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**“CRITICAL ANALYSIS OF EXPORT OF GEMS AND JEWELLRY  
AND READYMADE GARMENTS DURING 2000-2009”  
( TRENDS PROBLEMS AND PROSPECTS )**

**Yashwant S. Kadam**

Sathaye College, Dixit Road, Vile-Parle (E), Mumbai Maharashtra

**Abstract:** India was confronted with one of the worst crises in the post independence period when our foreign exchange reserve level fell to such an extent that we had only enough to meet two weeks import requirements. This situation led to a sharp deterioration in the country's balance of payment position. After a long and hard struggle, this position has changed drastically. Now, our foreign exchange reserves have gone upto around Rs.15,000 crores which are considered adequate enough to cover about six months import. If we examine the developments during last few years, we shall find several measures initiated by the Government of India, like Import compression, schemes to attract funds from overseas, advancement of financial system, development of advance marketing infrastructure, change in commercial and economic policies etc. Through these changes, our exports have not yet been pushed up to the desired level. The value of export in 1989-90 was 17.6 per cent which went up to 40.78 per cent in 1993-94. The total value of exports in 1991-92 was Rs.44,041 crores which went up to Rs.84,0755 crores in 2008-09. It is our great achievement in foreign trade and we achieved this target with the help of export, especially export of manufactured products readymade garments and gems and jewellery.

If we look at the share of manufactured products in India's total export during planning period, we will find that this share in our total export earning has been constantly going up.

**Keyword:** Export marketing, Readymade garments, Jems and jewellery.

**INTRODUCTION:**

All events, big and small always have an effect on their surroundings. That is the law of Nature. The bigger the fall, the more ripples it will cause. The bombing of the World Trade Centre in US, The war in Afghanistan, the turmoil in West Asia have resulted in a global recession. No country can remain immune to it. The US has been gripped by recession which has had a domino effect on the economics of other countries. India has taken an economic beating too. But like the phoenix, it has succeeded in rising up and becoming stable.

The share of manufactured products has continuously increased in India's total export earning, in recent years. The proportionate value of other exports was 76.2 % in the year 2007-08 and 71.5% in the year 2008-09. This shows that the manufactured products have played a remarkable role in earning foreign exchange reserves and that they offer better opportunities to expand export earnings and also fetch better prices as compared to other non-manufactured and primary products.

The figure for the year 2007-08 indicate that the manufactured goods, which emerged as potential export items after industrialization in recent years account for 76.2% of total export.

**INDIA'S SHARE IN WORLD EXPORTS :-**

A) Textile yarn fabrics readymade garments articles.

**B) Pearls Precious and semi precious stones Jems and Jewellery.**

India's share in world exports insignificant in 1970 share of Textile was 4% which come down to 2.5% in 1975 in 1980 if come down to 2.3% and 1985 to 2.1% in 2000, 4% in 2006 and it remained constant to 4% in 2007.

Share of gems and Jewellery share in world export was 2.2% in 1970 which substantially increased to 13.3% in 2007.

Table showing India's export of Gems, Jewellery and readymade garments manufactures from 2000-2009. (Fig. in crore rupees)

**India's Share in World Export**

Year	Gems & Jewellery	Readymade garments
2000-01	33733	25441
2001-02	34842	23786
2002-03	43701	27536
2003-04	48294	27971
2004-05	61834	29481
2005-06	68830	37209
2006-07	72295	40237
2007-08	79227	39001
2008-09	78260	42067

Source : Directorate General of commercial Intelligence and statistics.

The share of exports of Jems and Jewellery was Rs. 5247(Cr.). It increases to Rs. 33734 in 2000-01.

In 2007-08 it increase to 79228 and in 2009 (April to September) it became 66064 (Cr.)

The share of readymade garments was Rs. 4012 (Cr.) in 1990-91 which increases to 25478 (Cr.) in 2000-01 and in 2007-08 it increases to 50294 (Cr.).

So it is evident that the share of above to export item is increasing rapidly.

#### **IMPORTANCE OF STUDY :-**

The present study is expected to be of very great significance to a number of persons and organizations. The study shall provide an in depth background analysis and interpretation which will help the teaching and research communities in their academic pursuit. It would help government officers and political leaders in formulating future export promotion strategies. The findings would indeed be of great practical significance to exporters in India in as much as they could use them for their deliberations with the government. The frank and independent analysis of the malpractices resorted to by Indian exporters would encourage self critical thinking by Indian exporter and adopting the right export ethics, both in their own long term interest as well as that of the nation. The study could also be profitable to importers in their countries as it would provide a clearer picture of India's export promotion - the strategies, policies, schemes, incentives and measures.

