

Study on Nature and Competition in Readymade Garment Industry Exports in India

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Abstract – India is the world's second biggest maker of textiles and garments after China. The textile and garment sectors assume an incredibly critical job in India in wording particularly of offer in value added, foreign exchange income, and business. The performance of India's garment export sector exemplifies how a productively overseen labor-intensive sector can be changed into a productive foreign exchange worker. The garment export sector has focused on a broad subcontracting framework which made utilization of power loom fabrics and recycled apparatus. The Indian textiles industry, at present assessed at around US\$ 150 billion, is required to reach US\$ 250 billion by 2019. India's textiles industry contributed seven percent of the industry yield (in value terms) of India in 2017-18. It contributed two percent to the GDP of India and utilizes in excess of 45 million individuals in 2017-18. The sector contributed 15 percent to the export income of India in 2017-18. The future for the Indian textile industry looks encouraging, floated by both solid domestic consumption just as export demand.

Keywords: Competition, Readymade Garments, Industry Exports in India etc.

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I. INTRODUCTION

Competitiveness is about productivity, which thus is a component of variables identified with cost of products, just as those identified with non-value factors, for example, conveyance plans, dependability of makers, and such immaterial elements like picture of the nation/organization and brand equity. Together, they characterize the aggressive ligaments of a product to contend under states of free market. In India, the Readymade Garment Industry is viewed as a branch of our textile industry, which goes back to the center of the nineteenth century. The pattern of readymade garments got uniquely in the early many years of the twentieth century, and reached out to the higher strata of society. In India, the garment industry needed to hold up till after the Second World War to get over its early stage struggles. With the extension of the circle of industrialization, better paid employment choices wound up accessible to the moderately progressively talented specialists. This influenced clothing sector by method for lack of labor where comes back to the specialists were not comparable with the level of ability required to work. There was no ready-made garment industry worth the name till the beginning of freedom, notwithstanding the way that this specific industry required no exceptional abilities or immense capital ventures. India's Readymade Garment Industry is exceptionally little in connection to what may be normal with regards to the required fundamental raw material for that industry.

The Indian textile industry is as various and mind boggling as nation itself and it joins with equivalent serenity this huge decent variety into a durable entirety. It is the world's third biggest maker of cotton-after China and the USA and the second biggest cotton shopper after China. Indeed, even today, textiles sector is one of the biggest supporters of India's exports with around 13 percent of all out exports. The textile industry is additionally labor intensive and is one of the biggest employers. The textile and garment industry satisfies a urgent job in the Indian economy. It is a noteworthy foreign exchange worker and, after farming, it is the biggest employer with a complete workforce of 35 million. The textile industry utilizes around 45 million individuals straightforwardly and 20 million individuals in a roundabout way. India's general textile exports during FY 2015-16 remained at US\$ 40 billion.

A progressively practical picture rises when one examination the value lists of Indian garment exports at steady costs. This modifies for fluctuating foreign exchange rates and general ascent in world costs. The currency that appears to be most suitable for night out exchange rate variances is US dollar as the US is the nation which has assimilated the biggest portion of India's garment exports. Indian exports of privately made retail and way of life products developed at a compound annual growth rate (CAGR) of 10 percent from 2013 to 2016, for the most part driven by bedding shower and home stylistic theme

products and textiles. The Government of India targets textile and garment sector exports at US\$ 45 billion for 2017-18.

II. INDIAN APPAREL INDUSTRY

Tandon and Reddy (2013) seen that supportability in Textile and Apparel industry had three aspects social, financial and ecological. Globalization positively affected textile exports of India [1]. Countries delivering and exporting textiles had expanded investment in turning and weaving gear. Despite the fact that Developing countries had similar cost advantage in domestic and universal market still they were executing auxiliary changes to address the issues of the worldwide stringent purchaser. Indian Government had changed its point of early export development to expanding productivity. Innovation up degree Fund Scheme, E marketing, CETP in Tiruppur, Postage Stamps, Integrated Textiles and Business were among the fifteen patterns examined in this paper.

