

The overview of pakistan textile industry marketing essay

[Business](#), [Marketing](#)



full images. PNG Pakistan is one of the leading manufacturer and exporter of textile industry. Textile sector of Pakistan is the 8th largest exporter in Asia of textile products. Pakistan`s major part of economy is based on textile industry, including 65% of export role and 45% income generated from manufacturing. In 2000, major employment was generated by the textile industry about 217, 000 employees and the apparel industry was comprises of 700, 000 workers. Textile industry is contributed a vital role in Gross domestic product of Pakistan about 8. 5% and provided the industrial manpower with 38% employments. Pakistan Textile industry has created the significant position in the international market for the last four decades. The Textile industry of Pakistan has been growing immensely and sharply after the restructure of trade restrictions and sanctions of the Multi Fibre agreement and World Trade Organization (Farah et. al, 2011). The annual growth of entire world textile trade is 2. 5% which is about US\$18 trillion. Out of it, Pakistan share is less than one per cent. Pakistan is one the major manufacturer of cotton in the world and textile industries has been using the rich resources of cotton . cotton production graph. PNG

Source : (<http://www.indexmundi.com>)

The above Graph shows the Cotton production every year from 1960 to 2012. cotton growth per year. PNG

Source : (<http://www.indexmundi.com>) The Above Table shows the Cotton production and Growth from 1989 to 2012.

In Pakistan, textile industry consist of 1222 ginning mills , 445 spinning mills, 125 massive spinning units and 430 small mills which produces textile

products. The Textile industry comprises of large scale organization and small scale organization. A range of divisions are belong to textile value chain are: Spinning, majority of the spinning mills have the in house facility of dyeing , weaving and finishing facilities. Most of the weaving units comprises of medium and small enterprises.

PESTEL FACTORS EFFECTING PAKISTAN TEXTILE INDUSTRY:-

P - POLITICAL

E - ENVIROMENTAL

S - SOCIAL

T - TECNNOLOGICAL

E - ECONOMIC

L - LEGAL

1- POLITICAL :-

The following political factors effecting to textile industry of Pakistan.

Technology Up-gradation Fund (TUF):

Government Pakistan has facilitated to textile industry in term of new investments and up-purgation of technology through the Technology up-gradation Fund. Under this Scheme, for big industry projects, government is taking only 50% interest cost out of total interest amount on cheap interest rate on new investments in plant and machineries. For the small textile industry , government will pay 20% of capital cost out of total cost. The purpose of this scheme, generate more employment and increase GDP

Pakistan which will effect economy. Now government has reserved a budget of Rs. 1. 6 billion in this scheme and will increase to Rs. 17 billion by 2014.

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Taxes:-

The Government of Pakistan has taken a remarkable steps for textile industry in term of taxes and approved Rs 29. 761 billion tax relief for textile sector. Textile industry now can tax free import of textile accessories and decrease of taxes on textile machineries as well. Another remarkable step has taken by the government which are duties and taxes reduction on exports of textile products. The purpose of this step to increase more exports in different countries in the world which can be positive sign for Pakistan economy.(http://textilebasics.com/news_fullstory.php?id=11732)

Economic Contribution:-

Textile sector is creating a major role of Pakistan economy. It is effecting and contributing the development of textile sector of the economy spheres of the country. There are following few major contribution in Pakistan economic.

A- Increase in National Income

Any Growth and increases in the manufacturing sectors significantly contributes to the Gross Domestic Product of the country. Presently, Textile industry individually contributing 9. 5% to the Gross Domestic Product to the country. Growth and expansion of industrial sector means more production, increasing employment and massive investment which leads to high Gross Domestic Product

B- Contribution of Taxes

Textile sector has contributed a major role in taxes in 2011 -12 and paid Rs. 23. 5 billion which is one of the biggest contribution among the other t industries in Pakistan

C- Foreign Trade

Textile industry is one the of leading export sector of textile product which contributes the major role in foreign trade of the country. As per the last year report shows the export of textile products is about US\$ 10. 2 billion which create positive sign in Pakistan economy. The following table shows the exports of different textile products in different years.(Thousand US Dollars)

