



## **ASSESSMENT OF EXPORTERS EXPERIENCE FROM ELECTRICAL AND ELECTRONICS INDUSTRIES IN MAHARASHTRA**

**Saurabh Subhash Patil**

PhD student, Faculty of Commerce and Management,  
North Maharashtra University, Jalgaon

**Dr. Prashant Warke**

Director, Godavari Institute of Management and Research, Jalgaon  
PhD Guide, Faculty of Commerce and Management,  
North Maharashtra University

### **ABSTRACT**

*India has growing exports in the world economy. Indian exports have been increasing with great contribution in the GDP. India has various products that are exported on a large scale. Electrical equipment and commodities and electronics, petroleum products, textiles and many more constitute the Indian trade industry. The electrical equipment and machinery and electronics constitute to 4.32 % of the Indian export. The rising aspirations of India can be met only if the Indian economy grows at a fast and sustained pace. The Indian electrical equipment industry must, hence upsurge its preparedness and boost its competitiveness to meet present & future demands of domestic and international economies. The next few years would be quite crucial for the Indian Electrical Equipment as it has to gear up to establish itself as a significant player in the global arena. With the improved performance of the electrical equipment industry showing better prospects in last few years, it is imperative to maintain sustained growth for meeting growth of other economies and be globally competitive.*

---

**Key words:** Export, Electrical Industry, Exporters, Maharashtra

## **1. Introduction**

Indian manufacturers have to match with global demand, also to increase more foreign exchange. The study of global emerging markets such as Africa, Latin America and Central Asia will help us identify huge prospects for exports for such equipments. The foreign buyers should be encouraged with help of trade fairs and other mediums for increase in exports. Huge number of business delegations and conferences should be organized in order to increase business across global arena. The rising demand of the products of electrical equipment industry has pushed the industry to target around \$25 million in next 10 yrs. It seems the industrial players have realized that Indian electrical equipment would be well suited for markets like Africa with being cost effective and contribute to their sectors.

It was mentioned in by Mr. Sanjeev Sardana, the chairman of (IEEMA), Indian Electrical Manufacturers Association, that the prospects of electrical “made-in-India” products look good and would help double the exports in next few years. The 1.30 lakh-crore EE manufacturer industry in India has show 2% positive growth, after negative growth in four consecutive quarters, in first quarter of FY14. At present there have been evidences of export growth in countries like US, Germany, Britain, Australia, Canada, UAE, Saudi Arabia, Nigeria, Kenya, South Africa and many more.

As a matter of fact, with the rising demand, the export of Indian electrical export industry is expected to grow six fold and touch USD 25 million in next 10 yrs. The exports of the Electrical Equipment stood upto USD 4 million in 2010-11 which is less than one percent of the global trade. This shows how the Indian Electrical Equipment are on a rising demand in the global market. This could be due to heavy demand in industrial growth and power sector.

The EE manufacturer industry of India needs to organize more competitive strategy for the global market for a continuous sustainable growth and reach. Even though the demands in many countries are stagnating, there is still a huge potential and demand for the Electrical products in many developing nations. Hence such Indian Players can organize demand specific export strategies for such developing nations.

The EE components have depicted greater visibility over last few years in the international market. More number of such products have been exported in African and Asian nations. As the International business is growing and coming closer; the trade taking off swiftly between different nations, there is sudden growth and demand for Indian Electrical Equipments and Components.

THE MSME sector in Maharashtra state has been on a rise since last few years inspite of a gap in demand and supply in between. There have been many new small and medium scale enterprises in the electrical component sector have successfully captured the domestic as well as International market. Many SMEs have already started penetrating in various African, American, Asian and European markets at current stage.

There have been various conferences, exhibitions and such participative events between SMEs of EE & Component industry of Maharashtra and Various developed and developing nations.

