



An Empirical Study of Transportation Problems faced by Handloom Export Units in Panipat

KEYWORDS

Handloom Products, Transportation Problems, Distribution Channels, Market Intermediaries

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ABSTRACT

Handlooms have been known to India right from the historic ages. The use of fabrics, techniques created to make designer art pieces and expressing ethnicity through them has been an integral part of India's base. Its power is such that Handloom industry constitutes around 14 percent of total preindustrial production and 30 percent of the total export business. Well, that's not all; it is also the second largest industry in India with important segments, such as independent power looms, modern textile mills, handlooms and garments. This made the handlooms popular in foreign markets also and raised their demand. The main objective of this research paper is to know the important decisions for better export of handloom products. Further, to know the modes of transport and transportation problems for the purpose of export of handloom products and the intermediaries used. It is concluded that each mode of transportation comes with its benefits and problems. Bulk goods can be sent by ship and it is also more economical. However the time taken is very high. Whereas it is much faster to transport by air but much more expensive and bulk quantities cannot be sent.

Handlooms have been known to India right from the historic ages. The use of fabrics, techniques created to make designer art pieces and expressing ethnicity through them has been an integral part of India's base. Its power is such that Handloom industry constitutes around 14 percent of total preindustrial production and 30 percent of the total export business. Well, that's not all; it is also the second largest industry in India with important segments, such as independent power looms, modern textile mills, handlooms and garments. This made the handlooms popular in foreign markets also and raised their demand. And in return to this, handloom industry became one of the most important factors for the country's economic growth. It is well-known that every state of India has the gift of handloom to offer, which lends them their individuality. Even, the texture and style of fabrics has been fascinating foreigners and increasing their knowledge about India's cultural heritage. In fact, our handloom industry acts as a bridge between cultural differences. What lends exclusivity to the handloom industry in India is its technology of getting out beauty from the most intricate designs of all and exemplifying richness of the country. From using hand spun machines to mechanical advances, the handloom industry has travelled a lot. With the help of mechanical looms and technology, the weavers and embroiders are able to manage tedious tasks with great efficiency. In order to boost this industry, Indian Government has also introduced various schemes for the benefit of weavers, farmers and fabric printers.

On an overall basis, handloom industry of India has a sense of unity in diversity that makes it capable of capturing hearts and senses. From the ancient times till now, Indian handloom has travelled steadfastly in the direction of lessening gaps between countries. Being the second largest sector in the world and a bread earner of over 60 Lakh people in India, handloom sector has developed techniques to match the ongoing modernity. It is well known that traditional and customary handloom act as the base of every progress. The innovation in terms of mechanism has been done to meet the growing demands of contemporary styles. This has led the artists in making fusion dresses and prints on them.

The present outlook on Indian handloom says that it has carved a niche for itself in the world. Indeed, the foreigners always get attracted to the stylish prints, vibrant colors and bold embroiders that speaks of Indian tradition in detail. Well, this sector has played a very good part in bringing the world close to Indian tradition. The people also get to know a lot of hard work and toil hidden in the wings of the bird of Indian handloom. Each and every part of Indian Territory brings

the gift of their specialty to the world. One can check out Phulkari of Punjab, Bandhej print of Gujarat and Rajasthan, variety of pure silk in Assam, finest cotton saris from Bengal with gold and silver work and lots more. On an overall basis, Indian handloom has been growing and has now become a trademark that is stylizing the lives of crores

Review of Literature

Joseph Katherine (2010) has observed that a significant percent of the population earns a living spinning, weaving and embellishing textiles, the majority of which are sold within India, at prices comparable to those of their machine-made competitors. Gary (2010) has observed that handloom industry to produce niche and designer products to create a market among the youth and high-end consumers. The way ahead is to pursue brand building and to make niche handloom products for high-end consumers and the fashion conscious youth. Stress has been given on the need to preserve the traditional craft as well as to integrate it in the contemporary context in a public-private-partnership mode. Bando-padyay Jeeta (2011) has observed that to support the industry and encourage inclusive growth, the government has recently announced a slew of initiatives for weavers as a part of the handloom package. The current conditions are difficult for domestic handloom units and weavers. The government has said that there is no future in the industry, but nearly 24 crore people in India depend on handloom and cotton farming. IASN (2011) has marked that India's overall employment increased 2.15 percent during the quarter ended June 30 compared to the previous quarter, recording rise in employment in all sectors except textiles and transport.

