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## The Challenges Faced by Garments Manufacturing SME: Special Reference to Jai Bhavani Textile, Vasai East

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### **Abstract**

Textile development and trade have been India's forte since centuries. The last few decades have also seen the growth and development of the Clothing or Garment Industry. India's garment industry has achieved worldwide prominence as a source of clothing that combines the latest global fashion trends with exquisite designs, inspired from local culture. Globalisation has helped trade in many ways. Garment Industry in India: The industry covers over one lakh units and employs about 60 lakh workers, both directly and indirectly in almost equal proportion. The indirect portion helps to sustain the direct production sector in the shape of items associated with the garment industry production, which includes sewing/embroidery threads, trims, machine parts, cardboard sheets, and packaging material. The organised sector of the garment industry is roughly 20 percent of the total industry, concentrating chiefly on exports. As the apparel industry is fashion driven and fashion keeps changing, manufacturing units have to cope with the changing trends. The consumers are now more aware and more demanding with the development of media like television and internet. They have more choices in quality, price and design. This is the reason why apparel chains all over the world are focussing more on improving the quality of the product and offering a varied range of fashion designs. Therefore it can be concluded that there are many challenges which are faced by Jai Bhavani Textile of Vasai East in their daily routine which affects their annual growth sometimes.

**Keywords:** SMEs, operations management, garment manufacturing SMEs, challenges, barriers, Vasai East.

### **Introduction**

Jai Bhavani Textile has become a well known firm manufacturing, supplying, wholesaling and exporting wide collection Men's Printed T-Shirts, Full Sleeves Printed T-Shirt, Men's Hoodies, Women's Printed T-Shirt and Women's Tank Top Etc. Our garments are hugely admired and acclaimed for their

remarkable factors such as excellent finish, beautiful pattern, smooth texture, comfortable wear and attractive style.

The production unit is well equipped with latest technologies to carry out the manufacturing process in smooth manner. These garments are available in variety of designs, patterns, colours and sizes for our customers. One can also avail it in customized forms.

The first time introduced concept of online Shirting Fabric supply all over the world has been gained too much importance by many countries. The enormous range of the Shirting Fabric is been Available here. The customer can get up to 100 different Variety and in them “n” of Designs available to the customers. Well our Priority focus is considered to be the quality but building trust among our customers is the main focus which always enrich our company to the extent its working thoroughly.

Jai Bhavani Textile are fabric textile manufacturers, fabrics textiles wholesalers & fabric textiles suppliers of cotton shirting fabrics, printed fabric, linen fabrics.

On the other hand, leverage is also affected by their sourcing model and the type of relationship the enterprise has with their suppliers and based on these criteria, SMEs present several advantages. SMEs’ due diligence costs tend to be higher given their position in the supply chain, low leverage over their suppliers and lack of financial liquidity and small margins. SMEs often face finance-related barriers to doing business, complying with complex and changing regulatory frameworks or implementing standards.

### **Literature review**

**Manoj Kumar Pandey :** In the present day highly competitive and rapidly changing environment of business, it is very crucial that Indian Industries be in position to reduce the cost of production and improve productivity in various operations. Due to massive reforms in terms of liberalisation, privatisation and globalisation, the level of competition from domestic and international business has increased tremendously. In this highly competitive environment of business, profit of any business organisation cannot be increased merely by increasing the selling price.

**Chidamabar Ganapaiah :** Globally, Small and Medium Enterprises (SMEs) play a most important role in most economies, especially in developing countries. Formal SMEs contribute up to forty five percent of overall employment and up to thirty three percent of national income (GDP) in developing economies. These numbers are considerably higher when informal SMEs are included. According to estimates, 600 million jobs will be required in the next fifteen years to absorb the increasing worldwide workforce, mainly in Asia and Sub-Saharan Africa. In emerging markets, most formal jobs are with SMEs, which also create eighty percent of 5 new positions. newline. A portal has been set up which is operational from 1.4.2013. The objective will be to assist the investors to track their applications for setting up their operations in the state. This without having to physically visit related govt. office. This would bring efficiency in the operations of granting permissions to the entrepreneurs in the state and make the process hassle-free. The portal is known as e-Udyami.