#### **OBJECTIVE OF THE STUDY :-**

**Broadly, the aim of the present study is :**

1. To examine the trends in export of manufactured products from India.
2. To analyse these trends and find out the problems impeding the growth of export of manufactured products.
3. To identify thrust areas for export in future.
4. To find out the reasons which have been responsible for sluggish growth of exports of manufactured products.
5. To suggest measures for improvement in future and also to give an outline of future export promotion strategy.
6. To suggest measures to earn more and more foreign exchange for the development of Indian economy.

#### **VI) SCOPE OF THE STUDY**

Though this study relates to foreign trade of India, instead of repeating in detail the development and growth of India's foreign trade in terms of value, i.e., direction, composition and terms of trade, attention has been focused mainly on the export promotion strategies, policies, schemes, incentives, measures etc. The purpose behind this rather unique approach has been to focus sharply on the problems under research so as to make the analysis, finding and conclusions really meaningful for all the parties concerned. By and large, the research has been concentrated on development in the field of export promotion during the last 15 years. The researcher being based in Mumbai has easy and convenient access to quantitative data and

qualitative information from South East Asian Countries, which are also developing very fast under the impact of export promotion. Hence, particular attention was paid to transplanting export promotions strategies from South East Asian countries into India.

#### **VII) METHODOLOGY AND APPROACH**

Before we decide the methodology and approach, it will be worthwhile to define various products which have been included in the present study. Manufactured products in a general way mean those products, where some sort of utility creation is involved. For example, making cloth out of cotton yarn, or some type of machinery from iron and steel.

For analysis of manufactured products exported in the present study, main products which have been included are gems and jewellery and readymade garments, have included in our present study and analysis.

Regarding the analysis of trends in export of manufactured products, we cannot rely on growth in value of export for measuring the strength or weakness of any particular export item. As such, not only growth of exports in value term has been highlighted but whenever, it seemed relevant, figures of production have also been given in analyzing trends in exports of manufactured products. Apart from value and volume of different products, unit value realization is also an important factor. Unit value realization has been taken into consideration in cases of products where such figures were available from published sources.

The problem regarding quality, international market situation and price competitiveness of a particular export product has been examined in detail, so that our plans and study do not become invalid and our targets are easily met in the present study.

In this study, the main dependence was on secondary data available from secondary source published by D.G.C.I & S. on the basis of export performance of main manufactured items. This research data was also based on the country wide survey done by some reputed trade organizations like I.I.F.T., N.C.E.A.R., F.I.E.O., T.D.A., S.T.C, M.M.T.C., CTE. and other various export promotion councils and commodity boards related with different manufactured products.

Other projections, approach and analysis are based on the emerging international trade scenario, important international economic organizations like - GATT, UNCTAD, EXIM Bank.

#### **SUGGESTION FOR EXPORT PROMOTION**

Exports of manufactured products hold the key to success in foreign trade.

If we have to maintain the tempo of growth and desired export promotion of manufactured products, our exporter/manufacturers and government should follow strong policy measures of export promotion of manufactured products. We have to take care of production, policy and proper implementation of policy simultaneously. In this fast developing world there is an urgent need to tap the potential of markets by launching adequate and strong measures.

Some main and important suggestions in this respect are given below :

#### 1) Improvement in Quality

In today's highly competitive international markets, export products have to win the confidence of foreign customers in such way that our foreign buyers do not hesitate in giving further orders. Any short coming in the quality of export production fades our image in foreign markets and results in loss of foreign exchange. For a developing country like India has with to follow strict adherence to improvement in quality of production, to compete with the foreign markets and advanced nations. In this regard, Export Quality and Inspection Act, 1963 was passed with a view to check and improve the quality of production which is exported from India. At present, Export Inspection Council has been set-up under the provision of this Act.

#### 2. Adequate Supply of Raw-material

To fulfill the requirement of production and exports, it is essential that proper and sufficient supply of raw material is available for meet external demand. Government of India has formulated and implemented several schemes for providing licenses to import capital goods and arrange supply of essential raw-material at international prices. If we supply raw-material and other supporting essentials to our exporters / manufactures, there is no reason why our manufactures will fail to produce sufficient quantities of such products and our exporters to cut a sorry figure in international trade.

