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CHALLENGES AND PROBLEMS OF FABRIC INDUSTRIES IN TIRUPUR DISTRICT

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Abstract

Our economy is largely dependent on the textile manufacturing and trade in addition to other major industries. The handloom industry has an advantage of flexibility of small production quantities, openness to innovations, low investment, labour intensive and adaptability to market requirements etc., is trying to innovate and produce high level products. Increased use of knitted fabrics for fashion wear and household articles has opened up new vistas for this sector. The textile industry face many problems relate to inadequate infrastructure, obsolete machinery, lack of trained manpower, decentralized and fragmented nature of the industry, besides the inflexible labour laws. Based on the challenges and problems the researchers had taken up the study to give suggestions to new entrepreneurs in that field.

Keywords: *Challenges and Problems in Fabric industry, Textile industry strength and weakness*

Introduction

India has been in the midst of a great social, political and economic change ever since reforms were introduced in various spheres of activity. The country has greater confidence to take on the competition from developed countries and has attracted global investors in ever increasing measure. Indian Textile Industry occupies a very important place in the economic life of India. It is one of the largest in the world with a massive raw material and textiles manufacturing base. Our economy is largely dependent on the textile manufacturing and trade in addition to other major industries. About 27% of the foreign exchange earnings are on account of export of textiles and clothing alone. The textiles and clothing sector contributes about 14% to the industrial production and 3% to the gross domestic product of the country. Indian hand woven fabric occupies a place of eminence in preserving the country's heritage and culture. It has a long tradition of excellence in its craftsmanship. The handloom industry has an advantage of flexibility of small production quantities, openness to innovations, low investment, labour intensive and adaptability to market requirements etc., is trying to

innovate and produce high level products. There is tremendous potential for knit products, global demand for which is growing at a faster pace than for woven textiles. Increased use of knitted fabrics for fashion wear and household articles has opened up new vistas for this sector.

Problems and Challenges facing the Textile Industry

The textile industry face many problems relate to inadequate infrastructure, obsolete machinery, lack of trained manpower, decentralised and fragmented nature of the industry, besides the inflexible labour laws. Though a large number of policy measures have been undertaken by the Government in terms of making easy and subsidised credit available for modernisation of technology, supporting the industry for cluster development and establishment of integrated textile parks, provision of duty drawbacks on exports, etc., the Indian T&C exports doesn't seem to have converted these benefits to their advantage

Market Entry Barriers to Trade

Two types of market entry barriers for trade in textiles and clothing (T&C) are faced by developing countries:

- (i) Arbitrary conditions imposed by powerful apparel contractors possessing large distribution channels in the major markets; and
- (ii) Closed networks created by preferential rules of origin under the regional trade agreements.

Strengths of the Textile Sector

The Indian textile industry has inherent strengths in terms of rich legacy of textile production, strong multi-fibre raw material base, large and expanding production capacities, very low import intensity, vast pool of skilled workers and technical and managerial personnel, flexible production systems, large and expanding domestic market, dynamic and vibrant entrepreneurship, etc.

Weaknesses of the Textile Sector

Such factors are technological obsolescence, structural anomalies, poor productivity of labour and machine, lopsided fiscal policies, multiplicity of taxes and levies, high cost of capital, redundant and outdated controls/regulations, restrictive labour and industrial laws, lack of aggressive marketing, poor perception of Indian products abroad, procedural problems in exporting, poor infrastructure relating to transport, communication and banking, high power tariff, etc.

Statement of Research problem

The process of garment production, starting from the basic raw material and ending by passing the finished product to the consumers, involves many stages, be it starting from cotton cultivation or from producing synthetic or man-made fabrics. According to the latest census the number of Fabric industry at Tirupur is about 3169 units in and around Tirupur District. While a defect in woven fabric is rectifiable, it is not possible in knitted fabric and yarn cost contributes 60 per cent of product cost. Liberalization of markets led to a shortage of yarn for producers at Tirupur. Spinning mills now prefer to

export yarn, taking advantage from the high prices in the world market. Soft flow dyeing machines, compacting machines for minimizing residual shrinkage, computerized colour matching systems and stunted machines for removing deformity in woven wear and knitwear are some of the many new technology introduced in the study region. There is short supply of skilled technicians and engineers to man the new technology equipments. Hence considering the above challenges in fabric and textile industry the researchers has undertaken the task to answer the following questions,

- What are the various problems that would affect the fabric industry at Tirupur district?

And the researcher instigated to suggest them by studying their problems.

Objectives

Based on the above research problem the objectives of the study are:

1. To assess the profile of fabric manufacturing industries at Tirupur district.
2. To assess the challenges involved in fabric industries in Tirupur district.

Limitations of the Study

This research and its results are only applicable to the respondents of Coimbatore, and are not applicable to any other places. It is not generalized, the results are subject to change according to the perception and opinion of the respondents, and some of the respondents were reluctant to give responses.

Research Methodology

The researchers have taken 20 samples through the convenient sampling method. The period of the study was done from June 2017 to October 2017. They have collected the primary data through the questionnaire with the component of demographic and functional variables. The results were analyzed using simple percentage method.

