



PROBLEMS AND CHALLENGES FACED GARMENTS EXPORTERS IN BENGALURU - A STUDY WITH REFERENCE TO PEENYA INDUSTRIAL AREA

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Abstract

India is global second largest producer of garments. There is overall change in the last decade when compared to previous decades. Exporters and manufacturers are facing innumerable problems and challenges emerged on account of globalization. Manufacturers of garments play the central role in coordinating production networks on similar lines like that of automobiles, aircrafts, computers, semiconductors and heavy machinery. The ease of establishing clothing companies in along with the atmosphere of prevalence of developed country protectionism has paved the way for diversification of garments exports particularly in the third world. There is a tremendous opportunity for export of garments products in Bengaluru. But there are certain problems in the competitive world. Technology up gradation, middleman's role in the purchase of raw material, high investments and no encouragement to the skilled labour are some of the issues that has to be addressed immediately. The policy framers in future have to give priority to enhance foreign currency inflows, economic growth developments.

Key Words: *Garment Industry, Globalization, Protectionism, Skilled Labour, Technology, High Cost of Capital.*

INTRODUCTION

India stands second as far as production of textiles and garments. India is the third global giant in the production of cotton and second largest cotton consumer in the world. Textile and garment industry in India is providing jobs to over 35 million. Indian textile industry represents 24% of global spindle capacity and 14% of global production of textile fiber and yarn. India's position in export became strong 1970 and growth rate of clothing has almost doubled annually and shown strong symptoms of vibrant growth and supporting this trend Indian government provided world class infrastructure facilities for setting up of textile units. Bengaluru region is one of the important garment clusters and out of 10 Bengaluru is national important cluster 30% of the readymade garments are made in this region.²

The garment industry is affected by slow and uneven modernization across various segments. The report of the working group constituted by the planning commission on boosting India's manufacturing exports during 12th FYP (2012-17), envisages India's exports of textiles and garments at US\$ 64.41 billion by the end of 2017.

OBJECTIVES OF THE STUDY

1. To study the present scenario of garment units in Bengaluru in and around Mysore Road and Peenya Industrial area.
2. To study the problems and challenges faced by garment units in study area.
3. To suggest possible strategies to overcome the present situation.

HYPOTHESES

1. To garment units are not facing any challenges in the study area.
2. The present scenario is not appreciable since no concrete solutions are offered.

RESEARCH METHODOLOGY

A well drafted and structured, unbiased questionnaire was prepared in English and administered as schedule taking into account the educational status of workers. Before finalizing questionnaire officers and selected a few workers were interviewed in order to understand the problems and challenges faced by garment units. Questionnaire was pretested for validity and reality. A sample of 300 respondents 200 workers and 100 office

bearers was thought fit for the present survey and convenient sampling technique was adopted and collected the data conveniently. The collected data was presented in the form of tables and exhaustively percentages were used to compare the data. In order to give a scientific touch to the data quantitative techniques like chi-square and ANOVA was used. The data collection programme commenced on 10th Dec. 2015 and ended on 30th Dec. 2015. Out of many problems faced by exporters of garments and challenges a few most important and pertinent problems has been chosen and studied in details.

Garment Exports during 2007-2013.

Exports (Value Rs. crores)			
Year	Total textile exports	Readymade Garment exports of textile	% of RGE to total
2007	655864	364498	5.56
2008	840755	47113	5.6
2009	845534	47608	5.63
2010	1148170	48356	4.21
2011	1342689	57691	4.29
2012	1459281	626.25	4.29
2013	(P)1634672	67413	4.12

Source: Foreign trade statistics of India (Principal Commodities and Country) DGIGQS, Kolkata, 2011-12.

The above table shows that the overall percentage of RMG has been decreasing over a period of 7 years which was 5.56% in 2007 has been reduced to 4.29 in 2012 through the exports of garments products have increased steadily over the last 7 years, particularly after 7 years when textiles exports quota stood discontinued.

