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Critical factors for the growing of textile industry in Pakistan

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ABSTRACT

The purpose of research was to study the most important factors that are causing growth of industry and then suggest a plan of action that could be followed in response to the existing decline of textile growth in Pakistan. The Pakistan textile industry contributes more than 60 percent (US \$ 9.6 billion) to the country's total exports. However, currently this industry is facing great decline in its growth rate. The major reasons for this decline can be the global recession, internal security concerns, the high cost of production due to increase in the energy costs etc. Depreciation of Pakistani rupee that significantly raised the cost of imported inputs, rise in inflation rate, and high cost of financing has also effected seriously the growth in the textile industry. As a result neither the buyers are able to visit frequently Pakistan nor are the exporters able to travel abroad for effectively marketing their products. With an in-depth investigation it was found that the Pakistan's textile industry can once again be brought back on winning track if government takes serious actions in removing or normalizing the above mentioned hurdles. Additionally, the government should provide subsidy to the textile industry, minimize the internal dispute among the exporters, withdraw the withholding and sales taxes etc. Purchasing new machinery or enhancing the quality of the existing machinery and introducing new technology can also be very useful in increasing the research & development (R & D) related activities that in the modern era are very important for increasing the industrial growth of a country.

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Introduction

Evolution of textile:

Everybody knows that three basic needs of human being are food, shelter and cloth. Cloth has its own importance in the life of person being.

The desire of hiding shame was felt by the Adam and Eve when they were pushed to the earth from the Heaven. The history of cotton textile is also, to some extent, the history of civilization. Anybody cannot give the exact date of beginning of cotton as a textile fiber but certainly it was used in Egypt in ancient time. They dyed the fabrics with the indigo. These information were recorded from Egyptian tombs have been dated as far back as 3500 B.C. The fragments of cotton cloth and strings were discovered during the excavation of Mohenjo-Daro in Sind Pakistan. These fragments give evidence of usage of cotton cloth in eastern countries as long ago as 2700 B.C. In the beginning of civilization the threads used for weaving were coarse and rough consequently the production of cloth from this thread was crude and coarse. Afterward the Chinese used silk-worm to extrude filament which was used to make the finest of fabrics. Therefore under the rule of emperor Huang Ti became the economically important in China over 4000 years ago. Probably it is believed that the loom was invented by his empress. The improvement in the process of evolution of cotton industry was culminated gradually. By the end of the 18 century it was established as an industry. Different people have their share in establishing this industry. The most important name was Samuel Grampian, who worked to improve the spinning process, and produced the mill in 1970. The first factory was

Arkwright's, which was capable of producing 80/1 count and even 100/1 count cotton yarn. Germany and America became the competent to each other in this industry in the late 19th century. This competition became into extent after the First World War. After the second decade of last century and till the present days, the gradually improvement in this industry was very fast. Although the actual process and technology was not completely changed, but the machines are changed to some extent. After the second World War, was a completely different structure of the textile technology was came into existence. Now a day's man-made fibres are taking place of natural fibres'. Man-made fibres are giving a main support to this industry. In this development Japan, Pakistan, U.K. India and other countries are playing a major role.

Textile industry in Pakistan:

Textile Industry is one of the oldest industries in Pakistan and despites its inherent strengths; it is losing its competitiveness to other countries, especially in South East Asian Countries. The Industry is in urgent need of financial and technological investments. However, according to recent official figures, the Pakistan textile industry contributes more than 60 % to the country's total exports. The industry contributes around 46 % to the total output produced in the country. In Asia, Pakistan is the 8th largest exporter of textile products. The contribution of this industry to the total GDP is 8.5 % (Economic Survey of Pakistan-2008-09). It provides employment to 38 % of the work force in the country, which amounts to a figure of 15 million. However, the proportion of skilled labour is very less as compared to that of unskilled

Labour. All Pakistan Textile Mills Association is the chief organization that determines the rules and regulations in the Pakistan textile industry. Pakistan textile industry is currently facing several challenges.

There is a need for the industry to improve the quality of its products. There is also the need for greater value addition in its products (Bari, 2003).

The textile machinery used in Pakistan is imported mainly from countries like Japan, Switzerland, primary textile products with the advantage of large engineering sector in this region are China and India.

