



Export Business – Self Appraisal by the Exporters

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ABSTRACT

It is not difficult to become an exporter and it is not easy too. Having a proper understanding of what the market needs, studying market policies with 360 degree view, developing personal relations with buyers will make export easy. Exporters are playing an important role in India's economic growth. Recent attitude of the exporters are dependence on the government for everything and lack of determination which is also the reason for the country for not moving ahead in exports. It is reverse in the case of other competing countries. Hence exporter's especially labour intensive sectors should be skilled and ready to grab the opportunities. This study was conducted to find out how the exporter appraises their own export business.

KEYWORDS : INDIAN EXPORTS, EXPORTER, EXPORT PERFORMANCE

Introduction

India is very famous for fabulous wealth since the ancient times. Indian trade history shows hardwood furniture, embellished with inlay work was a very popular item. Skill of carpet weaving touched new heights during the Mughal era in the 16th century. Wide variety of ornamental work in cut stones, ivory, pearl and tortoise shells were produced in South India. Those days Pearl fishing was a major industry. Indian arts and crafts were unmatched for their beauty and skill and they were very popular in the European countries.

After a long struggle India gained Independence from the Britishers in 1947. That is the period where Indian economy was entirely geared. But the manufacturing facilities to satisfy the needs of the growing Indian population is a big constrain. Indian trade has faced many struggles to establish manufacturing capacities to be self sufficient. Hence the government has been focusing the development of Indian manufacturer to move the economy from an underdeveloped status to being a developed nation.

Today India stands over a trillion economy. Darjeeling tea, Kashmiri carpets, Bombay Duck, Indian spices and dry fruit are few famous gifts by India to the world. The economic status has improved in the urban and semi-urban areas. Promoting the availability of goods from different parts of the world has seen a rise in more trade with other countries.

Trade history of India is remarkable. Indian trade has benefited and so has the world. India has realized that maximizing use of their own resources is what makes all the difference.

Exports crossed the landmark figure of US \$ 100 billion to reach US \$ 103 billion during 2005-06. During the year 2006-07 exports reach the target of US \$ 125 billion. The constant growth of merchandise exports at more than 20 per cent during the last few years is more than twice the growth of Gross Domestic Product (GDP). The vision and the roadmap provided by the Foreign Trade Policy (2004-09) has been instrumental and made a change in Indian trade history by putting exports on a higher growth trajectory.

Exports in India increased to 23137.26 USD Million in July 2015 from 22290 USD Million in June of 2015. Exports in India averaged 4356.03 USD Million from 1957 until 2015, reaching an all time high of 30541.44 USD Million in March of 2013 and a record low of 59.01 USD Million in June of 1958.

India has become one of the biggest refined product exporters in Asia with petroleum accounting for around 20 percent of total exports. The major commodities exported from India are engineering goods (19 % of the total shipments), chemical and pharmaceutical products (14 %), gems and jewellery (14 %), agricultural and allied products (10 %) and textiles and clothing (10 %). Major destinations of Indian products are United Arab Emirates (12.1% of the total ex-

ports), USA (12 %), Singapore (4.5 %), China (4.5 %), Hong Kong (4%) and Netherlands (3.5%).

India's top 10 exported commodities are accounted to be roughly two-thirds (60.2%) of the overall shipments from India. India's total Gross Domestic Product amounted to \$7.997 trillion in 2015. Therefore, Indian exports accounted for around 4% of total Indian economic output. India's population of 1.236 billion people and its total \$318.2 billion in 2014 translates to roughly \$257 for every resident in that country.

Top 10 Commodities Exported from India

The following products are exported highest in dollar value during 2014.

- Oil: US\$61,210,002,000
- Gems, precious metals, coins: \$41,224,183,000
- Vehicles: \$14,510,174,000
- Machines, engines, pumps: \$13,633,175,000
- Organic chemicals: \$12,066,802,000
- Pharmaceuticals: \$11,704,998,000
- Cereals: \$10,109,613,000
- Iron and steel: \$9,090,019,000
- Clothing (not knit or crochet): \$9,075,053,000
- Electronic equipment: \$9,053,992,000

OBJECTIVE

- To study the exporters history and experience.
- To ascertain the factors influencing the company to engage in exporting.
- To study the association between level of satisfaction in export performance and major destination in their export business.

METHODOLOGY

The present study is descriptive in nature. The present study is carried out with the exporters whose firm sizes are Large, small and medium industry, business units in Coimbatore and Tirupur District which comprises of merchant exporter, manufacturer exporter and both. Samples of 34 respondents were selected by adopting convenience sampling method. The present study uses primary data. The collected data have been evaluated using (i) Simple Percentage Analysis (ii) Friedman Rank Test and (iii) Chi square test.