Nagasimha et al (2011) in their article on Branded Apparel Penetration past Metros referenced about the "look great – feel better" idea among the present youth [2]. They broke down potential and appropriate target portion ought to be remembered while confining the marketing strategies with the goal that extent of branded apparels past metros could be investigated. They further uncovered that this will empower driving players to make colossal profits with decrease in cost of labor, impact youth and increase a dependable balance in this markets.

Sunil Nair (2017) According to this report foreign investment and collaboration in India's textile and apparel industry has expanded altogether lately [3]. The expansion is inferable halfway to the confinement of foreign direct investment (FDI) and incompletely to the way that domestic demand for textiles and apparel in India is huge and light. It additionally originates from acknowledgment that the sector has solid export potential. While FDI in the textile and apparel sector has been humble in past years, there is currently proof of a noteworthy speeding up. In reality, FDI inflows in this sector have generally multiplied each year since 2003— from Rs838 mn in 2003 to Rs 1785 mn in 2004 and Rs 3,462 mn (US\$79 mn) in 2005. Foreign organizations have been roused to go into collaborations with Indian firms by the expanding gains that can be made by creating brands in India and selling them into the Indian market. Indian organizations have been spurred by the extension for increasing specialized and marketing ability from foreign accomplices. The T&C sector is a noteworthy wellspring of export income, government revenue and employment for most Asian countries. The disposal of T&C portions because of the ATC expiry of the ATC has significantly affected the countries inside the area. Because of their exorbitant dependence on the standard framework and

absence of readiness to confront a completely aggressive exchanging condition the post-amount period, some Asian countries have either encountered a noteworthy misfortune or are losing their offers in the markets of created countries.

III. EXPORTS IN READYMADE GARMENT INDUSTRY

As per Today (2018) the capacity to create better export performance is considered than be important for public approach creators and business chiefs [4]. Since most recent two decades, the RMG industry of Bangladesh has been the fundamental wellspring of the nation's export development. The challenge of export causes economies of scale and quickening of mechanical advancement. A country could cultivate financial development by advancing exports of merchandise and enterprises. A much focused world market of RMG has put weights on Bangladesh to improve the export competitiveness of nation's export. In more than three decades, Bangladesh has seen generous development in its export of products and ventures. To decrease higher reliance on the customary market and hold onto new export markets, government and private sector requirement for market expansion.

Mohammad et al (2019) paper endeavors to explore the export development and rivalry of Bangladesh readymade garments in the United States market contrasted and other top competitors during the 2013-2017 period [5]. From the examination, the export development lists uncovered that out of 17 product classifications of HS61, Bangladesh expressed a positive export development in 12 product classifications and rest of the 5 product classifications uncovered a negative export development in the United States market. Then again, out of 17 product classifications of HS62, Bangladesh uncovered a positive export development in 9 product classifications, while rest of the 8 product classes expressed a negative export development in the United States market. Moreover, Spearman's rank relationship coefficient (rs) test for the referenced top competitors in the United States market uncovered that the 17 product classifications of HS61 Bangladesh showed higher challenge with Sri Lanka, India, Mexico, and Indonesia; unassuming challenge Vietnam; lower rivalry with China, and Cambodia; trade correspondence with Italy, and Pakistan. Besides, the 17 product classes of HS62 showed unobtrusive challenge with Mexico, Pakistan, and Cambodia; low challenge with China, Vietnam, and Italy; trade integralness with India, Indonesia, and Sri Lanka. Also, it is seen that every one of the countries for product bunch HS61 and HS62 face really high Equivalent Ad Valorem Tariff in the United States aside from Mexico. Besides, the discoveries are relied upon to contribute further advancement and arrangement making in the readymade garments

industry of the worry countries just as for the concerned stakeholders of this industry.