**Avasthi, Shruti :** The SMEs have experienced increased efficiencies in manufacturing processes, warehouse management, and retailing and transportations activities with on time deliveries. The present study also makes an important contribution towards the body of knowledge on the adoption and implementation of ICT among SMEs in the Auto component sector. The research framework and the instruments used for data collection,

provide a comprehensive basis for assessing the contributing and inhibiting factors influencing the adoption of ICT among SMEs. Thus the present study fills the research gap found in ICT adoption and implementation. The results of this study show that Infrastructure, Regulatory framework, Funding, Performance incentives and availability of skilled manpower are important factors that contribute significantly in forming a positive attitude among Auto component SMEs towards adopting ICT.

Back-scheduling manufacturing operations is a common planning technique (Bruce et al, 2004). As a contingency-planning technique, garments are ready to be shipped in advance before the agreed delivery dates as back-scheduling provides a time buffer for uncertainties enhancing the flexibility of the manufacturing process. This results in improved supply chain performance which is especially important in the textiles industry due to its volatile nature (Candace et al, 2011).

### **Objectives:**

1. To study the significant challenges, the Jai Bhavani Textile faces.
2. To verify the suppliers meet industry social/labour standards with special reference to Jai Bhavani Textile, Vasai East.
3. To substantiate the suppliers meet industry environmental standards with special reference to Jai Bhavani Textile, Vasai East.
4. To demonstrate that cost cutting cooperation is the leading way to enhance the profitability.

**Research Approach:** Case studies were conducted and data collected through initial telephone interviews, in-depth face-to-face interviews with senior managers and consideration of documentary evidence. A literature review on manufacturing operations and an analysis of experts' opinions led to the development of three criteria to identify whether Jai Bhavani Textile have implemented successful supply chain management (SCM) strategies: 1) maintaining direct contacts with foreign buyers, 2) shorter lead times and 3) high value addition of products per employee. Based on these three criteria, the sample consisted of six case study companies: three firms that exercised 'more successful' SCM strategies and three characterised by 'less successful' SCM strategies.

**Research Impact:** The paper contributes by understanding the challenges faced by Jai Bhavani Textile of Vasai East and suggesting them to improvise their way of conduct for the further growth in the profitability.

### **Research Methodology**

Research means the scientific inquiry for facts about a phenomenon. Methodology is a way to systematically solve research problems. For this research, the methods adopted by the researcher in collecting the data are direct interviews, observations and the use of questionnaires. Inquiries were also made both directly and indirectly through some unusual questions to diverse groups within the industry. It explains the various steps that are generally adopted by the researcher in studying the research problems along with the logic behind it. The research methodology of the study consists of:

### **Universe**

The study focused on all aspects of challenges, problems, hurdles and limitations faced by Jai Bhavani Textile of Vasai East. There are many Garments Manufacturing SMEs in Vasai East.

## Procedure of sample selection

The primary data was employed in gathering information from staff of all cadres. Interviews were also conducted with other stakeholders, including customers of the Jai Bhavani Textile. The close-ended questionnaire consists of two sections. Section A elicits demographic information like gender, working experience, while Section B contains structured items relating to the research questions that necessitated this research.

## Sample Size

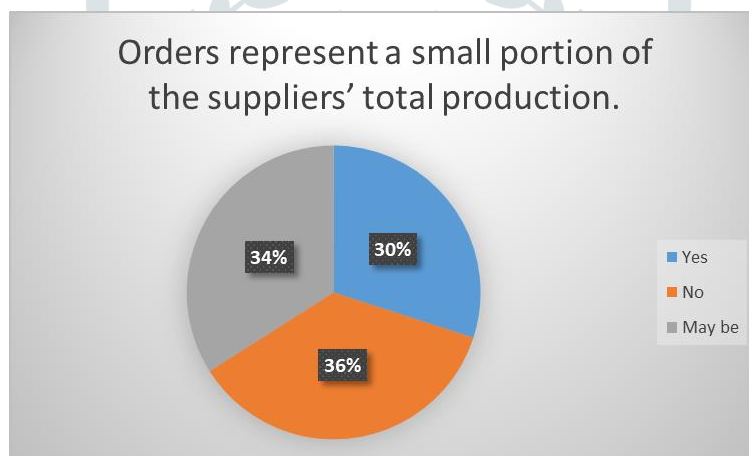
Random sampling method has been followed to choose the respondents. In order to carry out an in-depth and comprehensive study, 50 - 70 respondents were randomly selected. These respondents cut across all the cadres of the SMEs of Jai Bhavani Textile. Though the size of the sample is little when compared to the population of the study area, it represents the different sections of Jai Bhavani Textile SMEs. Hence, the samples were selected from all the areas by giving equal weightage.

