



THE RECENT SCENARIO OF GARMENT EXPORTERS OF INDIA

S.Valarmathi

Phd Scholar.

Dr.B.Rajasekaran.

Asst. Prof. Chikkanna Government Arts College, Tirupur, Tamilnadu.

ABSTRACT

The garment exporters of India at present are facing challenges in the global market. They cannot compete with the big players at the global level. They have to raise themselves to suit the global standards. The objective of the study is to identify the reasons for their disability to book orders regularly and to find out the risk the garment exporters are facing. The steps to be taken by the garment exporters and the supportive measures to be provided by the Government to capture a sizable market share are studied and are presented in this paper.

KEYWORDS : Garment Exporters risk, competitors, global market.

INTRODUCTION

Indian Textile industry contributes considerably to the country's economic basket. Its importance is indispensable in terms of its contribution to the country's GDP and it is one of the leading employment generating industry. The Indian garment industry is facing severe competition especially from its Asian counterparts. Indian textile industry at present is passing through a difficult demand recession. This leads to under utilisation of the plant capacity resulting in reduction of profit margin. The major factors that contributed to the shrinkage in demand are analysed in the study.

OBJECTIVES OF THE STUDY.

1. To identify the reasons for irregularities in export orders.
2. To examine the risk factors associated with the garment export industries.

RESEARCH METHODOLOGY

The study is based on the primary data. A pilot study is conducted with Tirupur garment exporters. A sample of 100 exporters were taken at random to collect primary data. The data collected were analysed using techniques like Likert Scale and point analysis. The response indicating the level of agreement is assigned with points and the total points are calculated. The factor for which the highest point is arrived are taken as the factor that needs highest priority.

Table 1 REASONS FOR IRREGULARITIES IN EXPORT ORDERS.

REASONS	I	II	III	IV	V	VI	TOTAL POINTS	RANK
Seasonal Business Nature	6	10	26	26	18	14	318	V
Heavy Competition and price	46	31	8	9	2	4	498	I
Market Fluctuations and strategies	18	25	18	17	14	8	392	II
Independent preference of Importers	14	7	26	25	18	10	344	III
Non conformity with taste and fashion	6	24	20	12	22	16	332	IV
Rejections in the past	10	3	2	11	26	48	216	VI

Source: primary data

From the above table it is clear that the foremost reason for irregular export orders is the heavy competition prevailing in the market. The continuous entry of new competitors and new products, put pressure on the existing industries. The fragmented nature of the Indian industry does not allow the exporters to enjoy the economies of large scale production and are under price pressure. Out of the total Indian exports 90% of total garment exports are shared between USA and European Union. Asian competitors like

Bangladesh and Vietnam already have bilateral trade agreements with these countries resulting in a harmonized and simplified international trade formalities. They also enjoy tax concessions and are cost effective when compared to India. The highly competitive market put price pressure on the Indian exporters who are unable to match the price of these countries and loose their trade.

The next influencing factor is the market fluctuation that prevail in the industry. The global market is continuously changing bringing in new innovations in fashion with new combinations to satisfy the customers. The big players in the industry follow the latest market strategy, adopt the best available technology in marketing, use highly qualified professionals to frame the marketing policies and adhere to the market fluctuations. The Indian exporters struggle to keep up to the standards of its foreign counterparts and hence fail to capture the attention of the garment importers.

The importers prefer to place their orders to manufacturers who are technically sound in production and communication. This will bring the final product with good quality and are confirmed with timely delivery. But the Indian Industries are highly decentralized with dispersed production network lacking modernized production technology. So the individual buyers prefer manufacturers to suit their needs.

Garment industry is highly fashion oriented, a buyer driven commodity chain and so the manufacturers constantly engage in developing new ideas to attract the attention of the final customers. The Indian exporters could not afford to go in for new product development and they are unable to spend their limited resources to understand the changing fashion trend and develop their products as per the customer requirements. So they are unable to raise themselves to the global expectations and are under valued by the buyers. So the orders are not regularly placed with the Indian exporters.

The business by itself is seasonal in nature. The garment requirements are not uniform throughout the year. The demand is more for a particular period of the year and there is a lag in booking orders during the rest of the period. During the time the industry is slow and there is a decrease in demand then. The factory is under utilized or remain idle for the period.

Indian garment exporters after receiving the order fail to satisfy the buyers in terms of quality, technology, timely delivery and could not dispatch the orders to the buyer expectations. Indian exporters are not suitably equipped to International standards. This leads to the rejection of the already booked orders that further reflect in future order bookings.

Table 2. LEVEL OF RISK INVOLVED IN GARMENT EXPORTS

REASONS	I	II	III	IV	V	VI	TOTAL POINTS	RANK
Seasonal Business Nature	6	10	26	26	18	14	318	V
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Table 3. LEVEL OF SATISFACTION OF GARMENT EXPORTERS WITH RISK FACTORS.

RISK FACTORS	Extremely Satisfied	Satisfied	Moderately satisfied	Dissatisfied	Highly Dissatisfied	Total points	Rank
Availability of Raw material	18	35	26	10	5	231	VI
Skilled Labour	8	52	25	9	6	253	V
Access to Export Credit	11	33	39	10	7	269	IV
Market Environment	9	11	14	45	23	368	II
Infra structure facilities	6	33	39	18	4	281	III
Trade Facilitation Measures	4	13	21	30	32	373	I

Source: Primary data.

Table 2 and 3 reveals that

Trade Facilitation Measures are ranked the top most risk and the supportive measures of the Government are not sufficient in this regard. Countries entering into trade agreements with those countries that are importing garments in large scale enjoy tariff concessions or free trade and are cost advantageous. The Indian competitors are not in a position to match the price quoted by those countries. Hence garment exporters are steadily losing their share to those countries with free trade agreements.

The Fashion and trends in the garment export market keeps on changing. The exporters at global Level constantly engage in research and development activities and develop innovative styles and new production techniques that are cost effective. The Indian garment manufacturers lag in this and are not upto standard with the competitors in terms of product development and production techniques.

Infrastructure facilities are ranked as the third important risk factor. The facilities in India do not match with the developed countries like USA and the countries of European Union. This service gap leads to dissatisfaction with the Indian exporters.

The Export credit facilities offered by the Government is satisfactory but too many regulatory measures and formalities imposed by the Banks causes delay in availing such credit facilities. This leads delay in executing the export orders,

The mobile labour force of the garment industry results in low labour productivity when compared to other countries. The training and skill development programs cannot be provided by the factories as they keep on moving from one factory to the other.. As a result the cost of production and the quality of work are affected. Availability of raw material is the factor that is ranked last. Cotton is

available in plenty in India but the productivity and quality is not up to global standards. This affects the quality of the final product.

CONCLUSION.

The global garment industry is steadily growing at a healthy rate. But the Indian competitors could not make use of this development fully because of certain factors. The exporters should take corrective measures to meet out their expectations and the Government should take sufficient supportive measures to the garment exporters, enabling them to gain the global share and strengthen the Indian economy on the whole.

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