PRESENT SCENARIO OF READYMADE GARMENTS IN BENGALURU STUDY REGION

The global buyers have looked Bengaluru as an important location for sourcing of garments after Bombay and Delhi. Bengaluru dress making was the first garment unit established during the year 1940. The establishment of this garment unit paved the way for the establishment of silk weaving and exporting. Majority of the industries are concentrated in Bommanahalli and Peenya Industrial area. There are around 15000 RMG units in and around Bengaluru. Besides this a giant venture Doddaballapur Apparel Park with great ambition of serving the needs of global buyers also functioning in a big way. The RMG units in Bengaluru are integrated horizontally and not vertically. There are firms without manufacturing base but still book large orders and get the products manufactured through fabricators and execute the orders. Under Survarna Vastra Neethi 2008-13, the Government of Karnataka has been providing special support for substantial investments in the state. At present incentives are given case by case basis. Karnataka Udyog Mitra, which is a nodal agency to facilitate investments for all investors in Karnataka, has attracted US\$564 million between 2008-11. Global investors meet 2010-12 alone achieved MOU's with investment of US\$ 312.5 million and additional investments of US\$ 136.5 million have also been proposed for 4 mega projects.

SURVEY FINDINGS

Table-1 reveals data on demographic variables respondents. All respondents who are working the garments units and export field are aware of the problems faced by garments exporters. There are 200 females who are actual workers and the remaining except a minor amount of respondents are working in the garments units as office assistants, supervising and office superintendents. The educational status portrays clearly 57% of respondent's studies up to 10th standard and 50 respondents studied up to PUC, 40 up to degree and only 13% are studied up to post-graduation.

Table-1 further reveals respondents monthly income is Rs. 5000 to 6000 and 75 respondents in case in between Rs. 6000-7000. This data highlights the workers who are working in garment industry is not getting attractive salary.

Table-2 highlights about the problem and challenges of raw material supply. The required raw material is manufactured in different areas of the country. It is a challenge to get the raw material in time since there is no direct contact and dealers are operating and they make profit. Further, delivery schedule is disturbed and right prices are not given to right products and severe price competitions makes the foreign buyers to switch over to other countries. The ANOVA analysis clearly reveals variations in the influencing factors for the supply of raw material.

Table-3 speaks clearly about the skilled labour. The different drivers of skilled labour are presented in the table. The skilled labour is paid on piece basis, and exists gap between demand and supply and there is need of skilled labour at present in the study area. But the present availability of skilled labour is conditioned by bad roads, traffic jams and power cuts. The ANOVA table clearly rejects the null hypotheses and accepts the alternative. ANOVA table clearly states that the available skilled labour is co-operating with the garments exporters in the study area.

Table-4 highlights about heavy cost of investment and increase in the cost of production. The investment is heavy since high speed needle lock machinery automatic thread trimmers, double needle high speed sewing machines are to be purchased. Chi-square analysis clearly reveals that high investment with high cost leading to increase in cost of production and null hypotheses is accepted.

Table-5 reveals data and problem of production and marketing of garments. The variables are varying between exports are made different countries to making of qualitative fabrics is not a problem. ANOVA table reveals that the present garment experts trend in encourages and ANOVA have fails to accept the null hypotheses.

CONCLUSION

The garment sector plays an extremely significant role in the economy in terms, especially of share in value added, foreign exchange earnings and employment. Bangalore garment sector has a great potential in providing employment and in bringing valuable foreign exchange. This paper started with understanding most important out of many problems and challenges and proved that skilled labour is highly co-operative, raw material supply is influenced by different variables and greatest challenge is high cost of investment leading to high cost of production. Export performance primarily depends upon costs. Quality and strict compliance to delivery time. A clear understanding of problems and challenges of garment sector makes the effective operational performance excellent.

REFERENCES

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Table-1

Demographic Profile of Respondents (Combined)			
	Variables	Respondents	Percentage
Gender	Male	100	33.00
	Female	200	67.00
Education	10th Std.	170	57
	PUC	50	17
	Degree	40	13
	PG	40	13

Monthly Income			
4000 - 5000	50	17	
5000 - 6000	80	27	
6000 - 7000	75	25	
7000 - 8000	30	10	
8000 - 9000	40	13	
9000 & above	25	8	
Respondents awareness of problems			
Yes	300	100	
No	0	0	
Service	More than 5 years	38	13
	More than 10 years	62	21
	More than 15 years	70	23
	More than 20 years	80	27
	Above 20 years	50	16
	Total	300	100

Table-2, The Problem of raw Material Supply

Factors influencing raw materials supply problem	SA	A	N	DA	SDA	T
Dealers supplying the required raw material	56	14	1	2	2	75
Delivery schedule is disturbed	48	20	2	2	1	73
Right price not given to right products	58	12	1	1	2	74
Price competition makes the foreign buyers to switch over to other countries	48	24	2	3	1	78
Total	210	70	06	08	06	300

Source: Primary Data

Note : SA - Strongly Agree, A - Agree, N - Neutral
DA - Disagree, SDA - Strongly Disagree, T - Total

