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Impact of Logistic Operations with Reference To Hosiery Export Industry in India

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ABSTRACT

The logistic 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. Despite weak economic sentiments, the logistics & warehousing industry continued to witness growth largely due to growth in retail, e-commerce and manufacturing sectors. The global logistics sector is expected to grow at around 10-15% in the period 2013-14. With this forward looking attitude and a promise growth and improvements, the service oriented logistics industry is all set to expand beyond the horizons in the latter half of this decade, utilizing this fiscal year as its launch pad. Hosiery and clothing sector also plays a major role in the Indian economy. On boosting India's manufacturing exports during 12th five year plan(2012-2017), envisages India's exports of textiles and clothing at US$ 64.41 billion by the end of march 2017.The textile industry accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for 12% shares of the country's total exports basket. India is major exporting country as per as hosiery and clothing sector is concerned and not dependent on import. Majority of import takes place for re-export or special requirement. The Indian logistics fragmented and under developed logistics costs are relatively high due to poor physical and communication infrastructure; high dwell time at ports; low levels of containerization and multi-layered tax system contributing to significant delays at border crossing points.

INTRODUCTION

In 2016 global economy has been a lackluster outturn, to make it worthy economic developing economies. The latest Euro monitor projection for global GDP growth is 3.2% in 2017 and 3.3% in 2018. It has revised the GDP forecasts for 2017 for most of the key economies downwards, as some negative confidence spillovers and trade effects resulting from prospective US policy changes are expected.

In combination with additional global factors, such as general low confidence, volatile financial markets, decreasing international trade, geopolitical challenges ahead, and 2017 is likely to be a year of sluggish growth for the developed economies. Among the emerging markets, Mexico is expected to feel the strongest negative consequences of Trump presidency, while the expected revision of China-US trade relations is likely to harm the Chinese economy too. In 2017 some rebound after recession is projected for Russia and Brazil, while India will remain a leader among its peers.

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Logistics is a challenging and important activity because it serves as an integrating or boundary spanning function. It links suppliers with customers and it integrates functional entities across a company. With the ever-growing competition in today's market place it becomes

necessary for a firm to use its resources to focus on strategic opportunities. This includes several internal factors like management style, culture, human resources, facilities and several external factors like technology, globalization and competition. This where the concept of logistics plays a major role, i.e. it helps to leverage certain advantages the firm has in the market place.

Fierce competition in today's market has forced business enterprises to invest in and focus on logistic and supply chains. The growth in telecommunication and transportation technologies has led to further growth of the logistic and supply chain. The supply chain also k known as the logistic network consist of suppliers, manufacturing centers, warehouses, distribution centers and retail outlets, as well as raw materials, work-in-process inventory and finished products that flow between the facilities.

GLOBAL LOGISTICS PERFORMANCE

Indian has improved its global logistics performance ranking, according to the World Bank logistics performance Index (LPI) 2016 report. From a ranking of 54 in 2014, India now ranks 35 in the 2016 report. The country tops the list of lower middle income economics in the LPI. India's ranking in logistics performance had been falling since 2010. In 2007, India ranked 39th logistics performance, this went down to 47 in 2010, 46 in 2012, and 54 in 2014.So the present ranking of 35 is quite commendable.

The logistics performance (LPI) is the weighted average of the country scores on six key dimensions:

1. Customs-Efficiency of the clearance process (i.e., speed, simplicity and predictability of formalities) by border control agencies including customs;
2. Infrastructure-Quality of trade and transport related in infrastructure (e.g., ports, railroads, roads, information technology);
3. International shipments-Ease of arranging competitively priced shipments;
4. Logistics competence-Competence and quality of logistics service (e.g., transport operators, customs brokers);
5. Tracking and tracing-Ability to track and trace consignments;
6. Timelines-Timelines of shipments in reaching destination within the schedule or expected delivery time.

India has improved its score in customs deficiency from 2.70 in 2014 to 3.14 in 2016. Infrastructure scoring has improved to 3.34(2.91) in 2016. International shipments have improved to 3.36(3.13) in 2016, logistics competence has improved in 3.39(3.16) tracking and tracing competence has improved to 3.52(3.14) and timelines to 3.74(3.61).

