

# A STUDY ON BARRIERS FACED BY LOGISTICS OPERATIONS IN TIRUPUR GARMENT INDUSTRY

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## ABSTRACT

“LOGISTICS OPERATIONS” is one of the main parts in all imports and exports. In Logistics operation several problem and barriers arrived in Tirupur garment industry. This paper aims to study the demographic profile of the employees, cargo risks, techniques used in documentary process, commercial risks, barriers in import and export in Tirupur garment industry. Identifying the needs of stevedoring in shipping and importance of cargo handling while loading and unloading. Suggest the nature of cargo and reducing the damages which causes by cargo. Identify importance of equipment’s and labour to handle the cargo. The research design chosen is descriptive in nature. The sample size taken to conduct the research from 120 employees. This paper aims to offer suggestions for the importers and exporters in the garment industry. This will help to the importers and exporters for the logistics operation in Tirupur garment industry.

Keywords: Logistics, operations, imports, exports, risks, barriers

## 1. INTRODUCTION

The Indian economy has been growing at an average rate of more than 8 per cent over the last four years putting enormous demands on its productive infrastructure. Whether it is the physical infrastructure of road, ports, water, power etc. or the digital infrastructure of broadband networks, telecommunication etc. or the service infrastructure of logistics – all are being stretched to perform beyond their capabilities.

Interestingly, this is leading to an emergence of innovative practices to allow business and public service to operate at a higher growth rate in an environment where the support systems are getting augmented concurrently. Broadly speaking, the Indian logistics sector, as elsewhere, comprises the entire inbound and outbound segments of the manufacturing and service supply chains. Of late, the logistics infrastructure has received lot of attention both from business and industry as well as policy makers. However, the role of managing this infrastructure (or the logistics management regimen) to effectively compete has been slightly under-emphasized. Inadequate logistics infrastructure has an effect of creating bottlenecks in the growth of an economy, the logistics management regimen has the capability of

overcoming the disadvantages of the infrastructure in the short run while providing cutting edge competitiveness in the long term.

It is here that exist several challenges as well as opportunities for the Indian economy. There are several models that seem to be emerging based on the critical needs of the Indian economy that can stand as viable models for other global economies as well. Logistics costs (i.e., inventory holding, transportation, warehousing, packaging, losses and related administration costs) have been estimated at 13-14 per cent of Indian GDP which is higher than the 8 per cent of USA's and lower than the 21 per cent of China's GDP .

Service reliability of the logistics industry in emerging markets, like India, has been referred to as slow and requiring high engagement time of the customers, thereby, incurring high indirect variable costs (Duberstein et. al, W.P. No. 2007-03-07 Page No. 3 IIMA y INDIA Research and Publications 2005).

## 2. LOGISTICS

Logistics refers to the planning, execution and control of transportation of goods (merchandise) from suppliers' manufacturing place to the consumers' consumption place in a safe, timely, efficient, and cost-effective manner. Broadly speaking its mission is to get the right materials to the right place at the right time. Logistics is the universal thread or "pipeline" that plans and coordinates the delivery of products and services to customers all over the world. The birth of logistics can be traced back to ancient war times of Greek and Roman empires when military officers titled as 'Logistica' were assigned the duties of providing services related to supply and distribution of resources.

This was done to enable the soldiers to move from their base position to new forward position efficiently, which could be a crucial factor in determining the outcome of wars. This also involved inflicting damage to the supply locations of the enemy and safeguarding one's own supply locations. Thus, this lead to the development of a system which can be related to the current day system of logistics management.

During the Second World War (1939-1945), logistics evolved greatly. The army logistics of United States and counterparts proved to be more than the German army could handle. The supply locations of German armed forces were inflicted with serious damages German as not to able to reek the same have on its enemy.

## 3. SCOPE OF STUDY

- 1) Identifying the needs of stevedoring in shipping and importance of cargo handling while loading and unloading.
- 2) Suggest the nature of cargo and reducing the damages which causes by cargo.
- 3) Identify importance of equipment's and labour to handle the cargo

## 4. OBJECTIVES OF THE STUDY

- 1) To study the demographic profile of the logistics workers
- 2) To identify the cargo risk and techniques used for documentary process
- 3) To study on commercial risk and solution under export business
- 4) To know about the barriers involved in the import and export
- 5) To give the suggestions to the import and export industries.

