PRODUCTION AND EXPORT PERFORMANCE OF READYMADE GARMENT PRODUCTS SINCE 1991: A STUDY OF UTTAR PRADESH

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ABSTRACT

Piece of clothing industry created in India, in genuine sense, from 1970 onwards. From an unassuming start inside the '70s, it's developed into a major industry spread the entire nation. It contributes fundamentally to business age and fare profit; other than fulfilling the household need for dress. The Indian Garment Export Industry's serious quality was confined by multi-Fiber Arrangement (MFA) Quotas. Economic changes were started in India inside the year 1991, initiating the technique for de-permitting, de-bureaucratization and de-reservation. The expansive changes started were relied upon to be reflected in expanded fares of the considerable number of wares and all the more explicitly inside the ascent inside the pace of development of Readymade Garments (RMGs), the subject of this study. The present examination is exploratory in nature. an exertion has been made during this investigation to explore the business’ fare execution during the examination time frame (1981-82 to 2010-01), since it is plausible to partition this time advantageously into pre and post-advancement periods (1981-82 to 1990-91 and 1990-91 to 2010-01) separately, an exertion is framed to coordinate the fare execution of the business during these two sub-periods. An investigation of the presentation of the business as endeavored during this examination showed that the normal improvement of its exhibition didn't emerge inside the post-progression period. This has been evident from the very reality that, while the extension pace of fare of RMGs had declined in post-progression period, the expansion inside the portion of fare of RMGs in material fares had additionally not been critical

Key words: Garment export; Liberalization; Textiles and clothing; International competitors
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1. INTRODUCTION
Apparel is one among the foremost important items in Indian export basket. Export of this sector, which was to the tune of Rs 6.69.8 billion in 1992, increased to Rs 46.39 billion in 2012 and to Rs 23.78 billion in 2020, constituting 8.59%, 14.26 attempt to 11.38% of total exports of the country during 1992, 2012 and 2020, respectively. India’s exports of textiles and apparel were governed by Multi-Fiber Arrangement (MFA) Quota, which was settled under the multilateral framework. The MFA was a trade regulatory measure adopted by the developed countries in the interest of their own textile industry. The agreement, it's observed, had the effect of limiting the expansion of exports of many items in which developing countries had economic strength. Restrictions on exports of textiles and clothing from developing countries were imposed right from the Short-term Arrangement (STA) agreed upon in 1962. STA was the first institutionalized measure, supposedly collectively decided, by the developed countries in July, 1961 for controlling imports of cotton textiles from the developing countries.

STA was not implemented and was soon replaced by the Long-Term Arrangement (LTA) in February, 1962. Both STA and LTA were concluded at the insistence of USA on the argument of injury to her domestic textile market. Critics have observed in this connection that, through MFA, the textile and garment industries of the developing countries had been successfully shielded from external competition. Thus, while the textile trade among the developed countries was free, these countries had put stringent restrictions on textile imports from developing countries and prevented international competition from emerging.

As per the textile agreement, MFA has been phased out on January 1, 2005 and therefore the textiles and garment sector now stands integrated into GATT (General Agreement on Tariffs Trade)/WTO (World Trade Organization), with all restrictions under this agreement having been eliminated. India, in the emerging scenario, is expected to get substantial benefits from the emergence of a level playing field in the markets of the developed countries. Few studies have been conducted on the present and future status of the Indian garment exports. A study, focusing on the future prospects of the garment export industry supported the analysis of the past trends of export of RMGs, along with the opinions of various industry insiders, independent researchers, exporters, office-bearers of export associations etc. is essential to analyze the industry’s performance in various dimensions, namely, the present status of garment export industry, its competitiveness vis-à-vis present and emerging competitors, problems faced by it, measures taken by the government to assist the industry and measures involved to enable the industry to realize its goal etc. These precisely are the explanations behind choosing this subject for this study.