## Sources of Data

The data required for the study is primary in nature. The Close-Ended Questionnaire method has been used for the collection of data. In this regard, a structured questionnaire for Jai Bhavani Textile was prepared and administered among the sample respondents.

## Data Collection & Techniques

- Orders represent a small portion of the suppliers' total production.



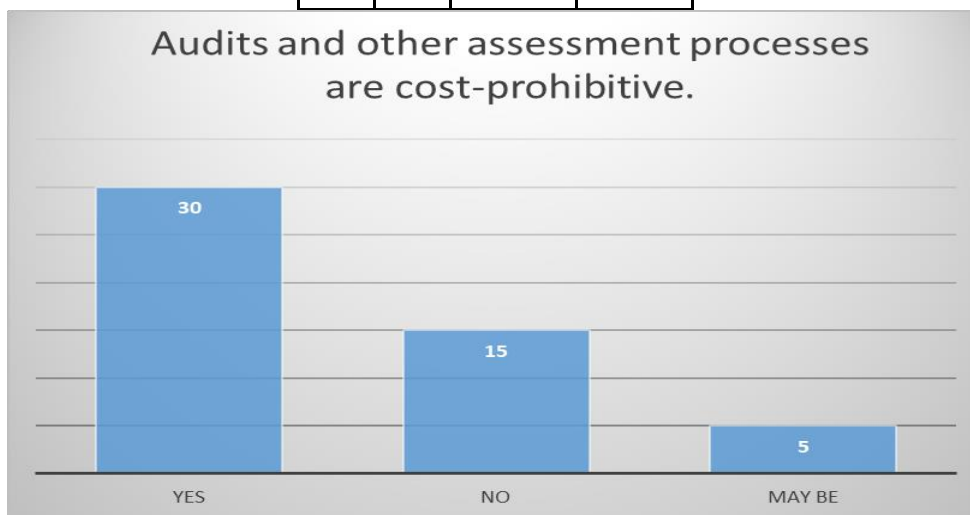
Analysis of Q.1			
Ye s	No	May be	Total
15	18	17	50

Interpretation:

From the above analysis it can be interpreted that 36% employees of Jai Bhavani Textile say that the orders don't represent a small portion of the suppliers' total production. On the other hand 34% of the employees agree that the orders represent a small portion of the suppliers' total production and 30% of the employees don't have a clear idea on this as they are from other departments.

2. Audits and other assessment processes are cost-prohibitive.

Analysis of Q.2			
Ye s	No	May be	Total
30	15	5	50



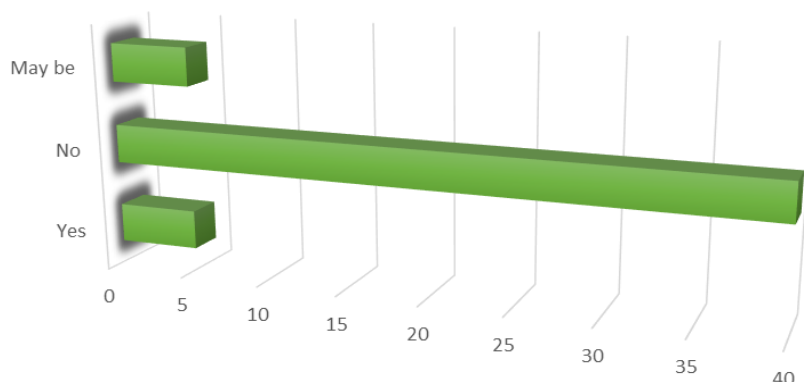
Interpretation:

From the above analysis it can be interpreted that 60% employees of Jai Bhavani Textile say that the audits and other assessment processes are cost-prohibitive. On the other hand 30% of the employees don't agree that the audits and other assessment processes are cost-prohibitive and 10% of the employees' views are that it can be possible that the audits and other assessment processes are cost-prohibitive.