Aziz (2011) expressed that the ready-made garments (RMG) export performance of India and its competitors in regard of the real import goals [6]. India was in a situation to build its market share in ready-to-wear garment export to USA after the evacuation of Quotas. The investigation has been carried on in two stages, the main stage was exploratory research and the second stage was essential research. The exploration is done on the exports of ready-to-wear garments as it were. The investigation won't give any detail of the fabric exports from India. The examination depends on a poll review of ready-to-wear garment exporters in New Delhi, India. The effect of abrogating of standard framework and financial emergency on exports of ready to wear garments to its significant markets in post portion routine has been analyzed. The nitty gritty investigation of retreat hit markets draws out the victors and strugglers in the market. This examination paper makes a basic evaluation of the common issues influencing the RMG export import pattern.

Abraham and Sasikumar (2011) investigated the execution of the Agreement on Textile and Clothing (ATC) of the World Trade Organization (WTO), this understanding both undermines and gives chances to India's Textile and Clothing (T&C) industry in the wake of liberal international trade [7]. Firms obtain more prominent international competitiveness through different cost cutting and proficiency upgrading strategies. The inquiry one attempts to contemplate on was what course does Indian firms take to join the international export market in T&C. Observational examination, utilizing Tobit estimation procedures, upheld the view that expanding the portion of low cost labor was an important course through which export performance of the Indian firms in T&C was upgraded. Further, the utilization of this implies the need to perform better in the international market disturbed in the period after the usage of the ATC. Then again, capital and innovation based variables did not have any keen impact on the export performance of Indian firms in the international market. This endorsed the view that the Indian T&C firms everywhere used the low street to competitiveness, instead of the other. Likewise the importance of the import power in export performance recommended that Indian T&C was progressively getting incorporated inside the global value chain.

IV. COMPETITION IN READYMADE GARMENT INDUSTRY EXPORTS

Gupta (2011) this paper investigates the parameters which is in charge of the decline and increment of export and import of textile and reduction in market share [8]. The paper proposed textile sector is having reliably high export performance yet very less import

power. Because of its inborn capability of making a huge number of occupations (the highly labor intensive industry) and gaining foreign exchange through expanded exports, Government is seeking after 'garment drove growth' methodology which would likewise help the possibility of upstream fragment of the industry like turning, weaving and preparing Further, end of global textile quotas under the Multi-Fiber Arrangement. With suppliers free to export as much product as they can to any goal, the Indian Apparel Export Industry will have the chance to expand the rate of growth of exports (and subsequently the global market share) if Indian Apparel Industry can perform superior to the apparel industry of other competing countries.

Darrat (2017) have given proof to help export-drove growth in different developing countries [9]. Ramesh Kurpad (2014) assessed the difficulties of the export growth of the ready-made garment (RMG) industry in Bangladesh, the economy's spine, and recommended fitting reform [10]. They expressed that the growth of RMG exports of Bangladesh has without a doubt positive consequences for macroeconomic adjusts. Bangladesh's export performance so far presents indications of solidarity in its export container. In any case, the competitiveness issue should be tended to with unique consideration given to the long haul manageability of the industry.

Mann (2011) in their proposal on "Evaluation of Five Competing Forces of The Indian Apparel Industry: Entry and Expansion strategies for Foreign Retailers" presumed that the Indian apparel retail sector represent a moderately low degree of dangers of passage with a quick industry growth rate and developing salary and demand for western brands [11]. The writer likewise recommends that the foreign retailers may infiltrate in the more youthful urban buyer who is ready to purchase and know about western brands. Foreign retailer must get the extraordinary blend of western style with ethnic motivations. Foreign retailers ought to likewise sidestep impediments from the officeholder players by cooperating with domestic retailers who have verified prime areas.