2. RESEARCH BACKGROUND
Readymade garment is a part of the textile industry that consists of fabrics, made-ups, yarn, thread, fibre, woolen textiles, silk textiles and readymade garments. Garment industry in India is one of the best in the world. It is an extremely well organized sector. Garment manufacturers, exporters, suppliers, stockiest and wholesalers are the gateway to an extremely enterprising clothing and apparel industry in India. There are numerous garment exporters and garment manufacturers both in the small scale and in the large scale.
Readymade garment accounts for about half of India's textile exports and close to 13 per cent of the country's aggregate exports. India's thrust into readymade garment production started in the early 80s in the wake of the liberalization. It received a big impetus during the economic reforms in the early 90's and during the last two decades. It has moved to the tenth position in the World's export of readymade garments. The structure of the readymade garment industry is complex as much as it is diverse. It is highly fragmented and a large part of it is unorganized. The two markets, domestic and international, have their own issues.

In recent years, the readymade garment segment has seen vertical growth with a turnover of approximately Rs. 20,000 crores, this industry is growing at the rate of 20 per cent, with massive visibility and considerable margin. The largest segment for the readymade garment segment includes the age-group of 16-35 that is very brand conscious and gives priority to high quality. Branded readymade garments account to over 21 per cent of the readymade garment industry.

India is at present a niche player in the low-value market segment based on cotton fabrics and for seasonal and fashion garments. This reflects India's comparative advantage in cotton cloth and its flexibility advantage in meeting small orders. With the targets of enhancing quality, establishing new market niches, and moving up the value chain, the strategy should be concentrated on the restructuring of the production base.

Today, garment exports from India have made inroads into the international market for their durability, quality and beauty. One of the reasons for the economical pricing of India's readymade garments and apparels is the availability of highly skilled, cheap labor in the country. The superiority of India's Garment Industry has been acknowledged in the National Textile Policy (NTP) of India. Readymade Garment (RMG) industry in India has seen resurgence in the recent times. The industry has witnessed sluggish growth in the past decade; however the scenario has changed substantially due to globalization initiatives by WTO and subsequent phasing out of quotas by United States (US) and European Union (EU), the key export destination. Ample opportunities are there for Indian garment manufacturer, to tap in international market.

3. NATURE OF THE STUDY
The study is exploratory in nature.

4. OBJECTIVES OF THE STUDY
The focus of the present study had been to study the export performance of the RMG (Readymade Garments) export industry of India during the reference period which can be conveniently divided into pre-liberalization period (1981-82 to 1990-91) and post-liberalization period (1991–92 to 2010–01) respectively. Specifically, it intended to study the status of garment export industry of India, an important segment of the export consignment of the country and an important contributor to the export earnings of the country during the period under study. Following are the main objectives of the study

- To identify and observe the current scenario of readymade garments industry.
- To evaluate the trend of readymade garment production and export.

5. RATIONALE OF THE STUDY
Article of clothing Industry created in India, in genuine sense, from 1970 onwards. From a humble start during the '70s, it has now developed into a major industry spread the entire nation. It contributes altogether to business age and fare profit, other than fulfilling the
household need for clothing. The (Multi-Fiber Arrangement) MFA Quotas had confined article of clothing trade industry's serious quality. The eliminate and advancement and in this manner the rising rivalry would now force India to develop, improve and contend during a world, which isn't any more extended ready to give concession and alleviation in any form. India, it has been watched, has the parts of an essential and universally serious piece of clothing industry and is required to rise as probably the best recipient of the eliminating of the MFA and resulting opening from the planet exchange on January 1, 2005, next just to China. These desires are fundamentally founded on India's relative bit of leeway reflected in modest work and crude materials. In any case, at present Indian Industry is described by inferior quality, low efficiency, helpless foundation, old apparatus and surplus work pool . Additionally, with the MFA amount totally destroyed, Sri Lanka, Bangladesh and Pakistan have risen as India's significant rivals because of closeness in geological conditions and lower wage rates than in India. India's seriousness in the global market, along these lines, must be seen from a point unique in relation to the gracefully of modest work and crude materials. rather than low compensation intensity, it's to be higher profitability seriousness, with more noteworthy accentuation on quality improvement and improved efficiency through formation of a contemporary , productive, better sorted out and serious industry in situ of a standard one. Keeping at the top of the priority list these perceptions, the current examination expects to evaluate the effect of the eliminating of MFA, trailed by the opening from the planet exchange materials for the most part and in articles of clothing particularly, on the fares of garments from India.

