

Ram Textiles and Garments goes Overseas (Part Production)

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Case Brief

Board of Management of Ram textiles and Garments, Chennai based company decided on competitive efficiency in Textile business and suggested a new site in any one of SE Asian countries. There is need to orient towards socio economic and political aspects in such countries. The textile industry in India is competitive and big ones alone enter into superior quality and brand and also big firms prefer off shore production. Innovative supply chain is important in the industry. It has become a change in Indian textile and clothing and also need change in production method, marketing skills and productivity level to maintain competitiveness in international market. Indian textile and clothing sectors have scope for potential in export market as prices are drawn by international factors and compel exporters to go for strategy of (partial) exports and (partial) domestic sale. Various measures are used. They are cost reduction in raw materials, labour cost power and utility cost.

There are opportunities in the industry. E-commerce and world class quality are also possible.

Ram textiles, Chennai based textile has to take decision for site selection in overseas (part) production in any one SE Asian destinations. The Management has to weigh the factors like plant location, international orientation, cost economy and culture for their strategy to go overseas (SE Asia). The company got technical report for the need of overseas production and Mr. Ram, the entrepreneur is presently thinking on business development in the long-run as efficient ones alone in the industry grab the opportunity.

Keywords: ASEAN, Cross border Facilitation and fragmentation, Supply chain, ASEAN, Regional economic integration, Orientation (Ethnocentric).

Introduction

Local manufacturers with least cost objective goes overseas market and destination and very often they invest in (or) buy local company or establish new operation facilities. **(John O Dell, 2003)**.

Traders, businessmen, entrepreneurs and bankers sought already business opportunities in the select SE Asian destinations as they are accessible by air and sea from India. Emerging countries in East Asia are either major suppliers or buyers in global market and this fact is due to growing regional economic integration between the countries. Very often scale efficiency is achieved and one third of final goods are exported to the world from ASEAN **(WTO 2012)**. Regional benefit is the top priority in this situation. Tariff reductions and the growth of intra industry trade are the good fortunes.

In most Asean countries, export is the priority and the manufactured products are growing in these countries as they motivate ASEAN countries to favour tax harmonization and liberal industrial policies.