



CHALLENGES FACED BY EXPORTERS OF INDIAN GARMENT INDUSTRY

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ABSTRACT

This research highlights that the Tirupur knitwear export industry, which has shown 10 to 15 percent development each year, is considering business lowering down with troubles that began 4 years ago. This study highlights the challenges faced by Tirupur garment exporters and its effect on exporting biz. The strengthening of the rupee against the dollar in 2007 and 2008 was the first cause of the troubles. Then came the losses in the Forex options market, the economic slowdown in the United States, the shutdown of processing units, and most recently, the economic slowdown in the European Union. Within the past two years, a number of the major international purchasers have relocated their operations from the Indian knitwear town to Bangladesh. It is projected that there has been a decrease in business of about 25 percent.

Keywords:

Tirupur Exporters Association, Free Trade Agreement, Preferential Trade Agreement.

INTRODUCTION

The textile industry in India is one of the largest in the world, and the country possesses both a huge base of raw materials and strong manufacturing skills across the whole value chain. India's textile industry is one of the biggest globally. This industry makes a contribution to the entire output of the industrial sector, which is 7%, as well as the GDP, which is 2%, and the earnings from exports, which are 15%. (45 million people). In order to sell itself both domestically and internationally, it maintains its link to Indian agriculture as well as Indian culture and heritage. When it comes to exporting, these businesses do in fact face a considerable number of challenges, and removing those challenges has the potential to both raise exports and promote them. In this age of globalisation, the contribution that international trade makes to the expansion of the social and economic performance of nations all over the world is an enormously important component that cannot be overlooked. Maintaining solid relations to the export markets of other countries has always been one of India's top priorities, and the country continues this tradition today. There are not many barriers that make it challenging for new enterprises to break into a particular market. Businesses that have an interest in exporting should conduct research into the obstacles that prevent them from entering overseas markets. In addition, it is vital for companies that deal in exports to have a strong awareness of the hurdles that stand in the way of their continued expansion. These difficulties can be broken down into several categories. The majority of the challenges may be traced back to the regulations and policies that have been enacted by the government. Export operations are also influenced by a number of other obstacles, some of which are less evident than others. These include cultural norms and the power structure of the community. The capacity of a corporation to reach worldwide markets might be negatively impacted by the imposition of export restrictions. Since the presence of non-tariff barriers would have an influence on international trade, it is essential that their existence not be overlooked. These challenges have a more significant bearing on developing countries than they do on those that are already prosperous. This study was carried out with the intention of acquiring a knowledge of the perspective of the exporter with regard to the numerous obstacles that exist when exporting from India to other countries.



OBJECTIVES OF THE STUDY

1. To do extensive research on the garment business in Tirupur.
2. To investigate the function of AEPC and the consequences it has on clothing makers and exporters.
3. To carry out an inquiry into the factors that contribute to the challenges that Tirupur's garment exporters are experiencing so that they can find a solution to those challenges
4. To provide suggestions for improvement in light of the results of the study.

METHODOLOGY

Both primary and secondary sources of information were consulted in the course of the study that was carried out. The primary data gathered by employing a questionnaire in conjunction with a method of convenient random sampling in order to obtain the information. The secondary data were compiled from a wide range of sources, including periodicals, newspapers, magazines, and websites, among others.

DESIGN OF THE SAMPLE AND SIZE OF THE SAMPLE

One hundred different units were selected at random as participants in the study, all of which came from the city of Tirupur.

LIMITATIONS OF THE STUDY

- The research only looked at this one specific place when it came to the analysis of locations. The research only considers data obtained in Tirupur because that is where it was conducted.
- Because of the constraints imposed by the available amount of time, the size of the sample was restricted to one hundred.