6. IMPORTANCE OF THE STUDY

Piece of clothing send out industry is a significant segment of the fare business of India. It offers work to around 4,000,000 individuals and is positioned second, next just to Railways in this regard. It is a significant unfamiliar trade worker for the nation. Regarding commitment to sends out, it remained next just to pearls and gems with a portion of 11.38% in the absolute fares of the nation in 2014. It is viewed as having a phenomenal potential, equipped for making sure about a more prominent portion of world exchange of Garments post-2004, after eliminate of the MFA Quotas. Being a significant supporter of unfamiliar trade income of the nation, it tends to be relied upon to help the economy generously in illuminating the matter of repetitive deficiency in equalization of installments looked by her. Further, being a urgent boss of people , it additionally can be relied upon to contribute generously to work age inside the economy, helping simultaneously, the neediness mitigation program of the govt .

7. CHALLENGES FACING BY INDIAN TEXTILE AND READYMAD

India is replete with natural resources like cotton, jute and silk. Indian products are known for their fine designing, embellishment and craft. Besides this, the ancient Indian fabric designers and weavers were one of the best in the world. Indian textile Industry is also the largest employer (after agriculture) of workers directly and indirectly. Owing to ethnic diversity and multiplicity of culture exists in India, several designs and variety of costumes and apparels are used by our people. This enriches Indian textile garments design possibilities.

The Indian textile and readymade garment Industry had been plagued by obsolescence, labour problems, raw material vagaries and lack of modernization including that of spindles. The post fabric stage processing technology has also been lagging but is now coming up fast with infusion of textile processing technology. SSI firms perform the majority of weaving and processing operations. The level of weaving technology is of lower order and knitting units don't possess capacity to perform dyeing, processing and finishing to international standards.
Textile and readymade garment supply chains compete on low cost, high quality, accurate delivery and flexibility in variety and volume. Several challenges stand in the way of Indian firms before they can own a larger share of the global market:

7.1. Scale
Except the spinning sector, all other sectors suffer from the problem of scale. Indian firms are typically smaller than their Chinese or Thai counterparts and there are a few large firms in India. Some of the large Chinese firms have 1.5 times higher spinning capacity, 1.25 times denim (and 2 times gray fabric) capacity and about 6 times more revenue in garment than their counterparts in India thereby affecting the cost structure as well as ability to attract customers with large orders. The central tendency is to add capacity once the order has been won rather than ahead of the demand. Customers go where they see both capacity and capabilities. Large capacity typically goes with standardized products. These firms need to develop the managerial capabilities required to manage large work force and design an appropriate supply chain. For the size of the Indian economy, it will have to have bigger firms producing standard products in large volumes as well as small and mid-size firms producing large variety in small to mid-size batches (the tension between the organized and unorganized sectors will have to be addressed first, though). Then there is the need for the emergence of specialist firms that will consolidate orders, book capacities, manage warehouses and logistics of order delivery.

7.2. Skills
Three issues must be mentioned here: (a) there is a paucity of technical manpower (b) Indian firms invests very little in training its existing workforce and the skills are limited to existing processes (Chandra 1998); (c) there is an acute shortage of trained operators and supervisors in India. It is expected that Indian firms will have to invest close to Rs. 1400 bn by the year 2010 to increase its global trade to $ 50 bn. This kind of investment would require, by about 70,000 supervisors and 1.05mn operators in the textile sector and at least 112,000 supervisors and 2.8mn operators in the apparel sector (assuming a 80:20 ratio of investment between textiles and apparel). The real bottleneck to growth is going to be availability of skilled manpower.