## 5. RESEARCH METHODOLOGY

To make the research the systematized the researcher has to adopt certain method. The method adopted by the researcher for completing the project is called research methodology. Research is a process in which the researcher wishes to find out the end result for a given problem and thus the solution helps in future course of action. The research has been defined as “A careful investigation or enquiry especially through search for new facts in any branch of knowledge.”

Research is the specification of the method and procedure for acquiring the information needed to solve the problem. It is the overall operational pattern or frame work of the project that stipulates what information to be collected from which source and by what procedures. The research process adopted for the study is “Descriptive” in nature.

- These decisions should be based on appropriate studies, evaluations and observations.
- Research providers with knowledge and skills needed to solve the problem and to meet the challengers of a fast paced decision-making environment.

Data source	Primary data
Research Approach	Survey
Research Instrument	Interview Schedule cum Questionnaire
Method of Conduct	Personal

### Tools for analysis:

The primary and secondary data were presented in the form of tables and these tables were systematically analysed with the aid of some statistical techniques like simple percentage method and weighted average.

## 6. LIMITATION OF STUDY

- The studies were restricted to collect the information as they were busy with shipment.
- This result will be valid to particular time period only because the act and regulation might change in future.
- Sometime respondents have fear with top level management to give their own options

## 7. REVIEW OF LITERATURE

**THE CHIEF COMMISSIONER OF CUSTOMS (PREVENTIVE), TAMIL NADU ZONE, HEERA RADHAKRISHNAN**, today exhorted the appraising officer’s fraternity to upload the image of the customs department, especially in the eyes of the trading fraternity.

“The need of the hour is to provide a hassle-free clearance and at the same time earn laurels to the department, achieving the revenue targets”, **Mrs. Radhakrishnansaid** inaugurating the XVIII annual convention of the All-India Customs Appraising Officer’s Federation.

She said trade facilitation and enforcement of law should be the prime concerns of officials, especially those of the appraising wing, who had direct interface among the trading fraternity.

**JK. BATRA, CHIEF COMMISSIONER OF CUSTOMS**, Chennai zone, wanted the appraising officers to keep abreast with the changing economic scenario, especially at a time when the department was on the threshold of introducing self-assessment risk management.

**B.S.V. Murthy**, Additional Director-General, Directorate of revenue intelligence, Chennai, urged the appraising officers to improve their knowledge base and take bold decisions for speedy clearance of goods.

**K.S. Nair**, Commissioner of customs (Imports), seaport, Chennai, **M.Ajithkumar**, Commissioner of customs (Exports), seaport, Chennai, **C. Rajan**, Commissioner of customs (Airport), Chennai, offered felicitations.

**Panthaki** (1995) stated that the future of garment export from India predicts bright future and outlines the future course of action for the garment industry. The garment industry needs to pay greater attention to evolve markets Favourably disposed to India for historic reasons, such as, South Africa, C.I.S., Venezuela, Chile, Columbia, where Indian garments are yet to take a foothold. The industry has to take advantage of the availability of special fabrics on OGL/SIL to manufacture and export industrial/ 1

**Panthaki. M.K.** (1995). "Analysis and Future of Garment Exports from India", Texincon, 7(2), 1-6. 21 institutional/sportswear of all types and also to enter into collaboration arrangements with manufacturers in West Europe to obtain the necessary know-how for benefit in the future export growth.

**Koshy** (1997) examined that the perceptions of 107 exporters regarding the progress of Overseas importers with respect to garments and fashion garments. The study pointed out that for basic garment sourcing; the exporters believed that production capability had an important generic value, forming the basis of value chain match in the eyes of the overseas buyers. According to this study, Indian garments exporters perceive that the importer segments expect many additional dimension in fashion garments which distinctly different from basic garments. These factors can be termed as 'production, product specialization and development function' and 'quality and quick response'. The exporters realized that the capability to design and develop fabrics, specialize in product categories, give the final finish and presentation of garments, deal with a short lead time and speed of response were some of the dimensions of the buyer expect from exporters of 'fashion garments'.