#### 3) Improvement in Competitive Strength

Indian exporters have to face challenges in each sectors of foreign trade. We find that prices in India have been unusually higher due to higher rate of inflation. This, in turn, has increased the cost of raw-material, wages and other inputs which affect our export prices. Other factors are to be found in industrial and technological backwardness, increasing cost of warehouses and packaging, shipping services etc., which ultimately result in an increase in the prices of exportable products. The real solution lies in effective cost management and increase of productivity which only can put sound measures to face the strong competition from foreign trade. Effective management system pertaining to materials, inventory and productivity is bound to improve our price competitiveness. Other steps needed to control the price of exportable products are upgradation of technology and expansion in size of manufacturing units. In fact, pricing and cost control strategy for exports should be well planned and implemented right from the stage of installation of the plant by better management techniques and adequate technical know-how.

#### 4. Improvement in Credit Facilities

It is a well-known fact that finance keeps the wheel of trade mobile. It is more important in case of production and export of manufactured products. International marketing involves a different type of financing problem as sales have to be made to the foreign buyers on credit term. As

such our exporters not only need credit facilities to carry on their manufacturing activities but also require such assistance to offer their products in international markets at competing terms. That is why, improvement in credit and financial assistance is a must for upgradation of export of manufactured products.

Government should increase credit facilities through institutional arrangement for better financing in exports because export and manufactured items require heavy investment right from the stage of production and installation of industries related with exports. In this regard government has established various financing institutions for export promotion. This is due to export promotion of value-added items. Recently, our financing policy has undergone certain modification and procedural bottlenecks have also been minimized to give full benefit of credit facilities.

#### 5. Incentive and Subsidies

Incentives and subsidies are a must for export promotion and expansion of international trade. These incentives and subsidies have been offered in different areas and have also been modified from time to time. In the beginning, export incentives were aimed at removing internal and external constraints and encouraging producers to enter different areas of international marketing. In this regard, an import entitlement scheme was started to meet the demand of export diversification and growing demand for new items. Several policy changes were introduced to enlarge the scope of such incentives from the point of view of making our export effort sustainable in the long run.

With the new policy change during the nineties, incentives and other concessions offered to exporters have been modified . The cash compensatory support was abolished with effect from 3rd July, 1991 and some other provisions known as Exim Scrip Scheme, Import Pass Book Scheme were also introduced for incentives and subsidies.

Some other suggestions for export promotion of manufactured products are as follows

- 6) Identification of suitable products and market relevant to such products.
- 7) Collection of market information and important statistics to equip the government as well as exporters with up to date knowledge and information about foreign trade.
- 8) Expansion of production range for upgradation of compositional and direction pattern of foreign trade.
- 9) A bold publicity program to appraise foreign customers of our country's manufacturing strength.
- 10) Adequate power supply 'to industrial sector for proper production of manufactured products.
- 11) Increase in export of not traditional items and export of construction project and consultancy services including various value-added items to new international markets.
- 12) Strong need to implement solid marketing strategy and need to collect latest marketing information like change in tastes and consumption pattern etc.
- 13) Simplify the licensing system of import of raw-material and capital goods and rebate in taxes, duties, related with such items.

- 14) To encourage the country's research, development and technological capabilities.
- 15) To adopt strong policy measures for export promotion of manufactured products.
- 16) Expansion of institutional frame-work related with export of manufactured products.
- 17) Improvement in transportation and other shipping facilities provided to exporters.
- 18) To check the exploitation of workers related with industrial sector and manufacturing units.
- 19) Reduction in interest rates for post and pre shipments, credit facilities related with export of manufactured products.
- 20) Increase in participation in international trade conferences, exhibitions and trade fairs.
- 21) Government and manufacturing units should send their scientists and other technical staff to other developed countries for advance training and to collect latest marketing information.

International marketing is considered different from domestic marketing as it involves a considerably diverse set-up. Export of manufactured products also involves certain sophisticated marketing techniques. Commodity exports are based on country's comparative advantages in production pattern while export of manufactured products largely depends upon the industrial and technological advancement.

If our exporter and manufacturers adopt such measures / suggestions, there is no reason why our export of manufactured products would not increase to the desired level.

In future our success will largely depend on implementation of these suggestions and also proper utilization of other arrangement provided for export promotion.

Opportunities for export of various manufactured products are very challenging in the light of recent policy change, as is estimated by Indian Institute of Foreign Trade.

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