45	31.93	4.03
7	2016	521.71	-300.74	-36.56
8	2017	623.42	101.71	19.49
9	2018	413.63	-209.79	-33.65
10	2019	241.17	-172.46	-41.69
	<b>TOTAL</b>	<b>6,776.01</b>	<b>-570.67</b>	

The table shows that in the year 2012 the total imports were highest of Rs 934.97 crore wherein during year 2019 the total imports of textile and garments is lowest of Rs 241.41 crore

**NET EXPORT STATEMENT OF TEXTILE AND GARMENTS EOU'S IN KARNATAKA**

SL NO	YEAR	TOTAL EXPORTS IN CRORES ₹	TOTAL IMPORTS IN CRORES ₹	NET EXPORTS IN CRORES ₹
1	2010	1524.47	811.84	712.63
2	2011	1573.51	853.79	719.72
3	2012	1715.12	934.97	780.15
4	2013	1776.17	762.51	1013.66
5	2014	1706.99	790.52	916.47
6	2015	1550.97	822.45	728.52
7	2016	1126.67	521.71	604.96
8	2017	952.24	623.42	328.82
9	2018	953.24	413.63	539.61
10	2019	519.99	241.17	278.82
	<b>TOTAL</b>	<b>13,399.37</b>	<b>6,776.01</b>	<b>6623.36</b>

The above table shows that during the year 2013 there is a lacuna between exports and imports stating the difference of 1013.66 crore flaunting increasing in exports and decreasing in imports.

**INVESTMENT STATEMENT OF TEXTILE AND GARMENTS EOU'S IN KARNATAKA**

SL NO	YEAR	TOTAL INVESTMENT IN CRORES ₹	DIFFERENCE IN INVESTMENT IN CRORES ₹	INCREASE IN INVESTMENT IN %
1	2010	967.64	0	0
2	2011	132.42	-835.22	-86.31
3	2012	1047.77	915.35	691.24
4	2013	1062.31	14.54	1.36
5	2014	986.76	-75.55	-7.65
6	2015	977.56	-9.2	-0.94
7	2016	933.05	-44.51	-4.77
8	2017	714.71	-218.34	-30.54
9	2018	877.31	162.6	18.53
10	2019	767.51	-109.8	-14.30
	<b>TOTAL</b>	<b>8467.04</b>		

The investment in textile and garments in EOU's in Karnataka during the year 2011 the investment towards textile and garments is drastically down and less investment is shown. In the year 2012 and 2013 the investment is relatively increased followed by the decreasing trend in the investment thereafter till 2019.

**EXPORT STATEMENT OF COMPUTER SOFTWARE EOU'S IN KARNATAKA**

SL NO	YEAR	TOTAL EXPORTS IN CRORES ₹	DIFFERENCE IN EXPORTS IN CRORES ₹	GROWTH IN %
1	2010	924.49	0	0
2	2011	1165.95	241.46	26.11
3	2012	1339.2	173.25	14.85
4	2013	1355.64	16.44	1.22
5	2014	1493.28	137.64	10.15
6	2015	1519.32	26.04	1.74
7	2016	1782.48	263.16	17.32
8	2017	2120.71	338.23	18.97
9	2018	2240.08	119.37	5.62
10	2019	2721.32	481.24	21.48
	<b>TOTAL</b>	<b>16,662.47</b>	<b>1,796.83</b>	

The above table portrays the exports of computer software EOU'S in Karnataka, which is showing an increasing trend from 2010 to 2019 the highest export recorded during the year 2019 and lowest export volume was in the year of 2010.

**IMPORT STATEMENT OF COMPUTER SOFTWARE EOU'S IN KARNATAKA**

SL NO	YEAR	TOTAL IMPORTS IN CRORES ₹	DIFFERENCE IN IMPORTS IN CRORES ₹	GROWTH IN %
1	2010	285.01	0	0
2	2011	212.64	-72.37	-25.39
3	2012	354.96	142.32	66.93
4	2013	194.13	-160.83	-45.30
5	2014	211.62	17.49	9.00
6	2015	304.32	92.7	43.80
7	2016	248.12	-56.2	-18.46
8	2017	329.61	81.49	32.84
9	2018	328.78	-0.83	-0.25
10	2019	297.53	-31.25	-9.50
	<b>TOTAL</b>	<b>2,766.72</b>	<b>12.52</b>	

The imports of computer software EOU's in Karnataka showcase a mixed trend. During the year 2013 the imports were less and followed by the highest during the year 2019.

**NET EXPORT STATEMENT OF COMPUTER SOFTWARE EOU'S IN KARNATAKA**

SL. NO	YEAR	TOTAL EXPORTS IN CRORES ₹	TOTAL IMPORTS IN CRORES ₹	NET EXPORTS IN CRORES ₹
1	2010	924.49	285.01	639.48
2	2011	1165.95	212.64	953.31
3	2012	1339.2	354.96	984.24
4	2013	1355.64	194.13	1161.51
5	2014	1493.28	211.62	1281.66
6	2015	1519.32	304.32	1215
7	2016	1782.48	248.12	1534.36
8	2017	2120.71	329.61	1791.1
9	2018	2240.08	328.78	1911.3
10	2019	2721.32	297.53	2423.79
	<b>TOTAL</b>	<b>16,662.47</b>	<b>2,766.72</b>	<b>13,895.75</b>

The net export in the table shows that during the year 2019 has witnessed a huge difference between the exports and imports, whereas the difference is showing much less during the year 2010.

## INVESTMENT STATEMENT OF COMPUTER SOFTWARE EOU'S IN KARNATAKA

SL NO	YEAR	TOTAL INVESTMENT IN CRORES ₹	DIFFERENCE IN INVESTMENT IN CRORES ₹	INCREASE IN INVESTMENT IN %
1	2010	1597.76	0	0
2	2011	23.88	-1573.88	-98.50
3	2012	1991.72	1967.84	8240.53
4	2013	2281.46	289.74	14.54
5	2014	2416.79	135.33	5.93
6	2015	2515.14	98.35	4.06
7	2016	2833	317.86	12.63
8	2017	3022.84	189.84	6.70
9	2018	3158.14	135.3	4.47
10	2019	3357.62	199.48	6.31
	<b>TOTAL</b>	<b>23,198.35</b>	<b>1,759.86</b>	

The table shows the volume of investment towards computer software export oriented units for the year 10 years. During the year 2019 the volume of investment is at peak compare past 10 years at 3357.62 crore, where as the least investment of 23.88 crore is invested in the year of 2011.

### CONCLUSION

This study primarily considered export status of Textile, garments and Computer software Export oriented units in Karnataka as the performance indicator. Export always leads to greater economic activity and increases revenue. It is also result in production, Exchange, Value added services and efficiencies due to greater innovation and R&D through working with foreign partners. Export activities deals with operational risk but as we all know risk and return are the two faces of same coin.

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