



Growth of Apparel Export Industry in Tirupur, India

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Abstract:-

In 1935, Tirupur made a humble beginning in the knitwear industry by starting the first manually operated hosiery factory. The study aimed at studying the growth of apparel exports from Tirupur, growth of apparel exports from Tirupur to European Union (EU) countries & USA. The study is based on the secondary data taken from relevant sources especially Tirupur Exporters' Association (TEA), Reserve Bank of India, Economic Survey of India (various issues) and International Monetary Fund (IMF). The data were collected for a period of around 24 years starting from 1888-89 to 2011-12. The study found that exports to European Union and United States of America were also affected as the recession in these two economies and the political turmoil in the European Union countries played the spoil sport. The study has also found that the share of textiles in the total exports of India has come down drastically from 24.9 percent in 1989 to a meagre 9.2 percent in 2012 though enroute it peaked at 27 percent in 1994. The government shall take steps to revitalizing the ailing textile sector in Tirupur by the way of financial and policy support.

Keywords:-

Growth of apparel industry; Knitwear industry; Readymade garments; Tirupur

I. INTRODUCTION

Tirupur opened its first cotton knitting factory and the prolonged labour strike during 1930s in nearby cities had contributed to the establishment of new

knitting factories (Arun et al., 2011). In 1935, Tirupur made a humble beginning in the knitwear industry by starting the first manually operated hosiery factory (Shanmugasundaram, Loganathan & Panchanatham 2010) and Verona a garment importer visited Tirupur in 1978 which changed the entire gamut of business more export oriented (Arun et al., 2011; Uchikawa 2012). Tirupur apparel industry produces two major categories of products, banians meant for domestic market and t-shirts for exports. In 1981, exports of knitwear from Tirupur had a very meager share of 15 percent in the total knitwear exports of India but the share of knitwear exports from Tirupur increased to 51 percent in 2000 (Shanmugasundaram, Loganathan & Panchanatham 2010). Tirupur apparel exported goods worth of Rs.11,000 crore in 2006-07 but declined to Rs.9950 crore in the next year (2007-08) interestingly the value of garments exported from Tirupur in 1984 was just Rs.10 crore. Tirupur knitwear exports clocked a turnover of Rs.12,500 crore in 2011-12 which was the same as in 2010-11 (TEA, 2012). In 2012, Tirupur contributed about 80 percent of India's cotton knitwear exports (Uchikawa 2012). The success story of Tirupur can be mainly attributed to the entrepreneurial skills of the promoters, hard working employees and their commitment to the job. Tirupur exporters took steps to cut down the cost of production in order to be competitive in the global market.

II. OBJECTIVES OF THE STUDY

1. To study the growth of apparel exports from Tirupur.
2. To find out the growth of apparel exports from Tirupur to European Union (EU) countries.

3. To find out the growth of apparel exports from Tirupur to United States of America (USA).
4. To study the growth of readymade garments exports from India.
5. To find out the growth of textile exports from India and the growth of total exports of India.

III. REVIEW OF LITERATURE

The review of literature is an important step in the research as it offers a chance to the researcher to understand the problem he/she is going to analyse. Sundar A Shetty (2001) in his study "India's Textile and Apparel Industry: Growth Potential and Trade and Investment Opportunities" found that the textile industry in India has benefitted from the low wage rates prevailing in India, adequate supply of skilled man power, and a abundant supply of raw materials and other production inputs. Kaivan Munshi & Abhijit Banerjee (2004) in their study entitled "How Efficiently is Capital Allocated? Evidence from the Knitted Garment Industry in Tirupur" found that there is substantial evidence on the role played by community identity in determining the money to be invested in the business especially during the growth phase of the company. Sathyapriya (2007) in her study "The export performance of the garment industry in Tirupur" indicated that the growth of garment export from Tirupur can be attributed with knitwear exports than the other segments like woven garments. Prahalathan & Renuka Vijay (2008) in study "the Indian textile and clothing industry in global context: Salient features and issues" highlighted that India is having an advantage in the form of raw material production, price and uninterrupted supply. Satyaki Roy (2009) in his study "Garments industry in India: Lessons from two Clusters" pointed out by concentrating on the cheap garments which make up the low end of the value chain the garment firms could not succeed international markets in the long run. He suggested the need to focus on high margin premium product category to be successful in the international market.

