

Analysis and Performance of Textile Weaving In Pakistan 2001-2010

Mr. Yasir Hassan¹

¹ Lahore Business School, the University of Lahore, Pakistan

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Abstract

The intention of this study is to examine and analyze the performance of Pakistani textile weaving industry over the last decade (2001-2010). This study is showing the overall performance of this sector that how much total assets are depending on equity and paid up capital. The study is examining that in which year sale is on its peak and how much sale is depending on total asset, bank chargers and profit after tax. On the other side how much profit after tax is depending on total asset, equity and sales. The study is informing about companies profit before tax and profit after tax, that how much companies are earning and how much they are giving in term of tax. This study is examining that in which years variables are more consistent. The study is analyzing that autocorrelation exists between variables or not. Overall study and its graphical representation are helping to come on a conclusion that this sector is flourishing or not, and sale and profit of the companies are increasing or decreasing over the last decade (2001-2010).

Index terms— Lacing, Yarns, Treadles, String, Looms.

1 INTRODUCTION

Pakistan is a fourth largest producer of cotton in the world and has basic structure of textile and in the Asia Pakistan are the eight largest producers of textile commodities. 30 % population of Pakistan is working in the textile and creates employment for 15 million peoples. Pakistan has only two textile mills at the time of independence but by the time progressed gradually at this stage only due the fertile land and infrastructure favorable to that sector and technology improvement. . 56% exports of Pakistan are depends on this sector. Bulk of textile products is exported in the world from Pakistan to Other countries. Srilanka, Bangladesh turkey growing up by the time in this sector. Affordable prices and quick supply of gas, electricity, water, petrol and diesel are main factors so trade development authority of Pakistan (TDAP) decided to grow the exports so make the environment in which these factors should to be affordable and reachable. United state of America is the largest market of our textile and the major share of our textile goes to America because our marginal share in 1970 was 0.08% but in 1997 only 1.0% increase in our textile marginal share. Faisalabad, Gujranwala and Jalalpur Jattan are the major cities for weaving clothes because of suitable infrastructure. According to annual report by state bank of Pakistan (SBP), the sector has strong implications on socio-economic conditions of the country given its role P ebruary

2 F

The lacing together of threads and yarns to form cloth has developed over thousands of years of discovery and experimentation. The origin and development of woven cloth is closely tied to the history of mankind. Thousands of years ago we developed the skills necessary to turn the raw materials around us into cloth for clothing and shelter. Production of fabric is original means of weaving, two distinct set of yarn and threads are interlaced

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42 to form fabric or cloth. For making cloths/fabric using looms in which warp thread and weft thread are filling.
43 Cloth generally woven on looms which hold the warp and weft thread. Early looms required two people to create
44 the shed, and one person to pass through the filling. Early looms wove a fixed length of cloth but later ones
45 allowed warp to be cut out as the floor progressed. There are 90,000 looms are in operation in which 30,000 are
46 working and 60,000 loom on yarn. There are three different sectors in weaving sector, integrated, independent
47 weaving units and power looms unit and different types of looms hand looms, power looms and mill weaving In
48 concept, McKay's work remains at the moment the last word on the subject of comparative efficiency in weaving
49 in Bangladesh.

50 in employment generation. Devastating floods affected textile production in Pakistan in FY11. During second
51 half of the year, surge in global cotton prices provided earning opportunities in the form of unprecedented high
52 export prices, which in turn induces production activities. The crop loss in Pakistan and Australia, unfavorable
53 weather in china, declining US inventories and exports cap by India also surged prices. Around 12% of Pakistan's
54 total fabric exports are destined for Turkey. The fabric export to Bangladesh may continue to support this sector
55 in Pakistan.

56 3 II.