Textile Exports

2008-09

2009-10

2008-09

2009-10

%age

Change

Raw & ProcessedCotton

241, 979

340, 185

2. 48%

3. 34%

40. 58%

Cotton Yarn

1, 058, 954

1, 283, 994

10. 83%

12. 62%

21. 25%

Cotton Cloth

2, 106, 840

1, 879, 459

21. 55%

18. 47%

-10. 79%

Knitwear

2, 054, 853

2, 060, 727

21. 02%

20. 25%

0. 29%

Bed Wear

1, 526, 642

1, 640, 869

15. 62%

16. 12%

7. 48%

Towels

546, 591

602, 867

5. 59%

5. 92%

10. 30%

Ready-madeGarments

983, 443

962, 481

10. 06%

9. 46%

-2. 13%

Other TextileMaterials

1, 256, 996

1, 406, 549

12. 86%

13. 82%

11. 90%

Total

9, 776, 297

10, 177, 131

100%

100%

4. 10%

Source: Pakistan Credit Rating Agency

H. Enhanced Government Revenues

Country Industrial growth is effects to enhance the government revenues.

Textile sector of Pakistan contributing the major role to increasing the

government revenues from the foreign trade , domestic supply and income tax.

Social Contribution of Textile industry:-

Improved Living Standards:-

Textile sector has been growing last few years and generating opportunities for employment. The income of the workers, due to increasing textile industry growth resulting in improved living style of growing middle class.

Social Welfare:-

Growth in the textile industry is increasing social welfare in a huge number of ways. Enhanced and better employment opportunities , generating revenues, meeting domestic needs and positive change in public social spending etc all brings social welfare.

Technology:-

Pakistan placed a vital position in the global textile industry. The main reason of this significant position over the last few decades through continuous investments and up-gradation of state of the art technology by our industry. Pakistan textile industry has acquired a top of the textile technology in present time from Japan and Europe to setup a solid foundation. This state of the art technology is creates to develop the natural benefit of raw material (cotton) and skilled labour force. The advantage of latest technology is not only to improve the quality of product and efficiency of the machineries but also improve the production and reducing the cost of production. Time to time technology up-gradation is one of the key factor to

compete the other international competitors. Heimtextil Frankfurt is one of the biggest exhibition of textile products and every year textile sector of Pakistan is attended this fair with latest design of textile products. Textile Sector has been organizing international textile machinery exhibition from last 10 years in Pakistan on regular basis. All the biggest manufacturer from different parts in the world are participated in this exhibition. The below table has shown the latest machines imported by Pakistan textile industry in last few years.

Table 4: Import of Textile Finishing Machines

Quantity: Numbers

Value: Rs. in Million

Machines

2010-2011

2009-2010

Quantity

Value

Quantity

Value

Drying Machines 511179, 276349157. 51 Bleaching Machines 26151, 23561149. 71 Dyeing Machines 237777, 519331940. 68 Coating or Lamination Machines 12790, 7212020. 22 Dressing Finishing Machines 39197, 23153145. 78 Total 9801, 395, 9828141, 413. 90 Source: Federal Bureau of Statistics, Government of Pakistan.

Environmental:-

Pakistan is recognised by the mutual agencies as a low income economy. The services of hygiene and sanitation are available to narrow in urban population. Approximately quantity of 17.5 million tons of solid waste is produced every year in Pakistan. Only half of 17.5 million tons is collected and discarded in low-lying land without using appropriate sanitary methods. Remaining solid waste is disposed at empty places, sewerages, and gutter system. Textile industry of Pakistan is dependent greatly on the processing segment for the provision of value added materials and fabrics. Unluckily the processing sector is the most harmful part that can be effected by global environmental regulations rules. Textile industry performed processes including:-Fabric BleachingFabric dyeing and finishingFabric printing and finishingThe main area of problem for the textile processing industry is wastewater. Approximately, 08-0.15 m³ of water is used to manufacturer one kg of finished fabric, transforming into 1000-3000 m³ of wastewater production per day against a fabrication of 12-20 ton/day of finished fabric. Presently, the industry is discharging the wastewater into the local environment without any proper action that harmful effect on the environment.

