A STUDY ON FACILITIES OR SERVICES PROVIDED BY THE LOGISTIC SERVICE PROVIDERS WITH REFERENCE TO TIRUPPUR EXPORT GARMENT INDUSTRY, TAMILNADU

Gokilavani S

Assistant Professor
Kristu Jayanti College
K.Narayanapura, Kothanur,
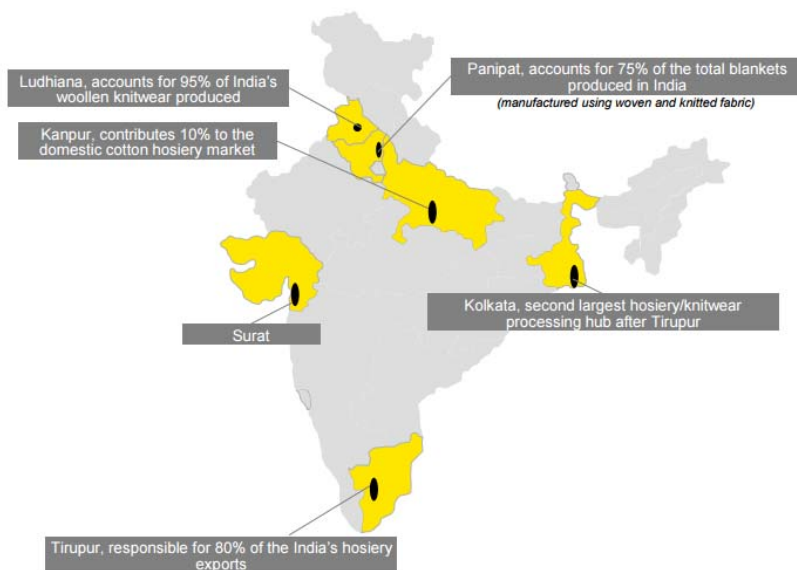*Bengaluru, Karnataka 560077*
E-mail: gokilavani@kristujayanti.com

Abstract—*Tiruppur, a hub for knitwear, and its nearby areas, boast of a ₹46,000-crore annual apparel business and house the entire ecosystem that supports the industry. Almost every street in this 159-sq.km. City witnesses some activity related to knitwear production. Yet, all has not been well in Tiruppur for the past years. Therefore to know the facilities provided by the logistic service providers, the researcher framed the objective as to analysis the various facilities or services provided by the logistic operators with reference to Tiruppur Export Garment Industry, Tamilnadu. The primary data will be collected from the exporters and will be analysis with suitable statistical tools. Based on the data collection, suggestions and conclusions will be followed, which will help the exporters to well-known the facilities or service provided by the logistic operators in Tiruppur city. It will show a clear picture for the exporters for the betterment of the export business in a successful manner.*

Introduction

The logistics industry in India is evolving rapidly and it is the interplay of infrastructure, technology and new types of service providers that will define whether the industry is able to help its customers to reduce their logistics costs and provide effective services. Supply Chain Management is the integration of key business processes from end user to original suppliers that provides products, services, and information that add value for customers and other stakeholders.

Export growth is not up to the expected level, investments have been need-based, and there is a struggle to be price-competitive. "Companies targeted annual business of ₹1 lakh-crore by 2020, including domestic sales. In the five years between 2012 and 2017, annual exports increased from ₹10,500 crore to ₹26,000 crore. The growth was flat for the last two or three years. However, companies are confident of reaching the target by 2022," says Raja M. Shanmugham, president of Tiruppur Exporters' Association (TEA). His confidence stems from the recent announcement by the government that all embedded taxes in exports would be reimbursed. The incentives that the industry received before implementation of GST through different schemes worked out to nearly 13.2%. This was reduced to 5.7% after GST, he says.

Ludhiana, accounts for 95% of India's woollen knitwear produced

Kanpur, contributes 10% to the domestic cotton hosiery market

Panipat, accounts for 75% of the total blankets produced in India
(manufactured using woven and knitted fabric)

Kolkata, second largest hosiery/knitwear processing hub after Tirupur

Surat

Tirupur, responsible for 80% of the India's hosiery exports

Global race

The industry is witnessing a global race where there is more competition. Some countries have an advantage because of the GSP and the support from their respective governments. Buying trends are also changing. Some brands have gone in for 16 seasons in a year and have a signature design for each season.This means garments for each season need to be supplied on time. The exporting units need to adapt to these changes and go with the rhythm, says Mr. Shanmugham.