Karthikeyan & Ramachandran (2009) in their research "Marketing strategies to be adopted by the garment exporters after the quota removal in Tirupur" found that the garment exporters lack strong brands and there is a need to establish strong brands in the international market. Jayabharathi (2010) in her research "A study on enhancing the learning capability of knitted garment export industry in Tirupur: Emphasis on influencing factors and opportunities" found that there are factors such as as unorganised workers, risk averse attitude of exporters and high resistance to change etc., hinders the learning capabilities of the garment organizations. Dhanashree Shukla (2010) in her study "Trade Obstacles Faced by Indian Exporters", Engaging the trading community Forum on WTO" found that the problems faced by the Indian exporters are inadequate infrastructure and supply chain management, poor road transport, inadequate training opportunities, poor quality standards to international demand etc. Pandian, Nair, & Rajeswari (2011) in their study "Can Green Innovations lead to Sustainable Development? A Case Study on the Knitwear Cluster of Tirupur, India" suggested that bioremediation could be the best sustainable solution for the treatment of industrial wastewater, and growing coloured cotton has also been proposed as a green solution to the dyeing issue of the knitwear cluster. Sanjay Tiwari & Tilak Sethi (2012) in their study "WTO and India's Foreign Trade" found that the Indian exports to other countries look very promising and there is a declining trend in terms of imports.

IV. MATERIALS AND METHODS

The study is based on the secondary data taken from relevant sources especially Tirupur Exporters' Association (TEA), Reserve Bank of India, Economic Survey of India (various issues) and International Monetary Fund (IMF). The data were collected for a period of around 24 years starting from 1888-89 to 2011-12. The data are analysed with the help of simple statistical tools like percentage analysis and also through graphs/charts. Tirupur is predominantly

an knitwear based readymade garment export industry. Hence, in this study, the words apparels, knitwear, readymade garments are used synonymously though there is a little difference exists between these terminologies.

V. ANALYSIS AND DISCUSSION

The following section deals with the exports of apparel exporters from Tirupur to European Union (EU) & United States of America, the total readymade garments exports by India, total textile exports by India and the total exports by India.

Table: 1 Exports of knitwear by Tirupur, exports of knitwear by Tirupur to European Union, exports of knitwear to United States of America, exports of readymade garment by India, exports of textiles by India and total exports of India.

Year	XTI	XTI-XRMGI	XEU	XUS	XRMGI	XRMGI-XTEXI	XTEXI	XTEXI-XTOTI	XTOTI
1988-89	167.39	9.2	NA	NA	1819.6	46.6	3907.6	24.9	15673.7
1989-90	289.85	13.8	NA	NA	2101.9	47.8	4399.1	21.7	20231.5
1990-91	429.48	13.3	NA	NA	3226.5	51.7	6237.6	22.6	27658.4
1991-92	774.93	19.3	NA	NA	4012.1	51.5	7791.8	23.9	32557.6
1992-93	1162.43	21.4	NA	NA	5421.4	46.9	11569.4	26.3	44041.8
1993-94	1318	19.0	NA	NA	6930.7	47.8	14502.7	27.0	53688.3
1994-95	1591.83	19.6	NA	NA	8111.9	47.3	17164	24.6	69751.4
1995-96	1892	15.4	1177	203	12294.7	45.8	26865.4	25.3	106353.3
1996-97	2214	16.6	1377	242	13324.1	43.5	30657.1	25.8	118817.1
1997-98	2540	17.6	1541	299	14405.7	42.8	33635.8	25.9	130100.6
1998-99	2968	16.2	1811	272	18363.6	49.2	37301.1	26.7	139753.1
1999-00	3423	16.6	2129	333	20648.5	48.5	42561.6	26.7	159561.4
2000-01	3389	13.3	2272	497	25441.1	49.3	51554.7	25.3	203571
2001-02	3239	13.6	2273	590	23877.6	49.1	48676.6	23.3	209018
2002-03	3700	13.4	2789	612	27536.5	49.0	56220.8	22.0	255137.3
2003-04	4553	15.9	3458	824	28634.4	48.7	58778.8	20.0	293366.8
2004-05	6000	20.4	4550	782	29481.2	48.4	60905.8	16.2	375339.5
2005-06	8000	21.0	6115	1067	38153.7	52.5	72617.8	15.9	456417.9
2006-07	11,000	27.3	8680	1680	40237.2	51.2	78612.9	13.7	571779.3
2007-08	9950	25.5	7355	1233	39001	49.9	78209.3	11.9	655863.5
2008-09	11250	22.4	9340	1161	50293.5	54.6	92061.9	10.9	840755.1
2009-10	11500	22.6	9574	1116	50791	53.9	94189.3	11.1	845533.6

2010-11	12500	23.6	10435	1131	52860.9	47.9	110375.3	9.7	1142922
2011-12	12500	19.1	10402	1093	65600.2	48.9	134174.6	9.2	1459281

Note:

1. XTI denotes Exports of knitwear by Tirupur, XEU denotes Exports of knitwear from Tirupur to European Union, XUS denotes Exports of knitwear from Tirupur to United States of America, XRMGI denotes Exports of readymade garments by India, XTEXI denotes Exports of Textiles by India and XTOTI denoted Total Exports of India.