Nordås (2014) inferred that the result of the eliminating of quotas would depend considerably more on winning duty rates and inclination edges of countries accepting such inclinations than had been caught by customary assessments [12]. Further, she demonstrated that the eliminating of quotas profited China and India, empowering them to command world trade in T&C. Countries that are near their significant markets are probably going to be less influenced by competition from China and India. The two countries will pick up market partakes in the European Union, the United States and Canada to a huge degree, yet the normal flood in market offers might be not exactly foreseen, as vicinity to real markets expect expanding monetary centrality while duties are progressively limiting

trade because of the way that products cross outskirts a few times.

Hoque (2013) consider depended on the possibility that how buyers see the nature of Bangladeshi-made clothing apparel by and large and their disposition towards Bangladeshi-made versus imported apparel from real importing countries specifically India, china and Thailand [13]. Both qualitative and quantitative measures have taken to break down the data. Qualitative data was gathered by semi structure interview strategy and for this judgmental inspecting was connected. Then again, quantitative data was gathered through survey and as a system stratified random examining was connected. Data was then dissected utilizing matched t test. Results show that nation of beginning impacts aren't as solid as it is normal and decently change with age and instruction status of purchasers. The apparel from Bangladesh are seen to be costly than that of India, china and Thailand. The outcomes uncovered that if Bangladesh keeps forcing more VAT on fabrics import and confine fabric deals inside the nation by garment manufacturing plants, the immediate and additionally testing competition will originate from India, in contrast with China and Thailand.

Badri (2008) in this paper there has been inspected the effect of eliminating of MFA quotas on Indian garment exports for instance of competitive labor intensive sector in a developing market economy that has been as of late confronting evacuation of export limitations [14]. Three distinct systems have been utilized utilizing a month to month data from 1992:11 to 2003:9: Perron's procedure of testing for unit establishes within the sight of pattern break, split-example trial of pattern break hypothesis and mediation analysis. The significant end is that the WTO's choice to eliminate the MFA quotas has positively affected the Indian Garment Exports. Perron's pattern break hypothesis supports this as a reason for change in catch, while the split example analysis demonstrates that there has been a basic change regarding presentation of pattern stationary instead of contrast stationary. Mediation analysis demonstrates that this impact has been positive, noteworthy and durable. This analysis infers that Indian apparel sector may profit by the eliminating of MFA quotas.

Hossain et al (2017) analyzed the relative bit of leeway and competitiveness individually for Textile and Apparel industry of Bangladesh and China by utilizing Balassa uncovered similar bit of leeway and Spearman Rank Correlation coefficient (rs) [15]. This examination explores the impact of exports on financial growth in Bangladesh, in view of a two-sector growth model. They explored the connection among exports and monetary growth in Bangladesh by utilizing time arrangement proof.

Goldar (2010) this paper distinguishes that post-1991 master market reforms in India are relied upon to

lessen price-cost edges in enterprises, lower between firm productivity scattering, increment export force of firms, and cause changes in the size structure and industrial creation [16]. Be that as it may, notwithstanding the expansion in export power, different impacts have not happened or happened just insignificantly, in spite of the reforms prompted increments in import competition and conceivably some increase of competition among domestic firms also. The industrial growth rate has not quickened in the post-reform period contrasted with the 1980s. This appears to be less owing to slowed down reforms, than to infrastructure bottlenecks and demand lack.

V. CONCLUSION

The idea of readymade garment industry is transitory. It relocates from high cost countries to low cost countries and incorporation of these countries prompts be effectively globalized. The globalization assumes a huge job in this sector which decreases cost and raises productivity. The Textiles and clothing industry is the second most important financial action in the nation as far as employment generation. It is additionally one of the real wellsprings of export earnings for the nation. Its offer in manufacturing value added is evaluated right now at around 12 percent. The textile industry is directly in a condition of motion because of the serious withdrawal in export and domestic demand in the wake of global monetary and money related emergency. Developing countries are the enormous wellspring of shabby labor, giving new open doors for these countries to create. The readymade garment involves novel position in the Indian economy. The principle overwhelming nearness is its noteworthy commitment to industrial production, employment generation and foreign exchange earnings.

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