Literature Review

Abraham and Sasikumar (2011) analyzed the implementation of the Agreement on Textile and Clothing (ATC) of the World Trade Organization (WTO), this agreement both threatens and provides opportunities to India's Textile and Clothing (T&C) industry in the wake of liberal international trade. Firms acquire greater international competitiveness through various costcutting and efficiency enhancing strategies. The question one tries to ponder on was what route does Indian firms take to join the international exportmarket in T&C. Empirical analysis, using Tobit estimation techniques, supported the view that increasing the share of low cost labor was an important route through which export performance of the Indian firms in T&C was enhanced. Further, the use of this means the need to perform better in the international market aggravated in the period after the implementation of the ATC. On the other hand, capital and technology based factors did not have any perceptible effect on the export performance of Indian firms in the international market. This endorsed the view that the Indian T&C firms at large utilized the low road to competitiveness, rather than the other. Also the importance of the import intensity in export performance suggested that Indian T&C was increasingly getting integrated within the global value chain.

Dorathy (2013) found that the export- import trade among the countries was broadly guided and facilitated by General Agreement on Trade and Tariffs (GATT) before the setting up of WTO in 1995. During GATT regime under the Multi-Fibre Agreements (MFA), a popular system known as Quantitative Restrictions (QR) was in place in Textile and Clothing segment which included the hosiery products. Under this system a country could import from a particular country only up to the limit prescribed by QR. The hosiery industry of Tirupur, a major exporter of hosiery products to global markets was assured of its quota of exports and thus flourished under this system. But with the advent of WTO in 1995, the ATC declared that the QR would be phased out from January 2005. This carried new opportunities and threats for Tirupur's exports which also meant that

this industry must now acquire new strengths in order to compete in the new regime. Under such circumstances, the researcher had developed a framework for analyzing the competitive structure of this industry and to suggest appropriate strategies for enhancing its competitiveness under the WTO regime. The government, industry and firm by adopting the strategies presented above can play a proactive role by exposing its exporters to professionalism and modern business practices thereby enhancing the competitiveness of this industry.

Table 1: Work process on Textile Industries

S. No	Particulars	No. of Respondents	Percentage
1	Cutting	7	35
2	Stitching	6	30
3	Checking	7	35
	Total	20	100

Source: Primary data

Table 2: Impact of Inflation on Textile Industry

S. No	Impact factors	No. of Respondents	Percentage
1	Raw material price increase	5	25
2	Increase wages	7	35
3	Decrease profit margin	5	25
4	Other specify	3	15
	Total	20	100

Source: Primary data

Table 3: Challenges that Business Face Today

S.No	Challenges	No.of Respondents	Percentage
1	Financial management	7	35
2	Monitoring performance	8	40
3	Technology	5	25
	Total	20	100

Source: Primary data

Table 4: Price Change in Raw Material after GST

S. No	Opinion	No.of Respondents	Percentage
1	High price	8	40
2	Moderate	5	25
3	Low price	5	25
4	No change	2	10
	Total	20	100

Source: Primary data

Table 5: Opinion of the Respondents about International Wire Transfer

S.No	Opinion	No. of Respondents	Percentage
1	Immediate	4	20
2	One day	9	45
3	More than one day	7	35
	Total	20	100

Source: Primary data

Findings and Suggestions

The most (35%) of the respondents exists in the field of fabric manufacturing at Tiruppur district. There were above 200 workers working in this field. The most (30%) of the customers prefer the price level as moderate. 70% traders are whole sellers out of that 35% of traders are using roadways and seaway transports. 40% of traders are frequent in this business industry. 35% are for cutting and checking on work process of the Company. 50% of fabrics are checked by measurement. The broad cloth cotton and denim fabric are mostly handled by fabric manufacturing (40%). 50% of fabric company produce 5000 units per day. 45% of the company select foreign trade. Most of the customers do online purchasing (45%). 40% traders maintain the fabrics in warehouse. 35% of business is affected by inflation by means of providing an increase in wages. 40% of the problems are due to the low quality of the Raw materials. 40% of the problems faced by the business today is lack of monitoring in the performance of the employees. 50% of the attributed value of customer segment which is Neutral. 75% of respondents face the problems of transport. 95% of respondents face the problems of power supply. 55% of the respondents overcome the problem of power supply by means of Generator. Most 40% of the respondents have an opinion that there is high price change in the raw materials after GST. 35% of the respondents have an opinion that domestic wire transfer is fast. 45% of the respondents feel that international wire transfer take One day to get cleared.

Though India has a very advanced spinning sector, the benefits of it are not carried up the production ladder with equal standards in dyeing and finishing. Production run are long in India, leading to high working process inventory. The average manufacturing and delivery lead time, for Indian apparel exports is 120-160 days, which is often longer than an entire fashion season. But, India is still in the third position exporters which is not a main source point of the high-value, high fashion market with such limited season span. Tiruppur are a source point for large order brands and private labels, this lead-time problem may not be a major constraint.

Conclusion

Tiruppur fabric cloth traders have the ability to take up small orders or large orders at short notice. It is also able to produce the entire range of woven wear and knitwear at low cost with reasonably good quality within specified schedules. Big players are reengineering the firms by investing on information technology to reduce cost and to achieve competitive advantage. The Government of India and state governments have been actively involved in policy making for promotion of textile and garment sector of India. Given the fact of high labour intensive character of the garment sector and the availability of cheap labour, India has been attempting to use the quota-free international trade regime for achieving its aim to jump into higher rings of the development ladder. This also facilitated increase in employment opportunities, mainly for the low skilled and unskilled rural migrants.

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