## **2. Literature Review**

**NDTV Profit** in report '**Electrical equipment export to top \$25 billion in 10yrs: IEEMA**' writes that- Banking on the rising demand for its products in the international market, India's electrical equipment industry expects exports to touch \$25 billion over the next 10years. With electricity sector being a sunrise sector across the entire developing world, there exists a significant export potential for the domestic industry as per Indian Electrical and Electronics Manufacturers Association (IEEMA) President Ramesh Chandak.

Exports of electrical equipment stood at \$4 billion in FY11, which is less than one percent of the global trade in the segment. With demand from developed countries stagnating and developing nations seeing a significant growth, huge potential exists for India to tap the export markets.

**indexmundi.com** in **Electricity exports Country Comparison** ranked France, Germany and Canada as world leaders with 81<sup>st</sup> rank to India.

**UPS, England** in '**2015 European SME Exporting Insights Study**' states that -It is sometimes forgotten that even in the most advanced economies, the most important source of wealth and trade is the sector of small- and medium-sized enterprises, or SMEs. According to the most recent SME Performance Review from the European Commission, 99 out of every 100 businesses in Europe are what the Commission defines as small- and medium-sized

---

enterprises. Across the EU28 countries some 21.6 million SMEs in the non-financial business sector employ 88.8million people and generate €3,666 trillion in value added– that means that SMEs account for two in every three employees and 58 cents in every euro of value added in the EU.

What is more, SMEs that export within Europe and beyond are the most dynamic contributors to the SME economy. The European Commission’s SME Performance Review points out that growth in the SME sector overall has slowed since 2011; that is mainly a reflection of weak domestic demand compared to strong export demand. It remains the case that the majority of SMEs do not export. Exporting SMEs grow faster because the main contributor to EU growth since 2008 has been foreign demand. In an increasingly internationalized world, there are competitive advantages for those businesses that begin with a global strategy and can move quickly to take advantage of cross-border activities, says the European Commission.

**Department of Commerce in Export Import Data Bank Year: 2015-2016(Apr-Jan)** has ranked china with first rank with export of 48,837.58 cr. And import of 337,100.32. It ranks USA at second number and UAE at third.

**Ngugi, Patrick Wainaina** in report, ‘**A study of export behavior by fresh produce enterprises: a case of selected horticultural exporters in Kenya**’ explains their study methodology as - The primary data was collected by use of a structured questionnaire. The target population of the study was the fresh produce growers and exporters in Nairobi and Kiambu areas. The sample comprised sixty exporting enterprises in Nairobi and Kiambu district. The data was analyzed by descriptive statistics such as percentages and frequencies and chi-square test was used to show dependence of variables. The study revealed that indirect exporting enterprises are smaller in size as compared to direct exporting ones. The volume of production and the number of employees was used to determine the size of an enterprise. Indirect exporting enterprises were found to lack necessary infrastructure to effectively run business. They had no access to fax, email, website and basic computer services unlike direct exporters. The study established that direct exporters are motivated to export when global market opportunities are more promising than domestic ones. Observing other related businesses that seem to be successful in export business also inspires them to export. Exporting enterprises use indirect market entry strategy and initiate their first export sale by selling to an overseas agent.

### 3. Research Methodology

The study has adopted descriptive and analytical research methodology normally adopted in conducting management research.

The objectives of study are to understand sales outreach, export practices and export business experiences in electrical and electronics industries from managers point of view.

The 6 important hypotheses related to study mapped with study objectives are tested.

In the present study, the samples are drawn by from Managers of export units of electrical and electronics industries. Data of 144 respondents is considered for analysis.

The data analysis is carried out using SPSS software. The SPSS is used to conduct frequency analysis and ANOVA.