Despite the challenges, it is the inherent strengths of Tiruppur, and its focus on efficiency and technology that have helped it sustain exports for the last two years, according to Mr. Sakthivel.The exporters are of the view that they will be able to bag orders if they are price-competitive.Since countries such as Bangladesh and Cambodia have the GSP advantage, the Indian government's support is crucial for the garment industry. But, the recent decline in overseas demand has dampened this momentum. Focus on key three areas — incentivising technology upgrades, expanding to new markets, and product innovation — can turn the situation around.

Objectives of the study

1. To analysis the facilities or services provided by the logistics operators with special reference to Tiruppur Export Garment Industry.

A STUDY ON FACILITIES OR SERVICES PROVIDED BY THE LOGISTIC SERVICE PROVIDERS WITH
REFERENCE TO TIRUPPUR EXPORT GARMENT INDUSTRY, TAMILNADU

565

FACTOR ANALYSIS

Thelogistic companies provide so many services to the organisations in Hosiery export industry, in Tiruppur. The important services cannot be identified on the basis of all these services taken for the study. So the attempt made to find out the important services provided by the logistic companies to the organisations in Tiruppur, on the basis of opinion given by the organisations in Tiruppur.

Factor analysis of facilities or services provided by the logistic operators

This comes under data reduction and factor analysis is followed to reduce the complexity of the data. Kaiser Meyer Olkin and Bartlett's test (KMO) is conducted on data to judge the application of factor analysis. The following table provides the KMO Test.

TABLE 1: Kaiser-Meyer-Olkin Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.859
Bartlett's Test of Sphericity	Approximately Chi-Square	1339.680
	Difference	105
	Significance	0.000

The KMO Test value 0.859 which is closer to unity (1) ensures the sample adequacy to apply the test and Barlett's Test ensures the significance of the Co-relation matrix.

The following is the table of Communalities, the Communalities is the contribution og the item to the factors extracted.

TABLE 2: Communalities in services provided by logistic operators

Factors	Initial	Extraction
Booking space with carrier	1.000	.529
Choosing the route	1.000	.730
Taking delivery from the exporter	1.000	.741
Arranging for warehousing	1.000	.787
Monitoring the cargo movements	1.000	.761
Arranging for letter of credit	1.000	.806
Arranging for Documentary assistance	1.000	.767
Arranging for Free shipping bill	1.000	.611
Arranging for insurance	1.000	.727
Arranging for customs release	1.000	.612
Interface with government agency	1.000	.602
Claim for duty drawback	1.000	.781
Arranging for Duty entitlement passbook	1.000	.732
Services to avail EPCG scheme (Export Promotion Capital Goods)	1.000	.703
Services to avail incentives under 100% EOU/ EPZ	1.000	.667
Extraction Method: Principal Component Analysis.		

The Communalities values ranging from 0.529 to 0.806 indicates that all the items contribute more than 50% of the information to the factors extracted.

Eigen values the number of factors decided by the Eigen values which are greater than or equal to. The following is the table of Eigenvalues.

TABLE 3: Eigenvalues of services provided by logistic operators

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative e %	Total	% of Variance	Cumulative %
Booking space with carrier	8.330	55.531	55.531	8.330	55.531	55.531	3.825	25.500	25.500
Choosing the route	1.149	7.657	63.188	1.149	7.657	63.188	3.722	24.813	50.312
Taking delivery from the exporter	1.077	7.177	70.365	1.077	7.177	70.365	3.008	20.053	70.365
Arranging for warehousing	.863	5.750	76.115						
Monitoring the cargo movements	.793	5.289	81.404						
Arranging for letter of credit	.599	3.993	85.397						
Arranging for Documentary assistance	.458	3.055	88.452						
Arranging for Free shipping bill	.385	2.563	91.015						
Arranging for insurance	.307	2.046	93.062						
Arranging for customs release	.264	1.761	94.823						
Interface with government agency	.227	1.511	96.333						
Claim for duty drawback	.206	1.376	97.710						
Arranging for Duty entitlement passbook	.162	1.081	98.790						
Services to avail EPCG scheme (Export Promotion Capital Goods)	.100	.668	99.458						
Services to avail incentives under 100% EOU/ EPZ	.081	.542	100.000						
Extraction Method: Principal Component Analysis.									