DATA ANALYSIS AND INTERPRETATION

Table 1: The Degree To Which Customers Are Contented with Aesc's Overall Performance

Particulars	No. of Respondents	Percent age
Highly contented	34	34%
Contented	36	36%
Neither contented nor disgruntled	12	12%
Disgruntled	13	13%
Highly disgruntled	5	5%
Total	100	100

Source: Primary Data



The table above makes it abundantly evident that exporters have a satisfactory degree of satisfaction with the overall functioning of AEPC. 34% and 36% of the respondents are contented and extremely contented with the outcomes respectively. Similarly, 12% and 13% of the respondents are neither contented nor disgruntled and disgruntled and 5% are not contented with the outcomes of the research work. The exporters have a satisfactory degree of satisfaction with the general operation of AEPC, as shown in the table above, which makes it quite clear that this is the case. The research was carried out on a total of one hundred different supplements, all of which left the researchers quite unsatisfied.

TABLE 2: The satisfaction level with regard to export promotion policies

Particulars	No. of Respondents	Percent age
Highly contented	26	26%
Contented	60	60%
Neither contented nor disgruntled	6	6%
Disgruntled	4	4%
Highly disgruntled	4	4%
Total	100	100

Source: Primary Data

The table that follows provides an illustration of the level of contentment experienced by respondents regarding the export promotion measures carried out by the Indian government. 26% of those who participated in the survey are happy with the findings of the study, 60% of those who participated in the survey are very happy with the findings of the study, 6% of those who participated in the survey are neither contented nor disgruntled, 4% of those who participated in the survey are disgruntled, and 4% of those who participated in the survey are very highly disgruntled with the findings of the study.

Table 3: demonstrating the level of expertise in the export industry as well as contentment with the export promotion strategies implemented by the Indian government

Experience in export business	Satisfaction Level towards export promotion policies						chi-square
	Highly Contented	Contented	Neither contented/disgruntled	Disgruntled	Highly disgruntled	Total	
> 5 yrs	1	8	2	0	2	13	Degree of freedom=12 Level of significance=0.05 Table value=21.026 Calculated value=1105.53
5-10 years	23	15	3	3	0	44	
10-15 years	0	14	0	0	0	14	
Above 15 years	2	23	1	1	2	29	
Total	26	60	6	4	4	100	

The table that came before this one demonstrates that the value of the table is less than the value that was projected for the 12th degree of freedom. The hypothesis does not have any supporting evidence. As a consequence of this, we might arrive at the following conclusion as a consequence: there is a considerable association between understanding in the export commerce and the satisfaction level with the export policies initiated by GoI.



According to Ho, there is not a significant association between an individual's level of experience in the export industry and their satisfaction level with the overall performance of TEA.

Table4: Demonstrating an Experience In Exporting

experience in export business	satisfaction towards TEA						Chi -square
	Highly Contented	Contented	Neither contented/disgruntled	Disgruntled	Highly disgruntled	Total	
> 5 years	5	4	2	1	1	13	Degree of freedom=12 Level of significance=0.05 Table value=21.026 Calculated value=212.679
5-10 years	15	12	11	3	3	44	
10 to 15 yrs.	5	3	0	3	3	14	
< 15 yrs	5	16	2	3	3	29	
Total	30	35	15	10	10	100	

The table that came before this one demonstrates that the value of the table is less than the value that was projected for the 12th degree of freedom. The hypothesis does not have any supporting evidence. As a consequence of this, we are able to draw the following conclusion: there is a significant correlation between the number of years spent working in the export industry and the degree to which an individual is pleased with TEA's operation as a whole.

Table 5: Listing Weighted Median Ranking For Importer-Influencing Factors

Factors affecting Importer	Final Score	WAS*	Rank
Capability to implement orders on time	1068	10.68	1
Privileged trade Agreement	839	8.39	2
Social Govt.constancy	317	3.17	3
Rate of Exchange	527	5.27	4
Design& Fashion	504	5.04	5
Improved Quality	448	4.48	6
Plant competence	417	4.17	7
bettertransportation	398	3.98	8
Reliability	393	3.93	9
lesser costing	315	3.15	10

Source: Primary Data

The information that is shown in the table makes it abundantly clear that the factor that has the biggest bearing on whether or not an importer will buy clothes from India is the company's capacity to fulfil orders within the time range that has been stipulated. The phrases "Exchange rate," "Social and government stability," and "PTA" respectively occupied the second, third, and fourth spots on the list. In the rankings, the categories "Reliability and Relationships" and "Low cost" tied for ninth place and finished in tenth place, respectively.