### 4. Data Analysis and Findings

#### 1<sup>st</sup> Hypothesis Testing:

$H_0 : \mu = 0$  , There is no association between company type and rating provided to Government of Maharashtra's SEZ initiatives

$H_1 : \mu \neq 0$  , There is association between company type and rating provided to Government of Maharashtra's SEZ initiatives

We would like to test above hypothesis at Level of Significance = 0.05

#### ANOVA

How do you rate Government of Maharashtra's SEZ initiatives?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	18.603	2	9.301	21.210	.000
Within Groups	61.835	141	.439		
Total	80.438	143			

From above table, we get  $p < 0.05$ . The mean difference is significant at 0.05 Level.

The null hypothesis is rejected and alternate hypothesis is accepted.

Inference: There is association between company type and rating provided to Government of Maharashtra's SEZ initiatives.

## 2<sup>nd</sup> Hypothesis Testing:

$H_0 : \mu = 0$  , There is no association between current status in export market and rating provided to Government of India's Export Policy

$H_1 : \mu \neq 0$  , There is association between current status in export market and rating provided to Government of India's Export Policy

We would like to test above hypothesis at Level of Significance = 0.05

### ANOVA

How do you rate Government of India's Export Policy?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	23.306	2	11.653	20.886	.000
Within Groups	78.667	141	.558		
Total	101.972	143			

From above table, we get  $p < 0.05$ . The mean difference is significant at 0.05 Level.

The null hypothesis is rejected and alternate hypothesis is accepted.

Inference: There is association between current status in export market and rating provided to Government of India's Export Policy.

## 3<sup>rd</sup> Hypothesis Testing:

$H_0 : \mu = 0$  , There is no association between the business segment the company deals with and the most used foreign currency by company as exporter.

$H_1 : \mu \neq 0$  , There is association between the business segment the company deals with and the most used foreign currency by company as exporter.

We would like to test above hypothesis at Level of Significance = 0.05

### ANOVA

What is the most used foreign currency by your company as exporter?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.661	2	1.330	.987	.375
Within Groups	189.978	141	1.347		
Total	192.639	143			

From above table, we get  $p > 0.05$ . The mean difference is not significant at 0.05 Level.

The null hypothesis is accepted and alternate hypothesis is rejected.

Inference: There is no association between the business segment the company deals with and the most used foreign currency by company as exporter.

#### 4<sup>th</sup> Hypothesis Testing:

$H_0 : \mu = 0$  , There is no association between the business segment the company deals with and opinion of the manager that, exports always give higher profits than domestic sale.

$H_1 : \mu \neq 0$  , There is association between the business segment the company deals with and opinion of the manager that, exports always give higher profits than domestic sale.

We would like to test above hypothesis at Level of Significance = 0.05

#### ANOVA

Exports always give higher profits than domestic sale

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.267	2	3.634	4.563	.012
Within Groups	112.288	141	.796		
Total	119.556	143			

From above table, we get  $p < 0.05$ . The mean difference is significant at 0.05 Level.

The null hypothesis is rejected and alternate hypothesis is accepted.

Inference: There is association between the business segment the company deals with and opinion of the manager that, exports always give higher profits than domestic sale.

#### 5<sup>th</sup> Hypothesis Testing:

$H_0 : \mu = 0$  , There is no association between the turnover of company and company location.

$H_1 : \mu \neq 0$  , There is association between the turnover of company and company location.

We would like to test above hypothesis at Level of Significance = 0.05

## ANOVA

What is the current turnover of your company?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	123.160	3	41.053	178.677	.000
Within Groups	32.167	140	.230		
Total	155.326	143			

From above table, we get  $p < 0.05$ . The mean difference is significant at 0.05 Level.

The null hypothesis is rejected and alternate hypothesis is accepted.

Inference: There is association between the turnover of company and company location.

### 6<sup>th</sup> Hypothesis Testing:

$H_0 : \mu = 0$  , There is no association between location of the company and rating provided to Government of India's Export Policy Specific to Electrical and Electronics Industry.

$H_1 : \mu \neq 0$  , There is association between location of the company and rating provided to Government of India's Export Policy Specific to Electrical and Electronics Industry.