The only country in this region without strong engineering base is Pakistan and our dependence upon outside Engineering Industry keeps our cost of production higher with low engineering skills. Looking into the future a strong competition from China and India for these market requirements can be used to involve them to start assembly plants under their guidance and cooperation.

Significance of the study:

This study is an attempt to explain the effective role of textile sector in the economy of Pakistan. Textile sector is the backbone of Pakistan's economy which contributes more than 60% in the total export of the country.

Textile sector contributing 46% in total manufacturing in the country. Around 40% labor and 8.5% contributed in GDP. But from few year textile industry in recession and not plying vital role in the economy. There are many reasons involving declining growth of textile sector in Pakistan.

Energy crises, inflation, high cost of financing, terrorism, political instability are directly effecting the expansion of this sector. In general, the studies were aware that his textile industry currently faces massive challenges.

The All Pakistan Textile Mills Association (APTMA) needs to enhance the quality of its products, upgrade the technology used, and encourage effective Research and Development (R&D) in order to compete internationally. Government should have to take some serious action on this issue and should have to facilitate and subsidies to textile sector.

Problem statement:

Discrepancy in textile growth of Pakistan

Pakistan is not achieving its forecasted target in textile industry growth even Pakistan remain much behind than its competitors like India, china, Bangladesh est. What are the factor involve in this situation of economy.

This study is going to be conducted to know about the industry which is the backbone of the economy and generating more than 50% foreign revenue for the country. In this research the researcher wants to explore those problems which are the cause the decline in textile growth.

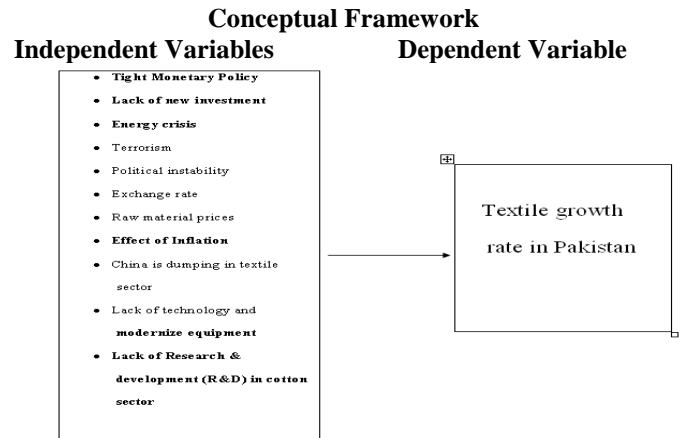
Objective of study:

To explore the challenges facing textile industry in Pakistan. This study explains that how textile industry in Pakistan directly affecting by the various factors..

Hypotheses:

H 1: There is textile growth effecting by these all independent variables.

H 2: Textile growth is not effecting by these all independent variables.



Methodology:

Research methodology

The survey research design method was used in this study. We first prepare the questionnaires and demeanor interviews with different peoples in different textile organization. We select simple random sampling method. The questions were asked to those people who know about all the factors related to textile and also different students in Faisalabad. 150 questionnaires were asked out of which 125 were returned with a response rate of 83 percent.

Finally 120 questionnaires with complete information were available for analyze the results. The questionnaires were filled from various organizations which have good reput in the market and working according to the international standards. Random sampling technique was used in order to collect data from organizations. The questions were asked in simple form yes, no, don't know.

Measures:

Other than the relationship between textile growth and determinants of textile, The research was conducted in English, as English is well understood in the majority of working areas, especially by those respondents included in my study. Previous research work was also conducted in Pakistan using these instruments in English has also shown the reliability of these scales.

Instrumentation:

The researcher prepared the question from himself or some from the internet. The researcher used the close ended question. The researcher then went to those persons who had enough knowledge about all determinants of textile. The researcher collects the data from Faisalabad because Faisalabad is the hub of textile industry in the Pakistan.

Conclusion:

Pakistan is the world's 4th largest producer and 3rd largest consumer of cotton. The Textile and Clothing Industry has been the main driver of the economy for the last 50 years in terms of foreign currency earnings and jobs creation. The Textile and Clothing Industry will continue to be an important engine for future growth of the economy; there is no alternative industry or service sector that has the potential to benefit the economy with foreign currency earnings and new job creation. Textile industry in Pakistan is the backbone of Pakistan's economy.