7.3. Cycle Time
Cycle time is the key to competitiveness of a firm as it affects both price and delivery schedule. Cycle time reduction is strongly correlated with high first pass yield, high throughput times, and low variability in process times, low WIP and consequently cost. Indian firms have to dramatically reduce cycle times across the entire supply chain which is currently quite high (Chandra, 2004). Customs must provide a turnaround time of 1/2 a day for an order before Indian firms can they expect to become part of larger global supply chains. Indian firms need a strong deployment of industrial engineering with particular emphasis on cellular manufacturing, JIT and statistical process control to reduce lead times on shop floors. Penetration of IT for improving productivity is particularly low in this sector.

7.4. Innovation & Technology
A review of the products imported from China and the USA during January-April 2005 reveals that the top three products in terms of percentage increase in imports were Tire Cords & Tire Fabrics (843.4% increase over the previous year), Non-woven fabrics (284.1% increase) and Textile/Fabric Finishing Mill Products (197.2% increase) (FICCI, 2005). None of these items, however, figure in the list of imports from India that have gained in these early
days of post-MFA. Entry into newer application domains of industrial textiles, nano-textiles, home furnishings etc. becomes imperative if India is to grow beyond 5-6% of global market share as these are areas that are projected to grow significantly. Synthetic textiles comprise about 50 per cent of the global textile market. Indian synthetic industry, however, is not well entrenched. The Technology Upgradation Fund of the government is being used to stimulate investment in new processes. However, there is little evidence that this deployment in technology has accompanied changes in the managerial regimes - a necessary condition for increasing productivity and order winning ability.

7.5. Domestic Market
The Indian domestic market for all textile and apparel products is estimated at $26 bn and growing. While the market is very competitive at the low end of the value chain, the mid or high ranges are overpriced (i.e., 'dollar pricing'). Firms are not taking advantage of the large domestic market in generating economies of scale to deliver cost advantage in export markets. The Free Trade Agreement with Singapore and Thailand will allow overseas producers to meet the aspirations of domestic buyers with quality and prices that are competitive in the domestic market. Ignoring the domestic market, in the long run, will imperil the export markets for domestic producers.

In addition to that high retail property prices and high channel margins in India will restrict growth of this market. Firms need to make their supply chain leaner in order to overcome these disadvantages.

7.6. Institutional Support
Textile policy has come a long way in reducing the impediments for the industry - sometimes driven by global competition and, at other times, by international trade regulations. However, few areas of policy weakness stand out - labour reforms (which is hindering movement towards higher scale of operations by Indian firms), availability of power and its quality, customs clearance and shipment operations from ports, credit for large scale investments that are needed for up-gradation of technology, and development of manpower for the industry. These are problems facing several sectors of industry in India and not by this sector alone.

According to the market studies done by Dun & Bradstreet Information Services, readymade garment industry is becoming increasingly globalized and there is fierce competition to cut cost, especially after the elimination of quotas in January 2005. This has created an increasing trend towards outsourcing of apparel production to low-cost countries like China, India, Pakistan and Sri Lanka. China has been emerging as the real winner in the garment export market. Indian industry is still handicapped by capacity constraints. According to D&B study on readymade garments, "To capitalize on the opportunities opened up, many big private apparel companies in India have made huge investments across all the stages of textile value chain. In addition to this, there has been a considerable rise in FDI in textiles and clothing sector.