We would like to test above hypothesis at Level of Significance = 0.05

## ANOVA

How do you rate Government of India's Export Policy Specific to Electrical and Electronics Industry?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	105.972	3	35.324	115.907	.000
Within Groups	42.667	140	.305		
Total	148.639	143			

From above table, we get  $p < 0.05$ . The mean difference is significant at 0.05 Level.

The null hypothesis is rejected and alternate hypothesis is accepted.

Inference: There is association between location of the company and rating provided to Government of India's Export Policy Specific to Electrical and Electronics Industry.

## 5. Conclusion

The sales outreach in export market by companies is highest in SAARC countries then to Arab countries. There are few companies who advertize and promote their products in export market.

The additional export business is handled by strengthening export department.

The export is grown by 6-10% in past three years for most of the companies. It is also zero to negative for 12.5% companies. The most of the companies expect to become 100% export units. There are majority of the companies believe that their product is price competitive in international market. Letter of credit is the most obvious payment term offered to foreign buyers. The cost of transport is costly for most of the exporters.

The majority of exporters' rate Government of India export policy as average one, the export policy specific to electrical and electronic industry is also rated average by majority of the managers.

The managers of export units appreciate SEEPZ initiatives of Government of Maharashtra. They also agree that, their business benefited with export policy of government.

As per as highest use of foreign currency is concerned, dollar is the leading currency in use by exporters followed by euro and pounds. The companies have increased sales opportunity with export is the very important reason as why they are in export. Higher profits are another strong reason to become exporter.

Custom procedures and licensing is the significant problem faced by exporters in electrical and electronics industry. The competition in the foreign market is another problem faced by exporters.

There is relationship between rating by managers for Government of Maharashtra's SEZ initiatives and company type of the manager viz. Limited, Private Limited or Proprietary Firm.

## 6. References

Commerce, D. o. (2016). *Export Import Data Bank Year: 2015-2016(Apr-Jan)*.

England, U. (2015). *2015 European SME Exporting Insights Study*.

Indexmundi.com. (2011). *Electricity exports Country Comparison*.

Kothari. (2014). *Research Methodology*.

Ngugi, P. W. (2013). 'A study of export behavior by fresh produce enterprises: a case of selected horticultural exporters in Kenya'.

Profit, N. (2011). *Electrical equipment export to top \$25 billion in 10yrs: IEEMA*. NDTV.

*Advantages of SEZ and Important Special Economic Zones in India*. (2010, Jan). Retrieved March 8, 2016, from Business Maps of India:

<http://business.mapsofindia.com/sez/advantagesunitsindia>.

Arshad, F. M. (1997). EXPORT PERFORMANCE OF SELECTED ELECTRICAL AND ELECTRONIC PRODUCTS. Langkawi, Malaysia.

Baily, M. N. (2011, Jan 10). *Adjusting to China: A Challenge to the U.S. Manufacturing Sector*. Retrieved 2015 4, March, from SERIES: Brookings Policy Brief Series:

<http://www.brookings.edu/research/papers/2011/01/chinachallengebaily>

Geeraerts, K. (2015). Illegal shipment of e-waste from the EU.

Gov.UK. (n.d.). *Doing business in India: India trade and export guide*. Retrieved March 2016, from <https://www.gov.uk/government/publications/exportingtoindia/>

Klitgaard, T. (1999, April). Exchange Rates and Profit Margins: The Case of Japanese Exporters. *FRBNY ECONOMIC POLICY REVIEW* .

Maharashtra, G. o. (2015). *Economic Survey of Govt of Maharashtra 2014-15*. Mumbai: DIRECTORATE OF ECONOMICS AND STATISTICS.

Nations, U. (2014). KEY STATISTICS AND TRENDS KEY STATISTICS AND TRENDS  
in 2014. *UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT*.

Research, H. (2016). Economic and Trade Information on China. *China Trade Research* .  
HTKC.