Objectives of the Study

The main objective of this research paper is to know the important decisions for better export of handloom products. Further, to know the modes of transport and transportation problems for the purpose of export of handloom products and the intermediaries used.

Research Methodology

Sample Size

The primary data has been collected from a sample of 160 handloom export units randomly selected from the directory of Panipat Handloom Industry. Every fourth export unit has been selected on random basis. During the course of random selection of units for the sample, due care has been observed to ensure:

- That all product categories are adequately represented in the sample.

- That units representing all forms of organization i.e. sole-proprietors, partnership firms, companies and cooperative societies are included in sample in right proportions. 40 from each form of organization have been selected on the basis of stratified random sampling method.

For collecting the primary data, a well-structured questionnaire has been administered and served to each of the respondents which have constituted our sample for this study. The stratified sampling method has been used for selecting the sample from the Panipat district of Haryana state. For analyzing the collected data Chi Square Test, Mean Method, Ranking and Rating Technique, Percentage Methods, Graphs and Test of Significance have been used with the help of a leading statistical package SPSS.

Analysis and Interpretation of Data

Table 1 Important Decision for Better Export

Sr. No		Sole-Pro- priatorship		Part- nership		Coop- erative society		Com- pany		Total	
		Mean Value	Rank	Mean Value	Rank	Mean Value	Rank	Mean Value	Rank	Mean Value	Rank
1	Product Deci- sion	2.35	3	2.65	3	2.55	3	2.35	2	2.48	3
2	Pricing Deci- sion	1.95	1	2.05	1	2	1	2.375	3	2.09	1
3	Promo- tion Deci- sion	2.33	2	2.25	2	2.325	2	2.15	1	2.26	2
4	Distrib- tion Deci- sion	3.38	4	3.05	4	3.125	4	3.125	4	3.17	4

The above table shows that sole proprietorships ranked pricing decision as the most important factor for export, with a Mean value of 1.95 and ranked distribution decision at number 4 with a mean value of 3.38. Partnerships and cooperative societies followed the same trend in ranking. Partnerships ranked pricing decisions at number 1 (mean value 2.05) and distribution decisions at number 4 (Mean Value 3.05). For cooperative societies it was again pricing decision (rank 1 mean value 2.0) and distribution decision (rank 4 mean value 3.125). Ranked at number 2 and 3 were promotion decision and product decision.

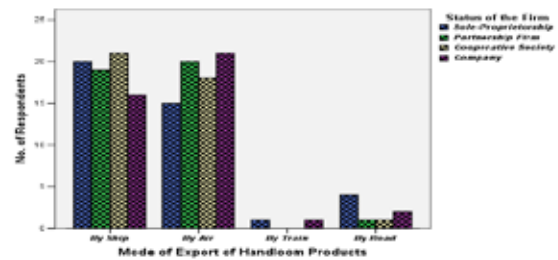
Companies however ranked promotion decision at number 1(mean value 2.15) and pricing decision at number 3 (mean value 2.375). They also ranked distribution decision at number 4.