57 4 LITERATURE REVIEW

58 The economic history review in (AUG, 2002) approximately hundred thousand handloom weavers surviving in
59 south Asia due to the main focus on labor intensive technology. 1 Economic and political weekly (AUG, 1998)
60 more new tools and methods in textile weaving created the problem for the old institutional set-up. Labor demand
61 decreasing approximately 7 workers out of 10 were hired because of capital intensive technology and females in
62 the family are not able to work outside which was huge loss so the fly shuttle installed on small scale, old methods
63 are more beneficial from new processes. 2 All ??203) and total growth in world is 13%. And world's growth rate
64 in production of clothes is about 5%. 3 Another study in Pakistan Economic Survey (1999-2000) In Pakistan's
65 textile industry highlighting is on the spinning activity. Major portion of thread produced of good quality is
66 exported rather than utilize large part of it for produce high value-added products like fabric, or clothing. This is
67 an important structural weakness of our textile industry. This thread is imported by other countries like Japan,
68 Hong Kong and South Korea who have well flourish textile industry change it into high value-added products
69 and get much higher prices in international market. These countries do not cultivate cotton, but they have
70 well-established textile industry because they have invested in modern manufacturing technology as well as in
71 skilled staff. Their competent methods of production have enabled them to defeat the handicap of imported
72 thread. But in Pakistan textile industry make decline due to be deficient in of investment and well qualified
73 workforce in spite of having advantage of cotton and labor. 4 Pakistan is the major textile product supplier in
74 the world market with share (30% yarn trade, about 8% McKay (1984) has afterward used data from Wasow
75 et al. in estimate relative competence of HL and PL techniques on the basis of the addition of internal rates of
76 return (IRR) and household resource cost (DRC). 6 According to the Pakistan textile mills association (PTMA)
77 the cotton prices in Pakistan changing in every year increasing or decreasing every year data shows (2002-2011)

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79 Secondary data of Textile weaving has been used in this research from Karachi stock exchange. Different tests
80 have been applied for getting the appropriate result. Histograms are showing that in which year sales and profit
81 after tax are on their maximum level. Least significant difference test (LSD) is showing the difference of one year
82 mean from the other year's means. ANOVA is used for comparing the means of different variables from year
83 2001-2010. Multi linear regression has been used by taking the Sales as dependent by taking paid up capital,
84 no of share, equity, Profit after tax, bank charges and total asset as independent variable. For profit after tax
85 (dependent) sales, paid up capital, no of share, equity, bank charges and total asset are being used as independent
86 variable. In this line chart, there are six variables. This graph is showing that profit after tax and before tax has
87 zero or less than zero mean throughout the decade.

88 Sale is increasing then decreasing in the mid it's again having a boost then in 2007 it's decreasing, from 2008
89 line is moving upward.

90 The graph is showing that paid up capital is increasing then in 2002 it's increasing rapidly in 2004 it's decreasing
91 and so on its continuously increasing and decreasing till the end of decade. It is interesting that equity is also
92 changing according to paid up capital. This area chart is showing the trend of sale. It's increasing but in 2004
93 and 2007 it's decrease for one year. Sale is on its peak in 2009 and 2010 but interesting thing is that although
94 company are selling their in products in millions but they are showing their profit after tax and before tax zero
95 or less than zero. May be they are not showing their real profit because they don't want to pay tax or they want
96 to get tax rebate.

6 Years

7 Hypothesis

Sales:

H_0 : $\mu_{2001} = \mu_{2002} = \mu_{2003} = \mu_{2004} = \mu_{2005} = \mu_{2006} = \mu_{2007} = \mu_{2008} = \mu_{2009} = \mu_{2010}$ H_1 : At least one mean is significantly different
Profit after tax: H_0 : $\mu_{2001} = \mu_{2002} = \mu_{2003} = \mu_{2004} = \mu_{2005} = \mu_{2006} = \mu_{2007} = \mu_{2008} = \mu_{2009} = \mu_{2010}$ H_1 : At least one mean is significantly different

As the p-value of sale, paid up capital, bank charges and no. of share is less than 0.05 so it means that null hypothesis (H_0) will be rejected and H_1 will be accepted. It means that at least one mean is significantly different. But p-value of Total asset, profit after tax, profit before tax, and equity is greater than 0.05 so it means that we will accept H_0 and reject H_1 . (1995-96). 9. Textile Industry-Special Report (1995). Economic Review 7, 71 -7

8 LSD

9 VII. Conclusion

At the start of decade companies in this sector were in many numbers but with the passage of the time they were started to shut their businesses. But in the mid so many companies came into this sector but when the electricity crisis started in the past, they again shut their businesses. The same thing is happened with profit of companies. At start companies were earning profit respectively high from the other years, then it's started to decline and in the mid of the decade profit were on their peak level and then its again started to fall till the end of the decade. Sale was high in start but then it decreased and remains same till the end. The one thing which is interesting that companies were selling their products in million but they were almost on breakeven point that means they were on no profit level. There is almost monopoly in this sector because only 10 to 20 companies are there in this sector but almost half of sale and total asset were in hand of 2 or 3 companies. ^{1 2}