**Table 6: Presenting A Weighted Average Ranking**

Influencing factors	Final score	WAS*	Rank
FTA,PTA	529	5.29	1
Lesser import duty	432	4.32	2
Lesser int. rate	411	4.11	3
steadiness of work force	389	3.89	4
Lower workforce costing	385	3.85	5
Contemptible fabric	347	3.47	6
Lesser costing of raw material	293	2.93	7

Source: Primary Data

*Weighted average Score

The table that can be found above does a pretty good job of illustrating this point. When it comes to the issue of competition, "FTA, PTA" is the key and most important element that functions as an advantage for Tirupur garment exporters. Following closely behind in second, third, and fourth place, respectively.

FINDINGS

- 32 percent of samples are very contented with the overall performance of AEPC, while 14 percent are neither contented nor discontented;
- 30 percent of samples are contented with the overall TEA performance;
- 26 percent of samples are very contented with Export Promotion Policies Initiated ByGoI.
- 32 percent of the respondents are highly contented with the overall AEPC performance while 14 percent are neither contented nor disgruntled;
- 20 percent of the samples feel that Bangladesh is their primary competitor.

SUGGESTIONS

- The customs-free duty that Bangladesh would enjoy in the EU will also be available to India, and the benefit that India will get as a result of this will be helpful for growing garment exports to the market in the EU. As a direct consequence of India's participation in the EU's Free Trade Agreement, the export of garments from India will be placed on an equivalent footing with those from Bangladesh. In the event that Free Trade Agreements (FTA) cannot be implemented globally in the near future, the government may decide to implement FTA on a sector-by-sector basis, which would include the textiles industry. This choice would be made in the event that FTA cannot be implemented globally in the near future.



- It is recommended that the excise levy of ten percent that is placed on branded ready-made clothes be removed from the market.
- To further assist the nation's exporters, the federal government ought to increase the DBK interest rate. As a result of an increase in the price of cotton, the government ought to stockpile the required quantity of cotton and export any cotton that is in surplus.
- As a response to the ongoing crisis, TEA strongly suggests that financial institutions take the following actions:
- A halt, for a period of one year, will be placed on the payments of both the principal and the interest on the term loan. Exemption from the payment of interest for a period of one year as a one-time only concession.
- A halt, for a period of one year, will be placed on the payments of both the principal and the interest on the term loan.
- The reorganization of the loans, which does not require the financial institutions to make any additional provisions at this moment.

CONCLUSION

Tirupur is able to fulfil requests for either a small or a huge quantity of their items, even if they are made at the last minute. In addition to this the whole spectrum of woven and knitwear within the timeframes that have been specified at a cost that is affordable and with a level of quality that is pretty excellent. However, Tirupur is limited since there are often delays in the supply of goods. In addition to this, it is unable to compete with other nations in the market for low-priced items, which is another area in which it is unable to satisfy the requirements that are required by specialised markets that have higher pricing. The elimination of quotas coincided with the introduction of new non-tariff obstacles, which had an additional negative effect on the expansion of the region under consideration. These obstacles came into existence as a direct result of environmental and social concerns such as child labour and regulations around personal safety. As a result of its dispersed assets, it is unable to capitalise on the benefits of economies of scale, which presents yet another threat to the organisation. In the same breath, it was unable to completely enjoy the benefits of a cluster model since there was a lack of professionalism and the government processes operated at a snail's pace. Consequently, it was unable to fully reap the benefits of a cluster model.



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