3. Audits and other assessment processes are not effective.

Analysis of Q.3			
Ye s	No	May be	Total
5	40	5	50

Audits and other assessment processes are not effective.

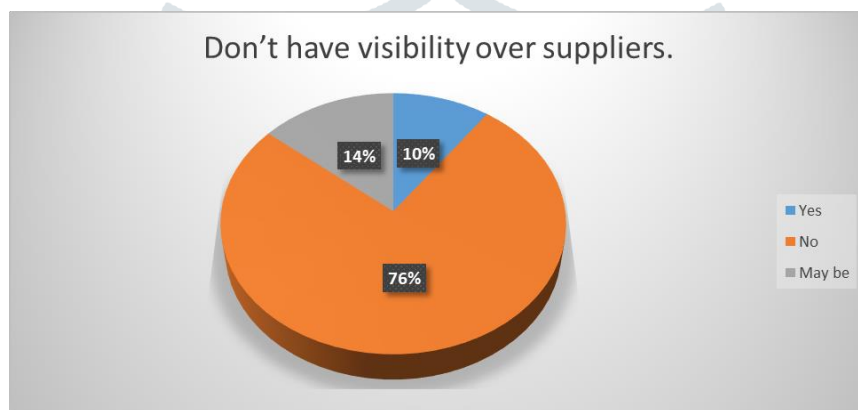


Interpretation:

The above analysis interprets that 10% employees of Jai Bhavani Textile agrees that the audits and other assessment processes are not effective. On the other hand 80% of the employees of Jai Bhavani Textile disagree with the statement that the audits and other assessment processes are not effective and 10% of the employees' views are neutral.

#### 4. Don't have visibility over suppliers.

Analysis of Q.4			
Ye s	No	May be	Total
5	38	7	50

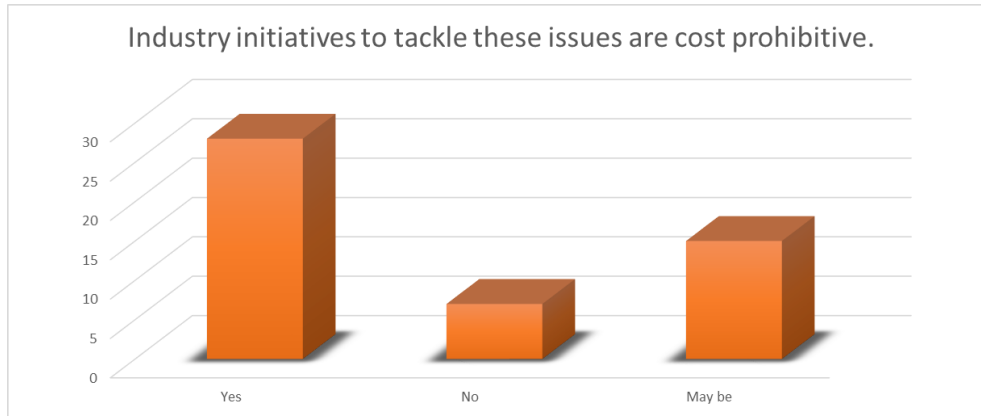


Interpretation:

The above analysis interprets that 76% employees of Jai Bhavani Textile disagrees with the statement that the company doesn't have visibility over suppliers. On the other hand, only 10% of the employees of Jai Bhavani Textile say that the SMEs don't have visibility over suppliers and 14% of the employees' views are neutral.

