



PROBLEMS AND PROSPECTS OF READY MADE GARMENT EXPORTING UNITS: A CASE OF TIRUPUR, TAMIL NADU

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Abstract

Policies of the Government of India (GOI) favouring small firms have resulted in the establishment of a large number of small independent units in the spinning, weaving, and processing sectors. Today India is booming with fashion and lifestyle, with the organized retail trade growing at a rate of 30% per annum. This study takes the exporters of ready made garments of Tirupur town as the population and 200 samples were selected. The attraction arises to the exporters from their economic benefit and government support to the export business in the liberalizing, privatization and globalization era.

Introduction

India's textile and apparel industry benefits from a large pool of skilled workers and competent technical and managerial personnel. India's labour is inexpensive; hourly labour costs in the textile and apparel industry average less than 5 percent of those in the U.S. textile and apparel industry.

India's share of global exports of textiles and apparel increased rapidly. However, India's export growth was lower than that of most Asian countries during that period.

Policies of the Government of India (GOI) favouring small firms have resulted in the establishment of a large number of small independent units in the spinning, weaving, and processing sectors. Sources in India claim that GOI policies have provided competitive advantages for the small independent units over the generally larger composite mills, discouraged investments in new manufacturing technologies, and limited large-scale manufacturing and the attendant benefits of economies of scale. (Report of Ministry of MSME)

Table 1.1: India's Garment/ Apparel Market Size

India's Apparel Market Size								
	2009-10		2010-11		2011-12		2012-13	
	Volume ('000 Units)	Value (Rs.Cr.)	Volume ('000 Units)	Value (Rs.Cr.)	Volume ('000 Units)	Value (Rs.Cr.)	Volume ('000 Units)	Value (Rs.Cr.)
Mens	1254370	23335	1297220	26090	1342140	29135	1393639	32590
Womens	1236880	19130	1300610	21730	1368310	24680	1443113	28375
Unisex	417810	4215	434340	5240	452020	5835	470978	6615
Kidswear	1139870	9950	1180290	10810	1222280	11745	1268933	13085
Uniforms	372960	4660	397210	5460	423020	6345	456862	7675
Total	4421890	61290	4609670	69330	4807770	77740	5033524	88340

Source: www.Export Statistics.com

Today India is booming with fashion and lifestyle, with the organized retail trade growing at a rate of 30% per annum. The Indian apparel or Indian garment industry is pegged at more than 90,000 crores with nearly 13% growth per annum. The men's garment or clothing segment constitutes nearly 45 % of the total apparel market and growing at a constant rate each year. The share of organized branded segment in men's wear is fast increasing in the Indian apparel market.

Statement of the Problem

India's textile industry depends heavily on domestically produced cotton. Almost two-thirds of domestic cotton production is rain fed, which results in wide weather-related fluctuations in cotton production. Moreover, the contamination level of Indian cotton is among the highest in the world. According to sources in India, the cotton ginning quality is poor, contributing to defective textile products.

The competitiveness of India's apparel sector is adversely impacted by an inadequate domestic supply of quality fabrics. Fabric imports are subject to high duty rates and other domestic taxes that increase the cost of imported fabrics. Another major weakness of the Indian apparel sector is a lack of product specialization which, along with a limited fabric base, has limited India's apparel production and exports to low value-added goods.



Exporting is the most encouraged sector in the LPG era and India's balance of payment position becomes safer due to the export promotion after the 1990s. The readymade garment industry especially Tirupur is one of the Export Promotion Zones of India and the area has lot of industrial clusters. All types of manufacturing units i.e., micro, small, medium and large scale industrial units are running in this area. More concessions and export promotion measures have been announced and implanted by the government to promote the exports from this area. These are the research problem of the present paper.

Objectives of the Study

1. To analyse the attractive factors towards the exporting of readymade garments
2. To examine the relationship among age and gender of the exporters of the readymade garments with their satisfaction towards the business

Research Methodology

This is a sample survey that takes the samples from the large population to study the characteristics of the population. This study takes the exporters of readymade garments of Tirupur town as the population and 200 samples were selected as per the convenience sampling technique. A well defined questionnaire was used to collect the opinion of the consumers of online shopping. A 5 point Likert's scale is used to measure the satisfaction. Chi square test is used with the help of software (SPSS, version 16) to test the hypotheses.