Figure 1:

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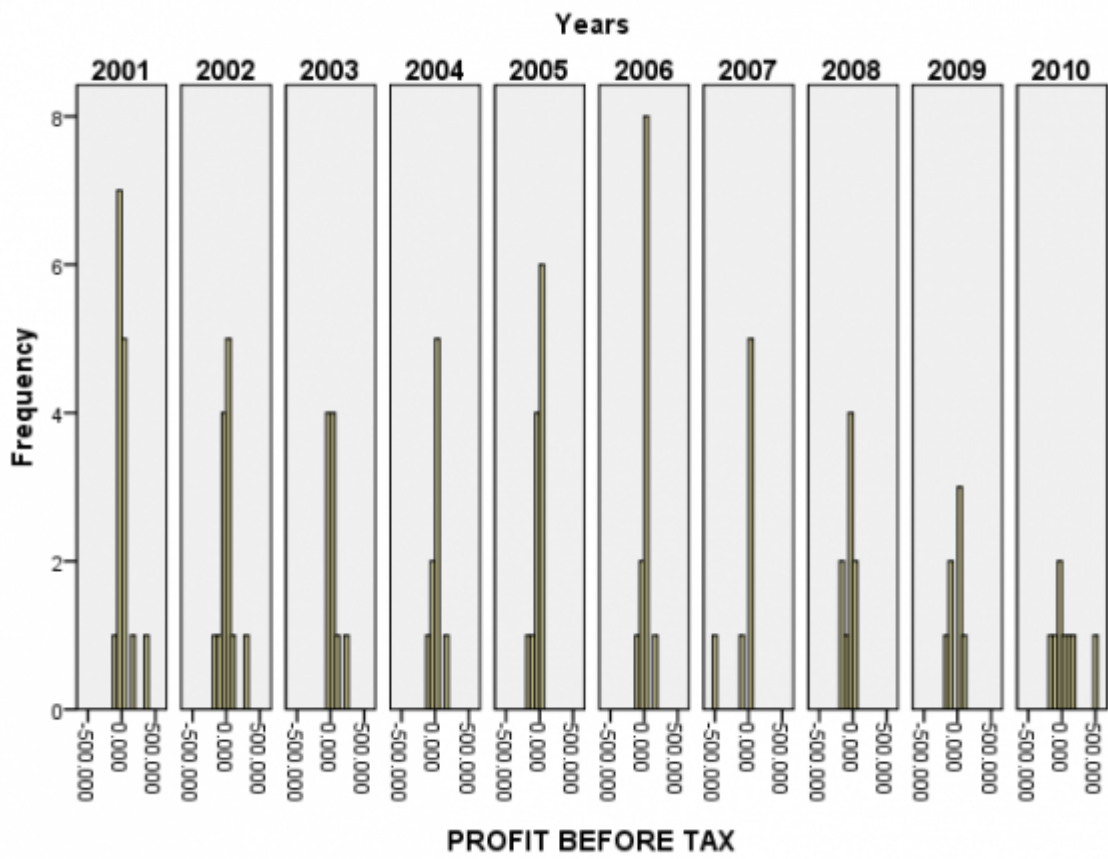
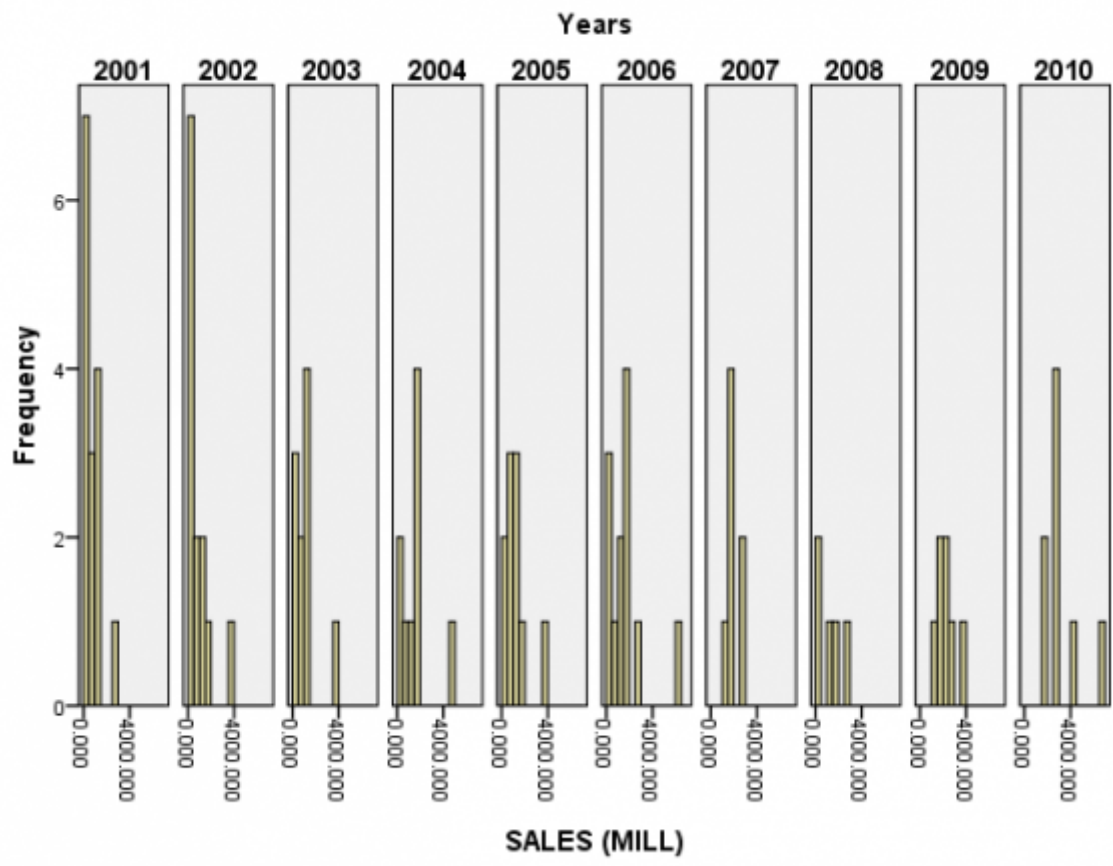