5. Industry initiatives to tackle these issues are cost prohibitive.

Analysis of Q.5			
Ye s	No	May be	Total
28	7	15	50

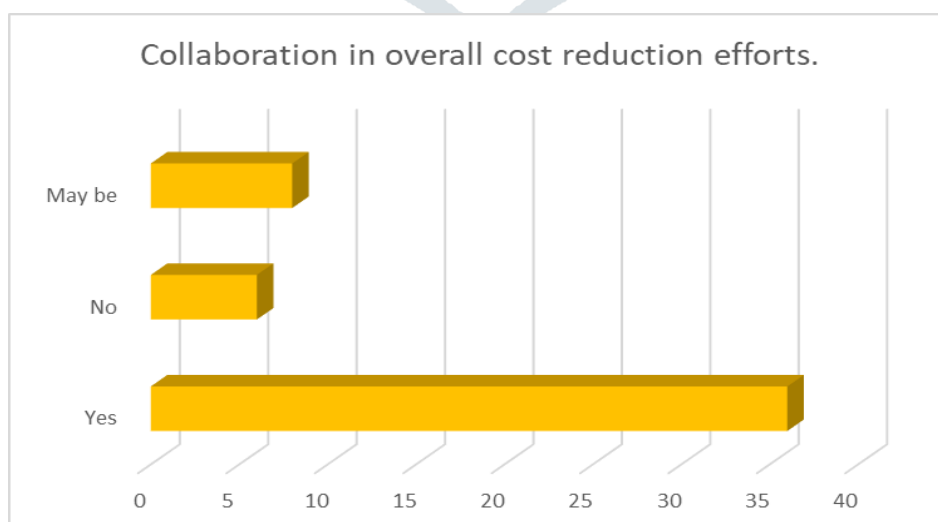


Interpretation:

From the above analysis it can be concluded that 56% employees of Jai Bhavani Textile agrees with the statement that the industry initiatives to tackle several issues are cost prohibitive. On the other hand, only 14% of the employees of Jai Bhavani Textile say that the industry initiatives to tackle several issues are not cost prohibitive and 30% of the employees' responses are neutral.

6. Collaboration in overall cost reduction efforts.

Analysis of Q.6			
Ye s	No	May be	Total
36	6	8	50



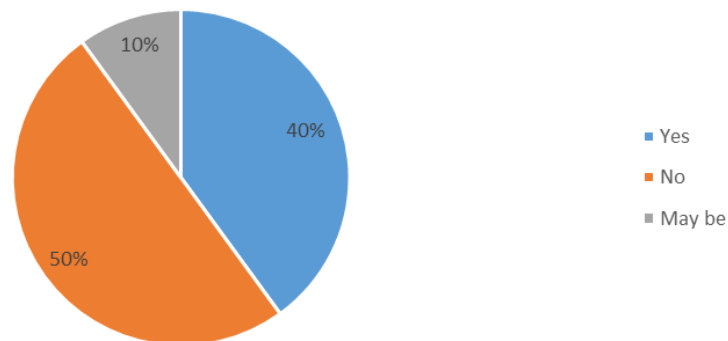
Interpretation:

From the above analysis it can be concluded that 72% employees of Jai Bhavani Textile agree with the statement that the collaboration in overall cost reduction efforts. On the other hand, only 12% of the employees of Jai Bhavani Textile disagree with the saying that the collaboration in overall cost reduction efforts and 16% of the employees' responses are neutral.

7. Payment of raw material and fabrics are done beforehand.

Analysis of Q.7			
Ye s	No	May be	Total
20	25	5	50

Payment of raw material and fabrics are done beforehand.



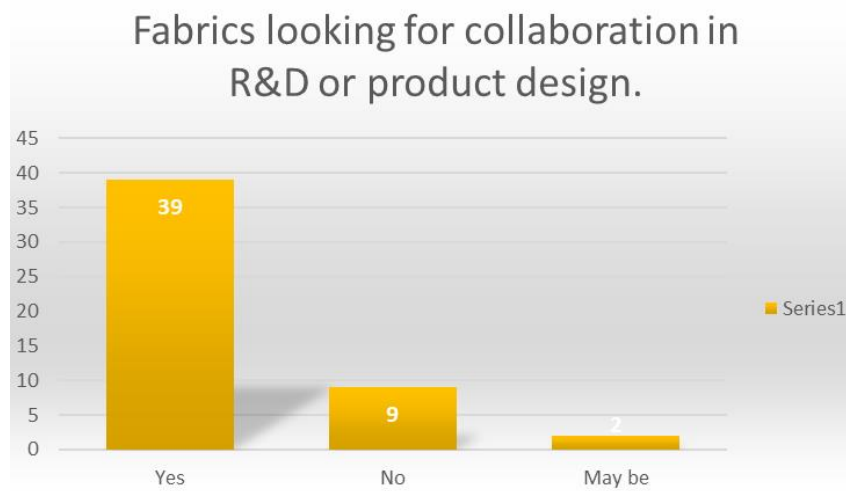
Interpretation:

The above analysis shows that 40% employees of Jai Bhavani Textile agree with the statement that the payment of raw material and fabrics are done beforehand. On the other hand, only 50% of the employees of Jai Bhavani Textile disagree with the saying that the payment of raw material and fabrics are done beforehand and 10% of the employees' responses are impartial.



## 8. Fabrics looking for collaboration in R&amp;D or product design.

Analysis of Q.8			
Ye s	No	May be	Total
39	9	2	50

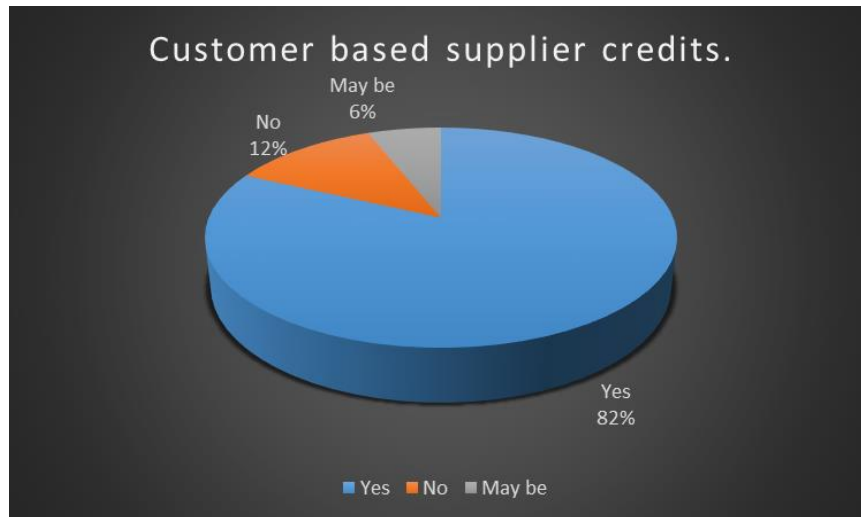


## Interpretation:

The above analysis shows that 78% employees of Jai Bhavani Textile agree with the statement that the fabrics are looking for collaboration in R&D or product design. On the other hand, only 18% of the employees of Jai Bhavani Textile disagree with the saying that the fabrics are looking for collaboration in R&D or product design and 4% of the employees' responses are unbiased.

9. Customer based supplier credits.

Analysis of Q.9			
Ye s	No	May be	Total
41	6	3	50

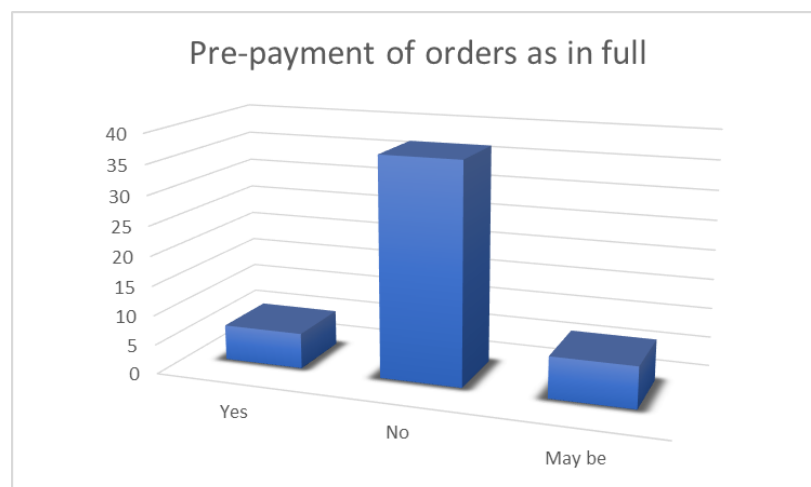


Interpretation:

From the above analysis it can be interpreted that 82% employees of Jai Bhavani Textile agree with the statement that the SME is customer based supplier credits, they give credit period for the payment. On the other hand, only 12% of the employees of Jai Bhavani Textile disagree with the saying that the SME is customer based supplier credits and 6% of the employees' responses are unswayed.

