

Chapter V

Conclusion and Suggestion

1.1 Conclusion

1.2 Suggestions

1.3 Chapter Conclusion

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A) Conclusion

- 1) It can be concluded from table 4.2 that the company communicates with the importers in English language. In an international trade it is very important to have a proper communication between the importer and the exporter. It not only helps to solve many issues but also helps to maintain good relations. The proper communication enables the exporter to satisfy the importer's expectation. It is observed that every time communication becomes a barrier in smooth functioning of export procedure.

- 2) The researcher draws the conclusion from table 4.4 that at times the company receives an order through e-mail. It shows that the company partially depends on e-mail orders.

- 3) It can be concluded from table 4.5 that the importers visit the company before placing the order. Through such visits, they ensure the existence of exporter's company. Such visits will surely help them to improve their relationship, in turn helps to expand their business.

- 4) It can be interpreted from table 4.6 that the company does not deal with the importer without any contract. It even shows that the company secures the trade legally through such contract. It is also observed that every time the company doesn't verify the stability as well as financial position of the importer before signing the contract.

- 5) It can be interpreted from table 4.7 that before every deal the company does not take the permission from the govt. Only IEC certificate or code number is enough to execute the export order.

- 6) The conclusion that can be drawn from table 4.9 is, certain importers do carry out the inspection when the production is in process. Through such visits they ensure themselves about the capacity of the company to complete the order in time and the quality of raw material used by him.
- 7) The conclusion that can be drawn from table 4.11 is, before starting the actual production the company sends the sample product to the importer and gets his approval for it. By doing so, company can make necessary changes in the product suggested by the importer.
- 8) It can be interpreted from table 4.12 that the company gets the compensation on rejection of an order. It is seen that the company may get the compensation from certain importers not from all.
- 9) It can be concluded from table 4.13 that fluctuation in currency rates do affect the profitability of the company, in turn affect the other aspects of the organization.
- 10) It can be interpreted from table 4.14 most of the time company arranges the orientation program for its employees to upgrade their knowledge and to prepare them for producing the goods of required standard, but many respondents do not support this view strongly. It also means the employees may not be satisfied with the training programmes arranged by the company
- 11) It can be interpreted from table 4.15 that the company does not get the ISO certification for its goods. The importers expect that the goods they receive from the company should be certified by ISO.
- 12) It can be concluded from table 4.16 that the company is inspected by SGS which is a universally recognized inspection authority.

- 13) The conclusion that can be drawn from table 4.21 is the importer doesn't reject the goods if they are delivered late due to the problem in transportation.
- 14) It can be concluded from table 4.22 that sometimes the company has to pay the fine to the importer for delivering late. But ultimately, it all depends on the agreement. It is very clear that delivering the goods on time is mandatory and the company has to plan a schedule accordingly.
- 15) It can be concluded from table 4.23 that the company does proper advertisement of its product through one or other way. It is seen that the company doesn't give much importance in promoting through business magazine, though it can also advertise its product through this way also.
- 16) Table 4.24 shows how an agent plays a key role in export procedure. He not only knows the international trade practices but also maintains the coordination between the importer and exporter. He also knows government regulations and the documents required for import and export trade .
- 17) Table 4.25 and 4.27 show how the company gives importance to physical documents but entertains the e-mail orders too. The export procedure is partially depended on the e-mail orders.
- 18) It can be concluded from table 4.23 how the company checks the authenticity of the physical documents sent by the importers. In an export trade, there is a possibility that the importer may send fake documents to cheat the exporter. To secure trade from such importers is very important. So the documents have to be tested by legal experts.