8. METHODOLOGY AND TOOLS AND TECHNIQUES OF DATA ANALYSIS
The current investigation is exploratory in nature. It expects to audit this status of the article of clothing trade industry of India, a significant fragment of the fare transfer of nation and a significant supporter of the fare profit of the nation. It likewise means to examine the presumable status of the business during the post-2014 circumstance, in sight of the forecasts made by eyewitnesses, nation most likely rising as a genuine recipient inside the post-MFA circumstance after January, 2015. An endeavor in like manner is made to contemplate its fare
execution during the investigation time frame (1991-92 to 2010-20) in the principal example. It being conceivable to partition the period under examination advantageously into pre and post-progression periods (1991-92 to 2010-11 and 2001-02 to 2010-2020), separately, an endeavor is additionally made to think about the fare execution of the business during these two sub-periods. Besides, an exertion is shaped to decide the portion of readymade articles of clothing (RMGs) inside the fare of materials as additionally in EAC (Export all things considered) and furthermore of materials in fare everything being equal (EAC). A correlation of the portion of RMGs in material fares and in the EAC and, of material fares in fare of all items during pre and post-advancement periods has likewise been attempted. A examination has been regulated to extend piece of clothing fares of the nation at the hour of eliminating of MFA. For finishing this investigation, the information are acquired from the official distributions of the Apparel Export Promotion Council (AEPC).

9. ANALYSIS OF THE DATA
Information in the current investigation have been broke down utilizing measurable strategies, for example, time-arrangement examination, t-test and basic proportion for correlation of rates. Information have likewise been introduced utilizing graphical strategies, for example, line charts and bar-diagrams. Along with the factual examination of the optional information, an exertion has been reached a cross-area of the article of clothing sending out network to encourage a vibe of the base real factors, as respects the notification of the changing conditions and along these lines the looming changes inside the world exchange pieces of clothing post 2004, the attitudinal and procedural changes inside the administration organizations saw by them and included , as additionally their appraisal of the post-2004 circumstance at the unit and industry level. An broad study of writing containing different magazines and diaries devoted to material and attire industry has been managed to survey the assessments of analysts, exporters, office-carriers of fare affiliations, and so forth, contributing normally to those .Expectations from AEPC in its new job, communicated by the exporters/industry affiliations likewise are incorporated

10. FINDINGS OF THE STUDY
10.1. Significant discoveries of the examination are summed up below
*Growth pace of fare of RMGs*
An investigation of the fare execution of the RMGs during the period under investigation, for example 1901-02 to 2019-20, in the wake of changing for expansion, demonstrates that, these have expanded in rupee terms from Rs 6.69 billion out of 2012 to Rs 240 billion out of 2010-01 around. Over the period, thusly, these have expanded at a mean pace of 21.54 per cent. A t-test directed contrasting the extension pace of fare of RMGs during pre and post-advancement periods, subsequent to changing for swelling, in any case, shows that the development pace of fare of RMGs has declined altogether inside the post-progression period.

*Share of RMGs in material fares and EAC*
The normal portion of RMGs in material fares during the period under examination is by all accounts 50.79 percent, while the run of the mill portion of RMGs in EAC during an identical period is by all accounts 12.59 per cent. A correlation of the portion of the RMGs in material fares during pre and post-progression periods demonstrates a rate lessening of 4.19 percent over the pre-advancement period, though, an examination of the portion of the RMGs in EAC during the pre and post-progression periods demonstrates an ascent of 41.85 percent over the pre-progression period.
A t-test completed looking at the portion of the fare of RMGs in material fares during pre and post-advancement periods, demonstrates that, there's no noteworthy ascent inside the portion of RMGs as an extent of the fare of materials and the showed variety may be a result of possibility. On the contrary hand, a t-test controlled looking at the portion of the fare of RMGs in EAC during the pre and post-advancement periods, demonstrates that the portion of RMGs as an extent of EAC has expanded considerably after liberalization.

It is clear from the above examination that despite the fact that fare of RMGs has indicated an ascent in supreme terms over the sum under investigation, for example 1981-82 to 2010-2001, expanding at a normal pace of 21.54 percent, the extension pace of RMG sends out has declined fundamentally inside the post-advancement period.

It is additionally evident that, close by the pre-winter inside the pace of development of RMG sends out during the post-progression period, the portion of RMG trades as an extent of materials has likewise not expanded altogether during the post-advancement period, in spite of the fact that the portion of RMG sends out as an extent of EAC has expanded considerably during the post-progression period.

There is, thusly, a consistency inside the discoveries on both the fronts, that is, fall in the development pace of The RMG sends out during the post-progression period and a non-critical increment inside the portion of the fare of RMGs as an extent of the fare of materials during the post-progression period.