**Rajesh** (2001) found that on the ongoing debate on the enactment of labour laws in India opined that while on one hand, by reducing trade barriers and wooing FDI, on the other hand, going to face competition induced growth 2 Koshy, D.O. (1997), Garment Exports: Winning Strategies, New Delhi: Prentice Hall of India Private Ltd. 3 Rajesh, B. (2000), Productivity and Quality: Cornerstones of Apparel Manufacturing. Apparel Online, 8-9. 22 and attract FDI. Highlighting the issue of a need for an industry friendly labour laws to enable the textile industry to face emerging world competition. China had two sets of labour laws,

one for old companies and the other for the new ones. To attract investments, they had made labour laws flexible for new companies. Therefore, it expresses a feeling that government should allow a certain number of labour to be replaced so that the new set of workers can handle new technology efficiently.

## 8. DATA ANALYSIS AND FINDINGS

*Table 1:* Demographic factors

S NO	VARIABLES	CLASSES	PERCENTAGE
1	AGE	20-25	30
		26-30	15
		31-35	20
		36-40	35
2	GENDER	Male	75
		Female	25
3	MARTIAL STATUS	Married	35
		Unmarried	65
4	ACADAMAIC QUALIFICATION	SSLC	18
		HSC/Diploma	47
		Under Graduate	20
		Others	15
5	MONTHLY INCOME	10000-15000	10
		15000-20000	25
		20000-25000	50
		Above 25000	15
6	EXPERIENCE	0-5 Years	25
		5-10 Years	20
		10-15 Years	17
		15-20 Years	18
		20-25 Years	20

Source: Primary data

The above table shows that the majority 35 percent of the respondents were in the age group of 36-40, 75 percent of the respondents are male, 65 percent of the respondents are unmarried, 47 percent of the respondents are HSC/Diploma, 50 percent of the respondent's monthly income was between 20000-25000, 20 percent of the respondents had working experience under 5 years.

*Table 2:* Weighted average of perception towards area of **problems faced by the industries** in imports and exports Tirupur

WHICH AREA DO YOU FACE PROBLEM	NO OF RESPONDENT	WEIGHT	WEIGHTED MEAN
Import	39	9	352
Export	33	6	198
Both	48	3	144

<b>Total</b>	<b>120</b>	<b>18</b>	<b>694</b>
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Source: Primary data

This shows that most of respondents have said that the most of the problem have been faced in is “BOTH”

**Table 3:** Weighted average of perception towards area of **problems faced in Container freight station operation** in imports and exports Tirupur

<b>PROBLEMS IN CFS OPERATION</b>	<b>NO OF RESPONDENT</b>	<b>WEIGHT</b>	<b>WEIGHTED MEAN</b>
Cargo inspection	18	15	270
Let export order	15	12	180
Shipping bill	54	9	486
Gate pass	27	6	162
Others	6	3	18
<b>TOTAL</b>	<b>120</b>	<b>45</b>	<b>1116</b>

This shows that most of respondents have said that the problem faced in CFS operation is in “shipping bill”

## 9. SUGGESTION

- Billing problem can be reduced by appointing experienced people in billing field so that they could finish the job on time.
- The issue in ship transportation is due to the process that is met while exporting or importing. The major problems can be reduced by having a systematic procedure to every process of shipment.
- The fumigation problem can be solved by doing pesticides fumigation based on the product and shipment.
- The damage of the goods can be reduced by properly analyzing the packaging before shipment and the method of transportation.
- They must allot a proper labour for the particular process who can finish the work effectively and efficiently.

## 10. CONCLUSION

The main objective of the study is to make a complete study over the difficulties involved in customs clearance activities and also how they are handled by customers. The Project helped me to understand the customs clearance activities and also how they are handled by customers.



I was able to acquire practical knowledge about the functioning of customs process. Also the study gave me an idea about the various problems faced by the company and how solutions are arrived at. I was able to understand the importance of difficulties in customs clearance. I observed and learn from the company, the company customs agent and other departments perfect.

And I also observed that the customers are expecting more additional services from the company. An additional service leads the company to the top position and chance to get more shipments from the customers.

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