A STUDY ON FACILITIES OR SERVICES PROVIDED BY THE LOGISTIC SERVICE PROVIDERS WITH
REFERENCE TO TIRUPPUR EXPORT GARMENT INDUSTRY, TAMILNADU

567

From the table it is understood that there are three factors (Booking space with carrier, Choosing the route, taking delivery from the exporter) which are extracting 70% of the information from the items under study.

Table 4: Rotated component matrix

The following rotated component matrix gives the factors identified.

Rotated Component Matrix[a]			
facilities / Services provided by logistic operator's	Component		
	1	2	3
Arranging for Duty entitlement passbook	0.765	0.348	0.158
Arranging for customs release	0.707	0.173	0.287
Claim for duty drawback	0.702	0.218	0.491
Services to avail incentives under 100% EOU/ EPZ	0.663	0.399	0.260
Interface with government agency	0.663	0.120	0.385
Services to avail EPCG scheme (Export Promotion Capital Goods)	0.622	0.549	0.119
Taking delivery from the exporter	0.233	0.814	0.157
Arranging for warehousing	0.148	0.766	0.423
Choosing the route	0.326	0.749	0.251
Monitoring the cargo movements	0.267	0.722	0.411
Booking space with carrier	0.436	0.502	0.295
Arranging for Free shipping bill	0.480	0.482	0.384
Arranging for insurance	0.139	0.311	0.781
Arranging for letter of credit	0.330	0.298	0.780
Arranging for Documentary assistance	0.423	0.217	0.735
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			

This analysis reveals that the following are the major services provided by the logistic companies in Tirupur to the organisations in Tirupur.

Findings

Factor analysis of facilities or services provided by the logistic operators

Thelogistic companies provide so many services to the organisations in Hosiery export industry, in Tirupur. The important services cannot be identified on the basis of all these services taken for the study. So the attempt made to find out the important services provided by the logistic companies to the organisation in Tirupur, on the basis of opinion given by the organisation in Tirupur.

The KMO Test value 0.859 which is closer to unity (1) ensures the sample adequacy to apply the test and Barlett's Test ensures the significance of the Co-relation matrix. The Communalities values ranging from 0.529 to 0.806 indicates that all the items contribute more than 50% of the information to the factors extracted. It is understood that there are three factors (Booking space with carrier, Choosing the route, Taking delivery from the exporter) which are extracting 70% of the information from the items under study.

Suggestions

- ## Legal formalities

The Hosiery Industry need to undergo lengthy and regress legal procedures and formalities are concern which leads to slow in logistic operations. Hence it can be made flexible, easy to follow and online transparent document system.

- ## Problems in ports

Most of the respondents Opined that there is inadequate mother ship operations for logistic supply chain system, this leads to Non-Availability of cargos slow product movement from one destination to another destination. So it is suggested that Special Economic zone port can be improved in all other ports like Tuticorin.

- ## Problem of labour in logistics

The scale of economics of countries like China, Singapore and Japan by following their traditional labour oriented flexible concept shows a better sign, where as in India labour force or trade union plays an important role in designing the logistic operations whether it is domestic or international. Hence the logistic operators, Hosiery manufacturing units and government should consider the labour issues then and there in order to overcome uninterrupted logistic operations.

Conclusion

The researcheralso insists that the adequate and modern infrastructure is required to the logistic operators in order to satisfy the customer and thereby reach the goal.A leading exporter and integrated player in Tiruppur says Europe is the key market for Tiruppur. The EU and U.S., together, constitute 70% of the market for knitwear exporters. Quality and delivery are important for exporters to gain the confidence of buyers. Prices can be negotiated. So, managements should focus on ensuring quality even when prices are under stress. Changes for better operation and management processes need to be adopted by all stakeholders in the knitwear town for it to leap to the next growth trajectory.