This anyway is an upsetting pattern, which demonstrates that, change estimates taken since 1991 have not had the normal impact on the fare of RMGs. Monetary changes were started in the year 1991, initiating the procedure of de-permitting, de-bureaucratization and de-reservation. The sweeping changes started were, in this way, expected to be reflected in expanded fares of the considerable number of products and all the more explicitly in the ascent in the development pace of RMGs, the subject of this examination. This has, nonetheless, not occurred as is obvious from the discoveries of the investigation.

11. SUGGESTIONS AND RECOMMENDATIONS

Various proposals and suggestions offered, in view of the perceptions of analysts, exporters, authorities of fare affiliations and so on for Industry and the legislature to empower the nation to determine most extreme appreciate the ideal post-MFA circumstance, include:

11.1. For industry

1) Should concentrate on winning boundaries, for example, responsiveness, practicality, consistency, adaptability, correspondence and comprehension of purchasers’ perspective.

2) Realize that the job of the producer has transformed from that of an item provider thereto of 1 offering support and limit, and change itself accordingly.

3) Make endeavors to contact new markets past the current ones and be set up to spend on item advancement, advancement, publicizing, career expo cooperation and on each type of correspondence in the worldwide markets, keeping with the present guidelines of innovation, quality and class.

4) Should also concentrate on gracefully chain and the board, brand creation and customer center, the issues that are probably going to expect incredible significance in times to return.

5) Should concentrate on constant interest in further developed innovation and moving of center from assembling driven issues to promoting, esteem expansion, advancement and worldwide alliances.

11.2. For government
1) Make accessible essential crude material, that is, textures and sewing strings of all strands at universal prices.

2) Establish a framework by which Indian piece of clothing makers may benchmark quality and execution against each other and in the end against global competitors.

3) Develop an assistance direction by setting up assigned Centers and Institutes all through the country.

4) Set up an organization that can incorporate the separate gifts of India's little and huge firms.

5) Launch an expertise up degree program to require care of the scarcity of very much prepared example creators and cutters and updating the abilities of sewing administrators to empower them to deal with new kinds of machinery.

6) Declare long haul send out arrangement all together that exporters realize obviously the boundaries inside which they have to figure and survive.

7) Simplify the fare systems so an exporter can burn through longer and effort on creation and for getting trade orders.

8) Explore and distinguish new markets.

9) Use the foundation of the travel industry to advocate Indian garments.

10) Make endeavors related to industry to improve India's picture abroad.

11) Ensure good and steady strategies, adjusted work laws perfect to consistence with WTO standards and have a second hard look at tax collection laws for empowering exports.

12) Provide fundamental prerequisites of foundation, for example, improvement of streets, port offices and force accessibility, which will help in chopping down lead-time and improving effectiveness and profitability of individual exporters.

13) Provide one port only for attire industry, treating it comparable to transient things, since conveyance time is critical in both the cases.

12. POSTSCRIPT

The study was conducted keeping in mind things prevailing in India. The suggestions and recommendations are also therefore primarily applicable to Indian conditions. However, keeping in mind that similar conditions obtain in other countries also, particularly, the developing countries, it's felt, the study offers valuable guidance to those countries. The world trade conditions with reference to garment exports since have changed over the period post-MFA, with Bangladesh emerging because the leading exporter of RMGs. In fact, there's noticed an increased export of cotton and yarn from India to Bangladesh. Also, China has emerged as the biggest importer of cotton from India. This naturally involves further study beyond the year 2000–01, the last year covered during this study.

13. CONCLUSION

In this paper study was led keeping as a primary concern the circumstance prevailing in India. Set up a framework by which Indian article of clothing producers may benchmark quality and execution against one another and within the end of the day against worldwide contenders, the planet exchange conditions as for piece of clothing fares since have changed over the period. The present study is exploratory in nature; an endeavor has been made during this study to research the business’ fare execution.
REFERENCES