Table 2 Mode of Export of Handloom Products

Sr. No.		Status of the Firm	Status of the Firm				Total
			Sole- Pro- pri- torship	Part- ner- ship Firm	Coop- erative Society	Company	
1	By Ship	No. of Respondents	20	19	21	16	76
		% of Total	12.50%	11.90%	13.10%	10.00%	47.50%
2	By Air	No. of Respondents	15	20	18	21	74
		% of Total	9.40%	12.50%	11.30%	13.10%	46.30%
3	By Train	No. of Respondents	1	0	0	1	2

		% of Total	0.60%	0.00%	0.00%	0.60%	1.30%
4	By Road	No. of Respondents	4	1	1	2	8
		% of Total	2.50%	0.60%	0.60%	1.30%	5.00%
	Total	No. of Respondents	40	40	40	40	160
		% of Total	25.00%	25.00%	25.00%	25.00%	100.00%

Source: Primary Survey Data
Graph 1 Modes of Exporting the Products



It is one of the most important decisions for the manufacturer of handlooms to decide the mode that is the safest and best for exports. Being spacious, ships are the main mode of transportation of export material, as corroborated by 47.50 percent respondents who use shipping for exports according to the above mentioned tabulated presentation. Shipping is closely followed by air transportation as is evident from the table. 46.30 percent respondents use air as a means of transportation for export. Only 5 percent use roads and a marginal 1.30 percent use trains. This is also because there are no good road and rail links to the export No. of Respondents.

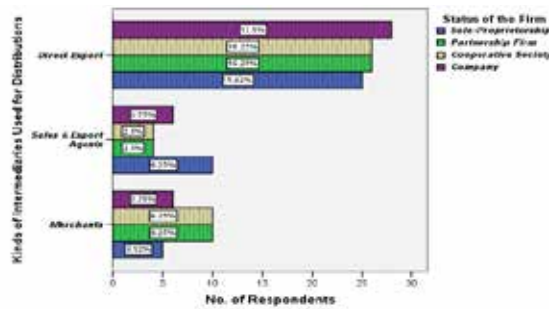
Table 3 Kinds of Intermediaries Used for Distribution of Handloom Products

Sr. No.		Status of the Firm	Status of the Firm				Total
			Sole- Pro- pri- torship	Part- ner- ship Firm	Coop- erative Society	Company	
1	Merchants	No. of Respondents	5	10	10	6	31
		% of Total	3.10%	6.30%	6.30%	3.80%	19.40%
2	Sales & Export Agents	No. of Respondents	10	4	4	6	24
		% of Total	6.30%	2.50%	2.50%	3.80%	15.00%
3	Direct Export	No. of Respondents	25	26	26	28	105
		% of Total	15.60%	16.30%	16.30%	17.50%	65.60%
	Total	No. of Respondents	40	40	40	40	160
		% of Total	25.00%	25.00%	25.00%	25.00%	100.00%

Source: Primary Survey Data

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.858	6.00	0.33
Likelihood Ratio	6.65	6.00	0.35

Graph 2 Kinds of Intermediaries Used for Distribution of Handloom Products



To be a market leader it is very important to keep a watch on the intermediaries for distribution. The above table shows that the highest percentage in all four categories relied on direct export as a mode of distribution. 15.60 percent sole proprietorships, 17.50 percent companies and 16.30 percent each cooperative societies and partnerships, making a total of 65.60 percent, used this mode of direct export. 19.40 percent use merchants for distribution, 6.30 percent sole proprietorships, 3.80 percent companies, 2.50 percent partnerships and 2.50 percent cooperative societies rely upon sales & export agents as intermediaries for distribution.

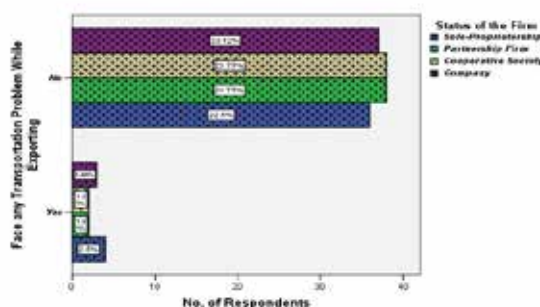
The above table shows the calculated value of chi square is 6.858 at the level of 5 percent level of significance and the tabulated value of the chi square is 12.60 which is greater than the calculated value so we will accept the null hypothesis. Therefore, the kinds of intermediaries used for the distribution of handloom products in the overseas markets do not vary significantly in various kinds of export handloom units.