INDIAN LOGISTICS INDUSTRY

In the emerging of globalization, the importance of logistics is increasing as more and more, both national and multinational level. At present the companies are sourcing, manufacturing and distributing their product and services on a global scale. Thus the recognition of performance of logistics industry would become great importance of economic development for India in long term. An effective logistics management system should yield four key results which are increase

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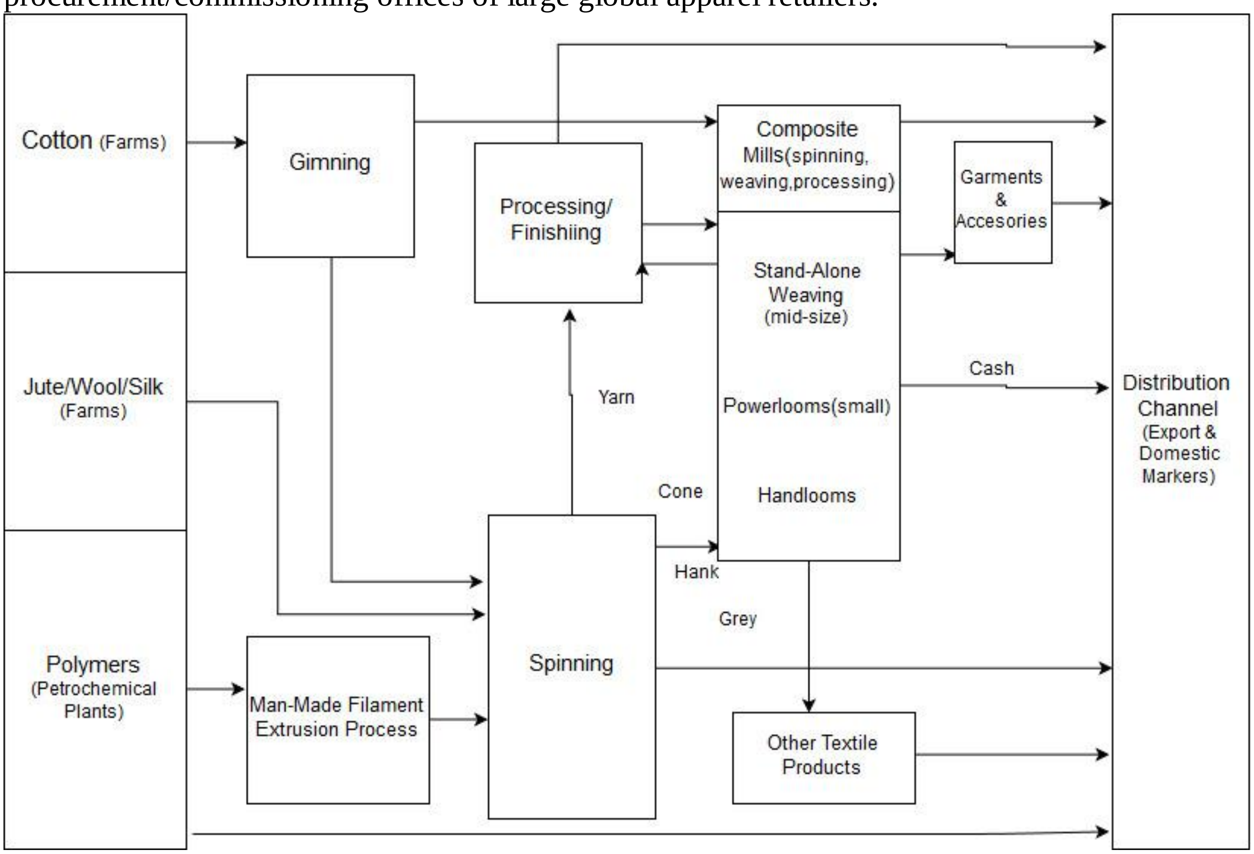
revenue, Improve operating cost structure, Reduce overall transportation costs and Improve customer service

HOSIERY EXPORT INDUSTRY

The textiles and hosiery supply chain comprises diverse raw material sectors, ginning facilities, spinning and extrusion processes, processing sector, weaving and knitting factories and garment(and other stitched and non stitched) manufacturing that on extensive distribution channel. This supply chain is perhaps one of the most diverse in terms of the new materials used, technologies deployed and products produced.

This supply chain supplies about 70 percent b value of its production to the domestic market. The distribution channel comprises wholesalers, distributors and a large number of small retailers selling garments and textiles. It is only recently that large retail formats are emerging thereby increasing variety as well as volume on display at a single location. Another feature of the distribution channel is the strong presence of 'agents' who secure and consolidate orders for producers. Exports are traditionally executed through Export Houses or procurement/commissioning offices of large global apparel retailers.



It is estimated that there exist 65,000 garment units in the Indian organized sector, of which about 88 percent are for woven cloth while the remaining are for knits. However, only 30-40 units are large in size(as a result of long years of reservation of non-exporting garment units for the small scale sectors- a regulation that was removed recently). While these firms are spread all over the

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country, there are clusters emerging in the National Capital Region (NCR), Mumbai, Bangalore, Tirupur/Coimbatore, and Ludhiana employing about 3.5 million people.

According to our estimate, the total value of production in the garment sector is around Rs.1,050-1,100 billion of which about 81 percent comes from the domestic market. The value of Indian garments is around Rs.200-250 billion. About 40 percent of fabric for garment production is imported-a figure that is expected to rise in coming years.