Figure 2: F



0

Figure 3: H 0 :

9 VII. CONCLUSION

a. Dependent Variable : Profit After Tax

Backward method is used for this model, as model is showing that total assets, equity and sales are best describing the profit after tax.

Model		Sum of Squares
SALES (MILL) 1 Regression Residual Model 1 Regression Total Residual		516796.106 M
Years 2	Years Regression Mean Difference 516193.283 Total 164448736.364	
2007 2	2001 Residual Regression	1183.201267 461329.972 * 13
	2002 Total Residual	1100.801385 977523.254 * 24
3	2010 Regression -1242.790250 515672.002 * Total 164448736.364 610.175196 3	
2009 3	2001 Residual Regression	1501.418838 1419.018956 * *
	2002 Total Residual	1157.991671 977523.254 * 24
	2003 Total	164448736.36

Multi linear regression is used for this test. Overall model is significant.

2010 Multi linear regression is used for this test. 2001 2425.991517 * 516.150352 2002 2343.591635 * 529.780

2003 2082.564350 Unstandardized

-
- 119 [Mean and Sales] , Years Mean , S Sales . (mill)
- 120 [All Pakistan Textile Mills Association (APTMA) (Various Issues) Annual Report] , *All Pakistan Textile Mills*
121 *Association (APTMA) (Various Issues) Annual Report*
- 122 [The Economic History Review (2002)] , *The Economic History Review* Aug, 2002. 55 (3) p. . (New Series)
- 123 [Economic and Political Weekly (1998)] , *Economic and Political Weekly* Aug. 8-14, 1998. 33 (32) p. .
- 124 [Mckay and Mckay (1984)] *An Analysis of Assistance to Textile Weaving in Since the calculated value of -d? lies*
125 *in acceptance region. So H 1 will be rejected and H 0 will be accepted and*, L Mckay , Mckay . September,
126 1984. (it is notifying that there is no evidence of auto correlation)
- 127 [Mean is known as average and standard deviation tells us that how much variation exist from mean. And coefficient of variation
128 *Mean is known as average and standard deviation tells us that how much variation exist from mean. And*
129 *coefficient of variation tells us about consistency. Paid up capital and no of share were more consistent in*
130 *2001 whereas equity was in, 2007. 2009.*
- 131 [SMEDA (2005) textile Vision Small and Medium Enterprise Development Authority of Pakistan All Pakistan Textile Mills Assoc
132 'SMEDA (2005) textile Vision Small and Medium Enterprise Development Authority of Pakistan'. *All*
133 *Pakistan Textile Mills Association* 5.