2. All the export figures are value of exports, in Indian rupees, crore. (One crore is equal to ten million).

3. XTI-XRMGI denotes the share of export from Tirupur in exports of readymade garments by India, XRMGI-XTEXI denotes the share of exports of readymade garments by India in Exports of Textiles by India and XTEXI- XTOTI denotes the share of Exports of Textiles by India in Total Exports of India, the data represents share in percentage.

4. Source of XRMGI, XTEXI and XTOTI data is <http://www.rbi.org.in/scripts/Publications>.

5. Sources of XTI data are Tirupur Exporters Association (TEA) for the period 2005-2012, Apparel Export Promotion Council (AEPC), Tirupur for the period 1996-2004 and tiruppur.tn.nic.in/textile.html for the period 1988-1996.

6. Sources of XEU, XUS data are TEA officials (unofficial data) for the period 2005-2012, Apparel Export Promotion Council (AEPC), Tirupur for the period 1996-2004 and tiruppur.tn.nic.in/textile.html for the period 1988-1996.

7. NA – Not available.

From the table 1 it is observed that export of knitwear from Tirupur stood at Rs.167.39 crore which increased to Rs.11,000 crore and Rs.12,500 crore in the years 2007 and 2012 respectively. The compounded growth rate for the entire period 1989-2012 was tremendous at 20.63 percent while the



growth rate during the pre-crisis period 1989-2007 was still better at 26.18 percent but during the crisis period 2007-2012 the growth was meagre at just 2.59 percent. This clearly indicated the impact of global recession on the knitwear exporters in Tirupur. Consequently the share of knitwear exports from Tirupur in readymade garment exports of India came down from a peak of 27.3 percent in 2007 to 19.1 percent in 2012. At the same time for the entire period 1989- 2012 the share of exports from Tirupur doubled from 9.2 percent in 1989 to 19.1 percent in 2012.

Exports to European Union and United States of America were also affected as the recession in these two economies and the political turmoil in the European Union countries played the spoil sport. India exported Rs.1819.6 crore worth of readymade garments in 1989 which increased to Rs.65600.2 crore in 2012 growing at 16.87 percent per annum. The exports of readymade garments growth rate until 2007 was 18.15 percent but thereafter it grew only at 10.27 percent per annum for the rest of the period taken in the study. The readymade garment sector was able to maintain their share in textile exports of India around 50 percent. In 1989, the textile exports from India stood at Rs.3907.6 crore which grew at 16.62 percent per annum to reach Rs.134174.6 crore in 2012. The growth of textile exports for the period 1989-2007 was 18.15 percent and for the period 2007-2012 it grew only at a lesser pace of 11.28 percent. At the same time the growth rates of India's total exports for the period 1989-2012, 1989-2007 and 2007-2012 were 21.79 percent, 22.12 percent and 20.16 percent respectively. This shows that India was able to maintain its total exports during the pre-crisis and post crisis period but the textile exports, readymade garments exports and export of knitwear from Tirupur got very much affected.

As a result, the share of textiles in the total exports of India has come down drastically from 24.9 percent in 1989 to a meagre 9.2 percent in 2012 though enroute it peaked at 27 percent in 1994. The decline in

share of textile exports to total exports was an area of concern and great consequence for all stakeholders. The reason being, the textile sector in India was the second largest employer after agriculture, the decline or poor growth will make this sector unattractive for job seekers as there will be more underemployment and unemployment. Another factor need to be considered was, the decline in contribution to total exports will make this sector unimportant for policy makers, economist and also for entrepreneurs. The research highlighted the fact that by closely observing the growth of total exports of India, it was evident that the other sectors did have the natural resilience and was not affected as much as textiles.

VI. SUGGESTIONS

The government shall take steps to revitalizing the ailing textile sector in Tirupur. Some of the measures suggested by the researcher are providing financial incentives, soft-loan facility, seed capital for establishing waste-water treatment, improving the available road infrastructure, adequate and hi-tech storage facilities and improving the ease of doing business. The study highlights the huge employment contributed by this sector and its significance in employment generation.

VII. CONCLUSION

The study aimed at studying the growth of apparel exports from Tirupur, growth of apparel exports from Tirupur to European Union (EU) countries & USA. The study found that exports to European Union and United States of America were also affected as the recession in these two economies and the political turmoil in the European Union countries played the spoil sport. The study has also found that the share of textiles in the total exports of India has come down drastically from 24.9 percent in 1989 to a meagre 9.2 percent in 2012 though enroute it peaked at 27 percent in 1994. The government shall take steps to revitalizing the ailing textile sector in Tirupur by the way of financial and policy support. It

should be noted that people who work in the textile industry in Tirupur are from various districts of Tamilnadu and from other states in India. The survival of textile industry is very much a critical for ensuring the life of Tirupur or else one can expect a huge exodus of people moving from Tirupur to their native places.

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