Types of Wastewater (Textile Processing in Pakistan)

Parameters

Prevailing Ranges

NEQS Limits

Biological Oxygen Demand (BOD)120-44080Chemical Oxygen Demand (COD

300-1, 100

150

Total Dissolved Solids (TDS)

200-5, 000

3500

Total Suspended Solids (TSS)

50-240

150

PH Value

8-11

6-10

Oil and Grease

10-45

10

Chromium

0.5-2.5

1.0

All values in parts per millions (ppm), except pH Source: ETPI effluent

survey The Above Table shows the position of existing effluents discharges by

the textile sector. The ranges of all the effluents already been exceed the

limits as per the National Environment Quality Standards (NEQS).

Process

Temp

Ded Cento

pH

Value

BOD

COD

TDS

TSS

O&M

Cr

SM

SO4

Bleaching /Scoruing50-8010-11200-3001100-14001400-1500100-200150-
200Mercerising60-7013-14700-80020000-30000300-80090-100Dyeing60-
7010-112000-450010000-30000300-1000> 1. 0PrinitngRoom. T8-1180-
120300-30001000-300050-300> 1. 0Colour Kitchen307-8. 580-1001000-
150010-15Boiler10011-12> 100150-200Screen Development1. 5-2. 50.
04500-1000Laboratory9-10> 100~1000~10~103000-4000

NEQS

40

6-10

80

150

3500

150

150

1

150

600

Characteristics of Wastewater from Individual Process (Textile Processing)

All values in PPM

Source: ETPI Effluent Survey

If we evaluate the above table so we can clearly see that there are great amount of inconsistency between the recommended NEQS values and parameters of effluents. All the above effluents are effecting greater level of pollution which is very harmful for environment.

LEGAL:-

The Code of vendor Conduct implements to whole Textile sector of Pakistan for Gap Incorporation. Gap Incorporation recognizes as different cultural and

legal environment. All Factories must meet all basic requirements of Gap Incorporation rules and regulation as under:-

Environment:-

All factories must fulfil with all appropriate environmental rules and regulations. All factories should have environmental system and plan. In case of unintentional discharge, the company should inform to local community authorities.

Discrimination:-

Factories should recruit the employees on the basis of talent and skills not on the basis of their beliefs or characteristics. The factory should pay employees wages and provides benefits without consider to colour, race , age, gender and nationality.

Forced Labour:-

factories cannot work through any forced labour or prison as it is against of law.

Child Labour:-

Factories should recruited only those workers who qualify the appropriate legal age requirement or minimum 14 years old. All Factories should meet all applicable child labour laws. Factories should encourage teen age labour in term of education and provide the educational benefits to their workforce.

Wages & Hours:-

Factories shall decide the salaries, working hours and overtime pay as per the appropriate law. All factories should pay minimum legal salary to their workers as per the industry standards law

Working Condition:-

Factories should behave all workers with dignity and admire and set a proper healthy and safe environment. Factories must follow all appropriate rules and regulations in term of working conditions. Factories cannot exploit physical punishment or any psychological force with their workers.

FACTORS

FRAMEWORK

RISK MARTIC

The Threat of New Entrants

In the Textile sector there are some berries that creates difficulty for new companies to enter into this market. There are few problems are as under:-
The existing big organization like al-Karam Textiles , Gul Ahmed and Nishat Textiles are investing high capital in R & d and new technologies to produce innovative products. Hence, the new entrants must face high capital investments. In Pakistan, most of textile companies has opened the outlets in the commercial place or shopping malls to approach directly to the customers. Therefore, the new entrants required so much time to setup their brand image in the market. Textile industries have to up-to-date with modern technology in order to reduce the cost of products. Presently, In

Pakistan big players like Al-Karam, Gul Ahmed Textile, Lucky Textile , Yunus Textile mills having a modern plants to produce the best products. These Modern technological machines are able to produce more production with low cost and helps them to competing against overseas low-cost manufacturers and new entrants. After the recession, the buying power of the consumers are went down. Presently, consumers are interested to buy low cost products. Its mean that most of the customers are willing to pay no or very less switching cost for a high cost products. Last but not least, as per the present political and economic situation of Pakistan , it is very difficult for a new entrants to invest high capital and establish the business.