Textile is a major industry in Pakistan it had more than 60% share in total export of Pakistan, more than 46% share in total manufacturing of Pakistan, 38% Share in employment and 8.5 shares in GDP. Textile is a major industry in Pakistan and its growth going toward negative continually from few years. We should make good quality decisions to handle the problem. If we

make right decision at right time for positive growth of textile industry than we will be able to increase its growth and can generate more revenue for state hence increasing employment opportunities.

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Results: Date Analysis:

Q1- Should govt. have to made new dams for generation electricity at low price.

Categories	Frequency	Percentage
Yes	150	100%
No	00	00%
Don't know	00	00%
Total	150	100%

This table shows 100% people agree to reduce electricity prices. Everyone know if govt. provide electricity on low prices it will be beneficial for the textile industry.

Q2-Custom on trade should reduce or not.

categories	frequency	Percentage
Yes	113	75.33%
No	18	12%
Don't know	19	12.66%
Total	150	100%

Majority of people is votes to reduce custom duty on trade while a considerable number of people prefer not to answer.

Q3-Should electricity be provided continuously.

categories	frequency	Percentage
Yes	150	100%
No	00	00%
Don't know	00	00%
Total	150	100%

This table shows 100% people agree to provide electricity continuously.

Q4-Should govt. subsidies textile sector.

categories	frequency	Percentage
Yes	113	75.33%
No	27	18%
Don't know	10	6.66%
Total	150	100%

Considerable amount of people are in favor of Subsidy while 18 % are against.

Q5-Eceltercity provide at low price or not.

categories	frequency	Percentage
Yes	150	100%
No	00	00%
Don't know	00	00%
Total	150	100%

This table shows 100% community agrees to provide electricity at low price.

Q6-Should gas provide to industry continually?

categories	frequency	Percentage
Yes	150	100%
No	00	00%
Don't know	00	00%
Total	150	100%

This table shows 100% are in favor of uninterrupted gas supply to industries.

Q7-Should reduce tax in textile sector or not?

categories	frequency	Percentage
Yes	141	94%
No	6	4%
Don't know	3	2%
Total	150	100%

Considerable people votes to reduce tax ratio.

Q8- Political instability affects this sector or not.

categories	frequency	Percentage
Yes	134	89.33
No	11	7.33%
Don't know	5	3.33%
Total	150	100%

Majority agrees with question statement.

Q9-Terrorism has an effect on textile industry.

categories	frequency	Percentage
Yes	150	100%
No	0	00%
Don't know	0	00%
Total	150	100%

It's a very important factor and all the people agrees with the fact that terrorism affects the industry growth.

Q10-Yarn export should be banned or not.

categories	frequency	Percentage
Yes	113	75.33%
No	26	17.33%
Don't know	11	7.33%
Total	150	100%

Almost people agrees to ban yarn export while only 17.33% agrees with it and 7.33% have no opinion.

Q11-Govt. should have to start some project for improvement in textile sector?

categories	frequency	Percentage
Yes	150	100%
No	0	00%
Don't know	0	00%
Total	150	100%

Since by Social Survey, it is strongly recommended to start some new projects for development of Textile Sector.

Q12-We are achieving our target or not?

categories	frequency	Percentage
Yes	20	13.33%
No	115	76.67%
Don't know	15	10%
Total	150	100%

By Survey result, it is strongly concluded that we need to redefine our goals because people are not satisfied with present textile growth.

Q13-Can we made textile machinery our self ?

Categories	frequency	Percentage
Yes	115	76.66%
No	22	14.67%
Don't know	13	8.66%
Total	150	100%

Majority agrees to rely on our own resources while 14.67% favors import of machinery while 8.66% have no opinion.

Q14-Should govt. have to provide some alternative of gas?

Categories	frequency	Percentage
Yes	95	63.33%
No	45	30%
Don't know	10	6.66%
Total	150	100%

Since majority votes for alternative, hence it's concluded that people are looking for some alternative of gas due to its shortage. 6.66% avoid casting their opinion.