Demography of the Samples

The sample exporters consisting of the following features: Gender: [male – 115 , female – 85]. Age: [Below 20 – 40 exporters, 20-30 – 77 exporters, 30-40 – 46 exporters, 40-50 – 21 exporters and above 50 – 16 exporters].

Analysis of Data

The data were put in the relevant tables and then the percentage analysis was made. Finally, chi square test was used to test the hypothesis.

Table 1: Attractive Factors

S. No	Attractive Factors	No. of Respondents	%
1.	Incentives/ subsidies	86	43
2.	Profitability	26	13
3.	Increasing Demand for garments	16	8
4.	Government policy towards exports	60	30
5.	Easy access into world market	5	2.5
6.	Bankers' support	7	3.5
	Total	200	100

Source: Primary data

From the above table it is clear that the Incentives/ subsidies is the attractive factor that has majority of the exporters (43 %). At the same time, government policy towards exports is the next factor (supported by 30 % exporters) that gives utmost convenience to them. Profitability, Increasing Demand for garments, Easy access into world market and bankers' support are the other factors.

Testing the Hypotheses

Test 1: Age of the Exporters and Overall Satisfaction on Exporting of Ready Made Garments

Null Hypothesis (H0): There is no significant relationship between age of the exporters and overall satisfaction towards exporting of readymade garments.

Table No. 2: Age of the Exporters and Overall Satisfaction towards Exporting of Ready Made Garments - Cross Tabulation

Age	Satisfactory Level on exporting of ready made garments					Total
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	
Below-20	9	13	10	6	2	40
20-30	35	21	15	5	1	77
30-40	9	16	10	8	3	46
40-50	4	8	5	2	2	21
Above-50	6	4	4	2	0	16
Total	63	62	44	23	8	200



Chi-Square Test

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.738	16	.282
Likelihood Ratio	19.418	16	.248
Linear-by-Linear Association	.319	1	.572
N of Valid Cases	200		

Degrees of Freedom = 16
Chi Square Value = 18.738
Table Value = 19.418
At 5% level of significant.

Since the calculated value is less than the table value, the null hypothesis is accepted.

Hence there is no significant relationship between age of the exporters and overall satisfaction towards exporting of ready made garments.

Test 2: Gender of the Exporters and Overall Satisfaction on Exporting of Ready Made Garments

Null Hypothesis (H0): There is no significant difference between gender of the exporters and overall satisfaction towards exporting of readymade garments.

Table No 3: Gender of the Exporters and Overall Satisfaction on Exporting of Ready Made Garments - Cross Tabulation

Gender	Overall Satisfaction on exporting of readymade garments					Total
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	
Male	38	33	11	21	12	115
Female	30	26	13	8	8	85
Total	68	59	24	29	20	200

Chi-Square Test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.160	4	.385
Likelihood Ratio	4.271	4	.371
Linear-by-Linear Association	.806	1	.369
N of Valid Cases	200		

Degrees of Freedom = 4
Chi Square Value = 4.160
Table Value = 4.271
At 5% level of significant.

Hence is it understood that the calculated value is less than the tabular value, there for null hypothesis (H0) is accepted.

There is no significant difference between gender of the exporters and overall satisfaction towards exporting of ready made garments.

Findings

- The Incentives/ subsidies is the attractive factor that has majority of the exporters (43 %). At the same time, government policy towards exports is the next factor (supported by 30 % exporters) that gives utmost convenience to them.
- There is no significant relationship between age of the exporters and overall satisfaction towards exporting of ready made garments.
- There is no significant difference between gender of the exporters and overall satisfaction towards exporting of ready made garments.



Suggestions

The government may take further steps to include all the industrial units which are engaged in the exporting of ready made garments but are not covered under the scheme of incentives and subsidies by redefining the eligibility criteria. Quantum of subsidies may further be increased for the benefit of the exporting units. Formalities and procedures of applying for subsidies may be relaxed

Conclusion

So, the export business leads the exporters to benefit at the large extent in the form of availability of incentives and subsidies. And at the same time, it offers the maximum financial support to them in such a way that they are able to transact the business without financial problem. The attraction arises to the exporters from their economic benefit and government support to the export business in the liberalizing, privatization and globalization era.

References

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