As far as the international Industry performance and domestic industrial performance is concern, logistic and supply chain operations takes significant role in the development of industrial sector. The hosiery and textile manufacturing units performance not only base on the process of manufacturing or the process of marketing instead it's mostly depending upon the distribution

process whereby logistic operations and supply chain management system carries the reasonable impact on the whole business process.

HOSIERY SECTOR CONTRIBUTION TO THE INDIAN ECONOMY

- 4% of GDP (at factor cost)
- 14% Industrial Production
- 8% Excise and Customs revenue collections
- 12% of total manufacturing exports
- Employs about 45 million people

Indian hosiery market stood at INR67 billion in 2015 and is expected to grow at 7% CAGR to reach INR96 billion by 2020

- Sheer hosiery comprises of socks, tights, stockings through which sin of wearer can be seen
- Penetration and usage of sheer hosiery is still at nascent stage in India. While, the increasing influence of western culture is expected to fuel its future growth
- Non-sheer hosiery comprising opaque socks, tights, stocking, accounts for~75% Of total hosiery sales in India. It is expected to grow an 8% CAGR during 2015-2020
- Apparel and footwear specialist retail operators such as Bata India, Adidas India and Liberty shoes will continue store expansions to help increase the penetration of the organized hosiery market in India
- However counterfeits and hosiery products sold at roadside stalls and markets will continue to pose a threat to branded hosiery products.

PILOT STUDY:

A good research strategy requires careful planning and a pilot study will often be a part of this strategy. A pilot, or feasibility study, is a small experiment designed to test logistics and gather information prior to a larger study, in order to improve the latter's quality and efficiency. The questionnaire may be edited in the light of the results of the pilot study.

20% of the industries i.e., 28 units out of 142 hosiery units have considered for the pilot study. The pilot study drawn in a study was generalized to have reliability of the results. Large sample of hosiery garment export industries population has been taken in replicating and extending the research study.

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INDUSTRIES ALLOTTED FOR PILOT STUDY

HOSIERY UNITS	NUMBER OF RESPONDENTS
Micro Enterprises	07
Small Enterprises	07
Medium Enterprises	07
Large scale Enterprises	07
Total	28

The reliability and validity was tested in the pilot study. The following table gives the reliability of various constructs under study.

RELIABILITY AND VALIDITY OF PILOT STUDY

CONSTRUCTS	RELIABILITY CO-EFFICIENT
Level of Logistics service provider	0.502
Opinion for efficient logistic operations	0.621
Innovative logistic strategies	0.906
Opinion to get more returns/outputs	0.460
Services provided by operators	0.809
Level of satisfaction towards logistic operations	0.653
Factors influencing the logistic operations	0.534
Satisfaction level of logistics problems	0.561

From the above table it is understood that the reliability co-efficient ranges from 0.621 to 0.906. This indicates the reliability of questionnaire under study. Before the statistical tools are applied on the data, the normality of various constructs under study is ensured.

STATEMENT OF THE PROBLEM

India has always been a very important sourcing destination for international buyers. The buyers always look forward to the diversified designs and products for which India can offer but at the same time they have many common challenges while doing business with Indian suppliers.

However, these challenges do not deter buyers to do business with Indian suppliers but certainly it affects the perception of buyers and may hamper long term business relationship. Efficient order processing can help suppliers to improve lead time.

J Krishnan, chairman of the logistics committee of the chamber, said in the presentation that infrastructure has to underpin the ‘Make in India’ programme launched by the Honorable Prime Minister Narendra Modi recentl. Sourcing intermediaries who are involved in the hosiery garment exports face the effect of these infrastructural impediments in their day to day business along with other international sourcing challenges. The present stud is focusing on the logistics operation pertaining to the hosiery garment export industries keeping the challenges of logistic performance variables. The outcome of the study will provide the insights at ground zero on some of the challenges faced on the issues cited specifically and how a clear road map can be proposed for the Indian hosiery garment export industry to plan better for competing in the international markets and to fulfill the satisfaction of the customer.

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CONCLUSION

As far as the business and marketing process is concern the distribution channel or policy or method influences the success of business. The logistic operation is creating a link between the manufacturer and consumer. The channel or logistic design involves determination of length and width of logistic operation and supply chain system. Developed countries have followed a systematic and adequate logistic operation which helps in building the strong foundation for the nation. Whereas the country lie India is developing and witnessing many positive government policies which are helping business in various level more specifically for efficient logistic operations on the performance of hosiery exports units in India. Since many of the industries are

belonging to small and medium size enterprises category, the privilege for this particular category can be extended along with financial support. So that the next generation those who want to involve in hosiery industries can be motivated and safeguard.

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