- 19) Table 4.28 shows how the company calculates the cost by considering net production cost, transportation charges from the production site to the port government taxes, export duty, port charges, packing cost and net marginal cost.
- 20) Table 4.29 shows the documents required by the company to carry out the export trade. They are custom invoice, packing list, ICE certificate, purchase order, letter of credit, custom, annexure, GSP, certificate of origin, wearing apparel sheet, a copy of FCR/Airway Bill/bill of loading, shipping bill and mate's receipts , sales contract, purchase order. It is seen that GSP certificate is not required in all the countries whereas it is required in the European countries itself likewise certain importers don't ask for certificate of origin. It shows that all the importers do not ask for all the above mentioned documents.
- 21) Table 4.30 shows the documents required by the governments of both the parties. Custom clearance certificate, IEC certificate, certificate of origin, GSP (if exports to Europe) export license, certificate of inspection, custom invoice and drawback copy are the documents required by the Government of both the parties. Maintaining proper documents is a pre-requisite in export trade. At most care has to be taken while drafting these documents.
- 22) Table 4.31 shows how the quality control department plays a major role in maintaining the required quality of a product during the production process. It takes necessary steps to maintain the desired quality. It is observed that this department lacks skillful planning.
- 23) Table 4.33 shows the geographical set up of the company creates obstacles to the company in its smooth functioning of export procedure. The company does not get skilled employees in sufficient quantity as well as to get experienced qualified staff is very

difficult. The company faces the problem of shortage of employees. The present number of employees is either insufficient or unskilled to carry out the export order. It is because of its rural background. Employees have to stay in nearby villages and need to travel regularly to reach to the company which is inconvenient and unaffordable. It is difficult to get skilled employees in this locality.

- 24) It can be concluded from table 4.33 that the company does not get the raw material easily and sometimes it is costlier.
- 25) Table 4.33 discusses the problems of transportation. As the company is situated in rural locality, it faces the problem of transportation. To have a quick access to the raw material and to dispatch the finished goods on time, better transportation facilities are required for the smooth functioning of export procedure. Even transportation charges till the post are costlier. It is also observed that the company exports to African countries. Certain African countries to whom the company exports are inaccessible. Proper transportation facilities are not available to these countries. Sometimes the ships those are bound to these countries are either cancelled or never turn up. Few of them say that the company location is also not easily accessible. Modern urban facilities are not available.
- 26) Table 4.34 tells that the shipping corporation is held responsible if the goods are spoiled or damaged in transit. Very rarely the company or an importer is held responsible for the damage. As the sole responsibility of carrying the goods safely lies with the shipping corporation, it may also face uncertain casualties.
- 27) Table 4.35 discusses the parties that bear the loss. The company says that the shipping corporation and the transporters have to bear the losses. It is also true that the company and an importer sign a contract before executing an order. The contract clearly mentions

the parties to be held responsible and have to compensate the losses if the goods are spoiled or damaged in transit. At times the insurance company also bear the lose if the goods are ensured.

- 28) Table 4.36 shows the reasons for the cancellation an export order. The problem may occur either in packing of goods or regarding quality of goods. There is a possibility of cancellation of goods due to late delivery. Some times fluctuation in exchange rates and uncertain political conditions in importers country can lead to the fluctuation of exchange rate. 'Time' the most imp factor to be maintained in the export procedure. Goods have to be produced well in advance before its delivery, if the goods are not delivered on time, there is a possibility that the importer may reject them
- 29) Table 4.37 discusses certain unavoidable problems that the company faces, such as load shading, scarcity of raw material, insufficient employees due to absenteeism, insufficient raw material, workers strike, lack of workers commitment, internal clashes between the management and the workers old dated machineries, insufficient working capital, delay in production and faulty planning of the management. It is also true that the company doesn't face these problems regularly, but it cannot escape from them.
- 30) It can be concluded from table 4.37 that the problem of frequent failure of electricity is very common in the company because of its rural locality. It has been observed that many times production is stopped due to load-shedding.
- 31) It can be concluded from table 4.37 that production is halted due to problems in old machineries. Many machineries are either old or outdated. If these problems will continue to exist frequently, the company can neither receive nor satisfy export order