10. Prepayment of orders as in full.

Analysis of Q.10			
Ye s	No	May be	Total
6	37	7	50



Interpretation:

From the above analysis it can be interpreted that 74% employees of Jai Bhavani Textile disagree with the statement that prepayment of orders as in full, they never make the full payment unless and until they receive full order. On the other hand, only 12% of the employees of Jai Bhavani Textile agree with the statement that prepayment of orders as in full and 14% of the employees' responses are unswayed.

### **Scope of the Study**

1. The study focused on all aspects of challenges, problems, hurdles and limitations faced by Jai Bhavani Textile of Vasai East. There are many Garments Manufacturing SMEs in Vasai East.
2. To study the significant challenges, the Jai Bhavani Textile faces.
3. To verify the suppliers meet industry social/labour standards with special reference to Jai Bhavani Textile, Vasai East.
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5. To demonstrate that cost cutting cooperation is the leading way to enhance the profitability.

### **Limitations of the Study**

1. This study is restricted to Jai Bhavani Textile of Vasai East. There are many Garments Manufacturing SMEs in Vasai East. Therefore study can be carried out in any other area also.
2. This paper studies only the significant challenges, the Jai Bhavani Textile faces. There are many other factors too on which study can be carried out.
3. Cost cutting cooperation is the leading way apparel sourcing organisations are supporting suppliers. Further studied can be carried out on customer too.

### **Findings**

SMEs tend to have a lower level of leverage due to their size and their orders generally represent a small amount of their suppliers' total production. Given their size and position in the supply chain, SMEs also lack leverage over their customers to influence their decisions and are more likely to be impacted by poor purchasing practices. At the same time, they often have greater flexibility in policy making and implementation and may have fewer impacts or suppliers to manage compared to larger enterprises. This can also be linked to the need for financial and human resources and the technical capacity for traceability.

SMEs reported concerns in implementing supply chain transparency through disclosure of information, raising the competitive disadvantage of disclosing supplier factories and anti-competition behaviour. A lower number of actors and countries involved in the supply chain and direct interactions can reduce the cost of traceability. SMEs are in general less informed and aware about due diligence. Technical content and terminology can represent a barrier to accessibility of relevant information, there is a low level of formalisation of RBC processes through technical language among SMEs. Due to their flat structure and informal management, SMEs are heavily reliant on personal relationships and social capital rather than compliance, formal systems and structures. Lack of harmonisation of standards has also been reported by SMEs as an obstacle to due diligence.

### **Conclusions**

To conclude, companies need to be careful of not becoming trapped in a stagnant, non-value-adding commercial environment whereby technological and operational investments are under-utilised. No doubt, small companies always have more problems than big corporations or even any medium-level companies. And if a small company is in a remote area or may be in a big city but not in an established hub, there are endless problems faced by that organisation. Hence, right from the availability of raw materials or delay in the delivery of the same, to no proper support from banks or financial organisations, limited skilled workers or trained professionals, are a few of the troubles that Jai Bhavani Textile faces there.

While costs can represent a significant burden for SMEs, their knowledge of business partners may allow them to reduce it. It should also be noted that they can also often engage in more direct ways with their suppliers and may need less complex impact assessments. SMEs reported a lack of visibility over their suppliers as another main challenge. This is closely linked to the enterprise's level of leverage, since in cases where leverage is low, the enterprise is more likely to experience difficulty gathering information from the supplier. I must insist here that the major issue for small scale manufacturers like Jai Bhavani Textile is the availability of finance or working capital... and Governmental bodies though helping but its not reachable to Jai Bhavani Textile somehow. There are interesting schemes which can adequately support the SMEs like Jai Bhavani Textile.

Would like to conclude by the phrase

**“The lowest cost of goods does not compensate for the high cost of uncertainty,” said Thorbeck.**

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