LOW

Threat of Substitutes

The

Bargaining

Power of

Buyer

If we are categorize the textile chain so within the products may provide substitutes. Though, with the addition of quality and branding sense, probability of consumer switching quit inferior which creates this force greatly weaker. Textile industry of Pakistan has high barging power of buyers because the number of buyers are less than the number of low-cost manufacturers in domestic level. There are few reasons for high bargaining power of domestic buyers:-Currently, majority of consumers are looking forward for best quality products with low price. Presently, in Pakistan variety

of different textile product brands are available in the market so customers have range of options available as per the requirement. Big stores like ideas by Gul Ahmed textile industry , porchea by Nishat textile, 5 star by Al-karam textile etc, are going for backward integration as they are producing their own products without using the middlemen. It helps them to form their own brand name and sell their products at low price. On the other hand, Pakistan textile sector have a biggest international market of textile products. China is the leading share holder in textile sector in Asia and other countries are India, Bangladesh, Vietnam and Turkey etc, in some segment of the textile products. It is very important for a manufacturers of textile products to distinguish their products so it is not possible to compete only with the price. Now, all the major factors involved for manufacturer to compete with other manufacturer like quality, services and price. Therefore, the bargaining power of buyers is very strong.

LOW

STRONG

The

Bargaining

Power of

Suppliers

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In Pakistan, there are many players in textile sector with different size and power. In the last few decades, there has been rise in production and supply

of textile products globally, due to quickly changing in economic and social structure worldwide. Mainly after the deletion of trade associated tariffs and non- tariff barrier in 2005. Asian countries for instance India, Pakistan, China, Bangladesh, Vietnam , Japan and Hong Kong have emerged as a key players particularly in the textile industry because of economical changes and infrastructure development. A number of large available suppliers in Pakistan gives an initial sign of a weak bargaining position for the supplier group. Moreover, the supplier group have lack switching cost and low level of product segregation. It is really helpful for textile industry to use the supplier group on very best term and condition for production. Consequently, manufacturers can contact different suppliers and can use them against each other. This kind of action weakens the bargaining power of supplier which leads to prices down and brings prices similar among suppliers.

LOW

COMPETITIVE

RIVALRY

Textile industry is the backbone among the Pakistan industry. Pakistan textile industry are facing both domestic and international level competition as under:-Pakistan textile industry comprises of 11 471 spinning, 1, 200 ginning factories units and 50 composite units so the competition level is very high. There is a rapid and enamours market growth in textile industry in the last five years. This causes the organizations to battle for market share, hence increasing the competition. In the weaving industry the product differentiation is very low so the majority of customers are purchasing low-

cost products of any brand. This leads to higher level of competition among the textile firms in Pakistan. On the other hand, Pakistan textile industry is facing the international competition as well. There are few major competitors in Asia such as China, Bangladesh, India, Vietnam, Hong Kong etc. Currently, Pakistan is facing serious problems such as political instability, electric load shedding and shortage of gas supply, devalue of currency and high interest rates. Due to the electric load shedding and shortage of gas supply, all industries are using petrol or diesel generators which causes increasing of cost of production. It's getting tough day by day to compete in international market against rivalry.

HIGH

Conclusion:-

The Textile sector is creating a major role in Pakistan economy with 8.5% of the total Gross Domestic Product. Textile industry is producing many different textile products throughout the year which meets the international and domestic requirement. In the last few years, demand is increasing every year so in future manufacturers will increase their production capacity which leads to more jobs for the people. Pakistan textile industry is facing major issues which leads to high cost of production such as political instability, shortage of gas, electric load shedding, devalue of currency and high interest rate.

COMPETITOR ANALYSIS

Pakistan textile weaving industry has competition with the local and international market. In the local market, competition is between these

firms: Nakshbandi textile Nishat textile Al-karam textile Al-Abid textile Sapphire textile Yunus textile Yusuf textile Chenab textile Gulistan textile Gul-Ahmad

In international Market:

China India Indonesia Bangladesh Uzbekistan US Others Source: www. aptma. org. pk www. tmt. com/textileanalysis. pdf

[http://www. indexmundi. com/agriculture/? country= pk&commodity= cotton&graph= production \(cotton graph and table\)](http://www.indexmundi.com/agriculture/?country=pk&commodity=cotton&graph=production)