- 32) Government' role in export trade is discussed in Table 4.39. It shows how the government promotes the export trade by granting incentives to the company. Usually the incentive is given after the completion of a deal. It shows the government encourages the company to carry export trade. We can even understand government offers subsidies on loan, offers tax free holidays and offers schemes like EPCG scheme and DEPD scheme.
- 33) Table 4.41 shows that the company receives the payment through letter of credit, through demand draft and through telegraphic transfer system. Though online money system is the fastest mode of receiving payment, the company doesn't consider it more reliable; hence it secures the payment mostly through letter of credit.
- 34) Table 4.42 shows how sometimes the company depends on other companies for finishing, dying, packing, processing and weaving of goods though it has all these facilities inside the house.
- 35) Table 4.44 shows how the bank plays a key role in export trade. Especially it has a very important role in assuring the payment of the company. Besides this, it acts as a mediator, accepts the drafts/ documents from importer as well as from the exporter, opens an irrevocable account on the name of the exporter, confirms the letter of credit, keeps coordination between importer and exporter, provides the technical training
- 36) Table 4.47 deals with the bankers issues. It is seen that bankers are not required to deal only with their branch located abroad; they can deal with any other bank located in importers country. Bankers have to follow international accounting standards while dealing with the international bank. They even say that they impose the fine on an importer if he violates the rules of Letter of Credit.

- 37) From the Chapter 'The Company Profile', it can be understood that the company is in production of grey fabric, but has the potential to produce range of other textile products.
- 38) From the Chapter 'The Company Profile', it can be understood that three senior officials have resigned one by one since December 2009. All these executives were very competent and experienced. The entire export trade was on their shoulder. The company's export trade increased during their tenure.
- 39) From the Chapter 'The Company Profile', it can be understood that within last five years, company's export trade is growing steadily. The company is planning to invest for setting another 24 looms. It will be right decision for the company and will help the company to prosper .

B) Suggestions:

- 1) The constraints in the Export Procedure in ATUPL, Kolhapur can be faced skillfully by taking precautionary measures. The possible casualties should be predicted. Project planning is very important aspect in this matter and it can be designed in such a way so as to face any casualty more efficiently. It is suggested that the company should set up separate export department exclusively to look after the export trade
- 2) Production Department is responsible to make the goods ready to export well in advance before the stipulated time. It plays a key role in an execution of an order As discussed in conclusion 'time' is the most important aspect in export trade, it is needed that the production department should design a plan carefully along with other department ,so as to complete the order satisfactorily in time.
- 3) The currency fluctuation should be taken into consideration while quoting the price to secure the business from being exposed to risk such as fall in the value of currency. It is observed that the profitability is affected due to fluctuation in exchange rate. To overcome this problem the prices of the product should be decided well in advance (while signing the contract) as per the fixed price rate by keeping in mind the currency rate existed at that time.
- 4) It is very important to maintain the desired quality at every stage of export procedure. The quality control department plays a key role in this aspect. It can keep a continuous watch over all the departments especially over the production department; should call for an external inspection authority to inspect the company as well as the product; should take the periodical review of the finished product and should suggest necessary changes. A skillful planning along with proper co-ordination between various departments by the quality control department will help to achieve this goal

- 5) It has been observed that rarely the importers' documents are verified. Sometimes the importer may send the fake documents to cheat the company, thus the authenticity of every document sent by the importer should be verified legally before proceeding towards the next step so as to avoid any further complications. The company can appoint a legal expert or can consult the authorized government agency to test the validity of the importers documents.
- 6) As long as the Clearing and Forwarding Agent is strong, having strong ties with the officials on the dock and with the shipping corporation it is easy to board the goods on the ship. As timing is the most important factor in the export procedure, it can be managed only by hiring an efficient agent. It is suggested that the company should appoint a competent agent/ in-house department so as to avoid delay in delivery of goods. While selecting an agent the company should study his past records and his position in the market.
- 7) The major problem faced by the company is the shipping problem. Company exports to many countries. There are good transportation facilities to European countries. As far as possible, export to inaccessible countries in Africa where the cargo goes once in a week, should be avoided. Sometimes the ships to these countries are either cancelled or never turn up. The company should try to expand the export trade to those countries where there are regular transport and proper communication facilities such as European countries.
- 8) With an intention to earn more money, the agent may cheat the company by providing false information about the importer. Hence it is necessary that before signing any contract with the importer the company should study and verify the stability as well as financial position of the importer.