Hypotheses

H0	There are no influencing factors for the supply of raw materials	Reject
H1	There are influencing factors for the supply of raw materials	Accept

ANOVA Table

Source of Variation	SS	d.f.	MS	F-ratio	5% F-limit (from the F-table)
Between sample	8883	(5-1)=4	8883/4 =2220.75	2220.75/11.87 =187.09	F(4,15) =3.06
Within Sample	178	(20-5)=15	178/15 =11.87		
Total	9061	20-1 = 19			

ANOVA Analysis

The above ANOVA table shows that the calculated value of F is 187.04 which is greater than TV = 3.06 @ 5% level of with d.f. being V1 = 4 and V2 = 15 fails to accept null hypotheses. Therefore the alternative is accepted and we may conclude that there exist influencing factors in the supply of raw materials in the study area.

Table-3, Availability of Skilled Labour

Drivers of skilled labour	SA	A	N	DA	SDA	T
The existing skilled labour paid a piece basis	45	32	2	2	7	88
Three exists huge gap between demand and supply	38	18	3	4	5	68
There exists huge Right price not given to right products	32	12	1	1	2	74
Price competition makes the foreign buyers to switch over to other countries	48	24	2	3	1	78
Total	160	100	10	12	18	300

Source: Primary Data

Note : SA - Strongly Agree, A - Agree, N - Neutral
DA - Disagree, SDA - Strongly Disagree, T - Total

Hypotheses

H0	The available skilled labour are not co-operative with garment exporters in the matter of quality in the study area	Reject
H1	The available skilled labour are co-operating with garment exporters, in the study area in the matter of quality	Accept

ANOVA Table

Source of Variation	SS	d.f.	MS	F-ratio	5% F-limit (from the F-table)
Between sample	4542	(5-1)=4	4542/4 =1135.5	1135.5/19 =59.76	F(4,15) =3.06
Within Sample	285	(20-5)=15	285/15 =19		
Total	4827	20-1 = 19			

ANOVA Analysis

The above ANOVA table reveals that the calculated value being 59.76 which is greater than TV=3.06 @ 5% level of significance with d.f. = v1 = 4 and v2 = 15 fails to accept null hypotheses. Therefore we may conclude that the available skilled labours are in operating with garment exporters in the quality issue.

Table-4, High Cost of Investment and Increase in the Cost of Production

	Influences too much	Influences much	Not at all	Total
High speed needle lock machine				
With edge trimmers	55	28	5	88
Automatic thread trimmer	65	35	9	109
Double needle high speed saving Machine	60	37	6	103
Total	180	100	20	300

Source: Questionnaire

Hypotheses

H0	There is high cost of investment and increase in the cost of production in the study area	Accept
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Chi -square Table

Calculated value .9837
d.f. = (r-1)(c-1) = (3-1)(3-1) = 4
Significance at 5%, TV = 9.488

Chi-square Analysis

The calculated value being .9837 is lesser than the TV = 9.488 @ 5% level of significance with d.f. = 4 accepts the null hypotheses. Therefore we may conclude that investment of fixed capital leading to high cost of production.

Table-5, Production and Marketing of Garments

Variables	SA	A	N	DA	SDA	T
Exports are made to different countries	40	18	2	2	3	65
All exporters are having sufficient orders on their hands	62	21	2	1	2	88
Marketers entrust the job to others also on work basis	38	19	3	2	1	63
Marketing of qualitative fabrics is not a problems	50	27	3	2	2	84
Total	190	85	10	07	08	300

Source: Primary Data

Note: SA - Strongly Agree, A - Agree, N - Neutral
DA - Disagree, SDA - Strongly Disagree, T - Total

Hypotheses

H0	The present garments export trend is not encouraging.	Reject
H1	The present garments export trend is encouraging.	Accept

ANOVA Table

Source of Variation	SS	d.f.	MS	F-ratio	5% F-limit (from the F-table)
Between sample	6384	(5-1)=4	6384/4 =1596	1596/27.8125 =57.3842	F(4,15) =3.06
Within Sample	417.1875	(20-5)=15	417.1875/15 =27.8125		
Total	6801.1875	20-1=14			

ANOVA Analysis

The above table shows that the calculated value of F is 57.3842 which is greater than the TV = 3.06 at 5% level with d.f. being v1 = 4 and v2 = 15 fails to accepts the null hypotheses and accepts alternative. Therefore we may conclude that present export trend is encourages.