Table 4 Transportation Problems Faced while Exporting

		Status of the Firm				Total
		Sole-Proprietorship	Partnership Firm	Cooperative Society	Company	
Yes	No. of Respondents	4	2	2	3	11
	% of Total	2.50%	1.30%	1.30%	1.90%	6.90%
No	No. of Respondents	36	38	38	37	149
	% of Total	22.50%	23.80%	23.80%	23.10%	93.10%
Total	No. of Respondents	40	40	40	40	160
	% of Total	25.00%	25.00%	25.00%	25.00%	100.00%

Source: Primary Survey Data

Graph 3 Transportation Problems Faced while Exporting



There are various provisions for the transportation of exports. It is very clear from the above table that maximum number of respondents (93.10 percent) say that they face no problem at the time of transporting their products. Only 6.90 percent say that they do face some problems. In this series, respondents from all the categories have ruled out of facing any problem with regard to the transportation while exporting, as 23.80 percent each from partnership firms and cooperative societies, 23.10 percent companies and 22.50 percent sole proprietorship firms have established this fact during the survey

Table 5 Types of Transportation Problems Faced by Handloom Export Units

Sr. No.			Status of the Firm				Total
			Sole-Proprietorship	Partnership Firm	Cooperative Society	Company	
1	Loading	No. of Respondents	1	0	0	1	2
		% of Total	9.10%	0.00%	0.00%	9.10%	18.20%
2	Unloading	No. of Respondents	1	1	1	1	4
		% of Total	9.10%	9.10%	9.10%	9.10%	36.40%
3	Freight	No. of Respondents	2	1	1	1	5
		% of Total	18.20%	9.10%	9.10%	9.10%	45.50%
	Total	No. of Respondents	4	2	2	3	11
		% of Total	36.40%	18.20%	18.20%	27.30%	100.00%

Source: Primary Survey Data

Test Value = 0					
t	Df	Sig. (2-tailed)	Mean Value Difference	95% Confidence Interval of the Difference	
				Lower	Upper
9.58	10	0	2.273	1.74	2.8

Of the few firms (11 out of 160) which faced transportation problems, the maximum faced the problem of freight (5 firms or 45.5 percent of 11). Only one firm from each category faced a problem of unloading. Whereas, none of the partnerships or cooperative societies faced a problem of loading and only one each of sole proprietorships and companies faced a problem of loading.

The computed value of t-test (9.58) is more than the tabulated value; hence we reject our hypothesis which means that the transportation problems faced by the exporters vary and the difference is also significant

Findings and Recommendations

- ❖ Each mode of transportation comes with its benefits and problems. Bulk goods can be sent by ship and it is also more economical. However the time taken is very high. Whereas it is much faster to transport by air but much more expensive and bulk quantities cannot be sent. The two most preferred modes of export by the handloom export units are by ship (47.50 percent) and by air (46.30 percent). Very few are using trains (1.30 percent) and road transport (5.0 percent) for exporting products. This is also because there are no good road and rail links to the export countries.
- ❖ 65.60 percent firms are exporting directly which supports the earlier finding that exporters are depending more on personal contact and networking for generating orders. Some are using merchants (19.40 percent) and 15.00 percent are using sales and export agents. There appears to be no fixed distribution channel with the onus of distribution again on the handloom exporter.

- ❖ Most of the handloom export units (93.10 percent) faced no transportation problems while exporting their products. Of the few (6.90 percent) who faced a problem, did so primarily in freight and unloading. On the basis of which we can conclude that transportation is not a very big problem.
- ❖ In the factors determining the choice of channel of distribution, most firms chose product features (36.90 percent) as an important factor. The remaining factors got almost equal weight age – environment (16.30 percent), competition (15.60 percent), market and customer features (17.50 percent) and company & objectives (13.80 percent).

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