ANALYSIS AND INTERPRETATION

Table 1: Size of the Firm

Size of the Firm	Frequency	Percent
Large Scale Industry	4	11.8
Medium Scale Industry	17	50.0
Small Scale Industry	13	38.2
Total	34	100.0

The above table depicts that out of the total 34 respondents, 4 (11.2%) are running Large scale industry; 13 (38.2%) are running Small scale industry and the rest 17 (50.0%) are running Medium scale industry. Hence, it is clear from the above table that the overall Small scale industry is high. The following picture depicts the above frequency results

Table 2: Location of Business Unit

Location of Business Unit	Frequency	Percent
Tiruppur	16	47.1
Coimbatore	18	52.9
Total	34	100.0

The above table depicts that out of the total 34 respondents, 16 (47.1%) are running business unit in Tiruppur; 18 (52.9%) are running business unit in coimbatore. Hence, it is clear from the above table that the overall both location has business unit at competitive stage. The following picture depicts the above frequency results

Table 3: Years of Experience in Export Filed

Years of Experience in Export Filed	Frequency	Percent
Below 4 years	5	14.7
4-8 years	16	47.1
8-12 years	4	11.8
More than 12 years	9	26.5
Total	34	100.0

The above table depicts that out of the total 34 respondents, 4 (11.8%) are experienced 8 to 12 years; 5 (14.7%) are experienced below 4 years; 9 (26.5%) are experienced more than 12 years and 16 (47.1%) are experienced 4 to 8 years. Hence, it is clear from the above table that the overall experience in export field is 4 to 8 years. The following picture depicts the above frequency results

Table 4: Years of Experience in Export Filed

Category of Exports	Frequency	Percent
Merchant Exporter	4	11.8
Manufacturing Exporter	29	85.3
Both	1	2.9
Total	34	100.0

The above table depicts that out of the total 34 respondents, 1 (2.9%) doing business in both category; 4 (11.8%) are Merchant exporters and 29 (85.3%) are Manufacturing exporter. Hence, it is clear from the above table that the overall manufacturing exporters are high. The following picture depicts the above frequency results

Table 5: Major destination

Which is your major destination	Frequency	Percent
Asian Countries	4	11.8
European Countries	7	20.6
American Countries	2	5.9
Middle East	16	47.1
European and American Countries	5	14.7
Total	34	100

The above table depicts that out of the total 34 respondents, 2 (5.9%) American countries; 4 (11.8%) Asian countries; 5 (14.7%) European and American countries; 7 (20.6%) European countries and 16 (47.1%) Middle East. Hence, it is clear from the above table that the overall major destination is Middle East countries. The following picture depicts the above frequency results

Table 6: Frequency of export

How frequently you export goods	Frequency	Percent
2 consignments / month	6	17.6
3 consignments / month	3	8.8
More than 3 consignments / month	12	35.3
Depends upon order(s)	13	38.2
Total	34	100

The above table depicts that out of the total 34 respondents, 3 (8.8%) exports 3 consignment per month; 6 (17.6%) exports 2 consignment per month; 12 (35.3%) exports more than 3 consignment per month and 13 (38.2%) export depend upon orders. Hence, it is clear from the above table that the overall more than 3 and depends on orders. The following picture depicts the above frequency results

Table 7: Factors Influencing Company to engage in exporting

Factors Influencing company to engage in international exporting	Mean Rank
To achieve large market size	6.26
Increased stability through market diversification	5.09
To earn higher profit	7.21
Unsolicited/ Unanticipated orders	1.50
Physical proximity to foreign market	5.03
Help to utilize excess capacity	2.44
Offers of representations by foreign distributors	3.79
Increasing the growth rate of the business	8.18
Helping to smooth out business cycles, e.g., to avoid recession in domestic market	5.50

The above table reveals that among the nine factors considered, 'Increasing the growth rate of the business' is the foremost factor which influence the company with a mean rank of 8.18, followed by 'To earn higher profit' with a mean rank of 7.21; 'To achieve large market size' with a mean rank of 6.26; 'Helping to smooth out business cycles, e.g., to avoid recession in domestic market' with mean rank of 5.50, 'Increased stability through market diversification' with a mean rank of 5.09 and 'Physical proximity to foreign market' with a mean rank of 5.03. Remaining factors having least influence with mean rank below 4.

Calculation of Chi-Square Test between Major Destination and Satisfaction level of the firm in its Export Business

Hypothesis: There is no significant difference between Major destination and level of satisfaction in export performance.

Which is your major destination * Please specify the satisfaction level of your firm in its export performance Cross tabulation

The asymptotic significance value is 0.036 is less than the 5 % level of significance. Therefore the hypothesis is rejected. There is a significant difference between the satisfaction level in export business according to their major destination.

Calculation Of Chi-Square Test Between Years of Experience in Export Field and Opinion on exporting efforts have been so far

Hypothesis: There is no significant difference between years of experience and opinion on exporting efforts so far.

Years of Experience in Export Filed * How successful do you feel your exporting efforts have been so far

The asymptotic significance value is 0.058 is greater than the 5 % level of significance. Therefore the hypothesis is accepted. There is no significant difference between the years of experience and opinion on exporting performance.

Findings

- Majority of the exporters in Coimbatore and Tirupur are in this field for 4 to 8 years
- Majority of the exporters are manufacturer exporters i.e. they are the manufacturer of their exported products
- Middle East countries are the major destination for the products from Coimbatore and Tirupur.
- Majority of the exporters receives inconsistent export orders per month.
- It has been found that increasing the growth rate of the business influenced exporters to export
- Major destination has an impact over the satisfaction of their ex-

port business.

- Even exporters who have more experience are also not completely satisfied with their export business.

Conclusion

Too many exporters are chasing too few buyers. Quality and time schedule have become the important norms. Cheap labours are no longer an advantage because there are new emerging garment exporting countries which have workers who earn less than the workers in India. It is not enough to produce a good products and export it on time because so many suppliers able to meet these minimum standards. Indian exporters need to do so something more to attract foreign buyers by delivering what the customers wants.