- 9) At times if goods are not exported on time to the importer because of delay in production due to insufficient raw material, many complications may occur. It is suggested that raw material should be ordered and stored well in advance to have smooth flow of production process. If necessary advance payment should be made to the supplier of raw material or a contract should be signed with him to have an unobstructed supply of required raw material.
- 10) Once the company was cheated by the importer by refusing to accept the finished goods, as the company did not have physical export order as the goods were produced by receiving the oral order, it could not claim for the compensation. Nor a case could be filed without having any legal proof. It is suggested that no oral order should be entertained.
- 11) Sometimes the importer may purposely block the payment. According to one of the incident, once the company did not receive the payment on time because the importer intentionally instructed his bank to halt the payment as he was running short of finance. As the company did not receive the payment on time that year, it had to face many problems. It is suggested that the company should impose the fine on daily basis if the payment is delayed and such a clause should be mentioned in the sales contract (agreement) It is even suggested that the company should stop exporting to such importers who violets the rules in Letter of Credit
- 12) It has been observed that every time while exporting goods, the company has to spend more than Rs. 34000 on B/L. It is suggested that instead of sending the goods three times separately according to dispatch schedule, the company should try to send the goods in one consignment to avoid spending the excess amount every time over Bill of Lading.

- 13) If we observe company's growth within last five years, we will understand that it is growing steadily. The company is planning to invest for setting another 24 looms. Looking at company's potentials in export and its growth, it is expected that the company should invest in machineries at the earliest to reap the benefits of growing market. The company has a vast scope and potential to turn into a 100% export oriented firm.
- 14) The company is in production of grey fabric, but has the potential to produce range of other textile products. If it can plan accordingly, it can expand its export trade.
- 15) Though the finished goods to be exported are produced in the factory itself but at times the company has to depend upon other textile units for getting the things done like finishing, dying, packing, processing and weaving. It is suggested that the company needs to overcome the problem by appointing employees and by purchasing modern machineries and advanced technology required for a specific unit.
- 16) As the company is situated in a rural area, the problem of frequent failure of electricity is very common. It has been observed that many times production is stopped due to load-shedding. As the goods have to be exported on time, steps should be taken to continue the production process unobstructed. It is suggested that, the company can either invest in setting up solar plant to generate solar energy or can set up high capacity converters.
- 17) It has been observed that production is halted due to problems in old machineries. Many machineries have either old or outdated. If these problems will continue to exist frequently, the company can neither receive nor satisfy export order. It is expected that the old machineries should be replaced with the new ones at the earliest to maintain the smooth flow of production.

- 18) To interact with foreign customers, to provide them necessary information about various products, to clarify their doubts and to maintain healthy relations with them, an executive having good communication skills with sound knowledge about export procedure is required. It is observed that every time communication becomes a barrier in smooth functioning of export procedure. It is suggested that the company should appoint a professional having excellent command over written and spoken English
- 19) It is observed that when the company receives an export order, it immediately starts executing the order without providing required training or orientations programme to its employees. Employees have to be informed about the desired quality of the product, production schedule, deadline of delivery of goods and the other details. It helps to generate a feeling of commitment among the employees in turn helps to increase their productivity and efficiency. Hence it is suggested that the company should conduct training programme before starting the production.
- 20) It has been observed that the company faces the problem of shortage of employees. The present number of employees is either insufficient or unskilled to carry out the export order. It is because of its rural background. Employees have to stay in nearby villages and need to travel regularly to reach to the company which is inconvenient and unaffordable. It is difficult to get skilled employees in this locality. If the company can provide accommodation and canteen facilities by charging minimum amount in the company premises, it is possible to get the skilled and experienced employees. It is also suggested that the company may publish the advertisement in leading newspapers or can tie up with the placement agency or can hold the interviews in major cities to appoint the deserving candidates.

- 21) As the company is situated in rural locality, it faces the problem of transportation. To have a quick access to the raw material and to dispatch the finished goods on time better transportation facilities are required. Instead of depending on other transport agencies, the company can develop its transportation system by purchasing trucks or lorries for smooth transportation. Permanent investment in the transportation will definitely help the company in the long run

C) Conclusion:

Through this chapter the researcher has drawn appropriate conclusion on the basis of the tables from chapter IV. After studying each table, he has focused various issues and problems in export trade. Many problems that the organization face have to be dealt urgently. At the end, researcher has tried to put up certain constructive suggestions that the company may think over to overcome the problems.

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