

Issues in Garments Sector in Pakistan: A Pareto Analysis

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Abstract

This research investigates the issues in Garments Sector In Pakistan: A Pareto Analysis. Data were collected 100 textile mills, in the form of unstructured questionnaire from the textile industry of Pakistan. The main respondents of the questionnaire were senior to middle level management located in Karachi, Hyderabad, Kotri, Nooriabad, Faisalabad and Lahore for the purpose of this study yellow pages were used for identification and address of the respondents and web site of APTMA. From the 100 e-mail addresses, 10 were bounced and returned as either address unknown or not active anymore. Out of the remaining 90 respondents 48 agreed for the qualitative interviews in which respondents were met face to face in textile mills located in different cities of Pakistan. Response rate was 90% during this survey. It was revealed that the garment sector due to the lack of investment searched for only cheaper (low cost) garments. Therefore, by focusing on the investment in garment sector high level of value addition is possible even in branded garments that may be produced by this sector which can enhance the returns of textile industry more than even double.

Key Words: Issues, Garments, Industry

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Introduction

The Textile Industry of Pakistan is the major player in the development of Pakistan's economy. It is considered to be one of the world's leading cotton producers. Till 1997, Pakistan was the world's largest exporter of yarn followed by India.

Pakistan was the second largest exporter of textile made-ups, with Pakistan's bed wears exports having acquired a 6 per cent share in the global trade of textile made-ups in 1999 (Kazmi, 2003). Globally, the bed wear and linens sub sectors were the second largest in terms of production and exports, with 28 per cent share of the total textile made-ups market in 1999 (SMEDA, 2002). Pakistan was the second largest exporter, after China, of bed wear and linen with a 20.89 per cent share of this sub sector in 1999, up from 13.65 per cent in 1995 (Fatima M., Ahmed E., 2006).

Garments

The garment industry of Pakistan was started in 70's. With the passage of time and industrialization, this industry expanded very rapidly. Majority of units making cotton fashion garments are medium and small size in terms of machines, workers and output, with a few notable exceptions and scattered throughout Pakistan⁵.

Garment industry has emerged as one of the important small-scale industries in Pakistan. Its products have large demand both at home and abroad. The local requirements of readymade garments are almost wholly met by this industry. Its exports in 1999-2000 stood at US \$ 772 million or 8.5% of the total exports. Garment industry is also a good source of providing employment opportunities to a large number of people at a very low capital investment. It mainly uses locally produced raw materials. Most of the machines used by this industry are imported or locally made and assembled⁶. All sorts of readymade garments are made from cotton fabric and synthetic fiber.

⁵"Garments and Made-Ups (Textile)", A Report by Small and Medium Enterprise Development Authority SMEDA, Government of Pakistan.

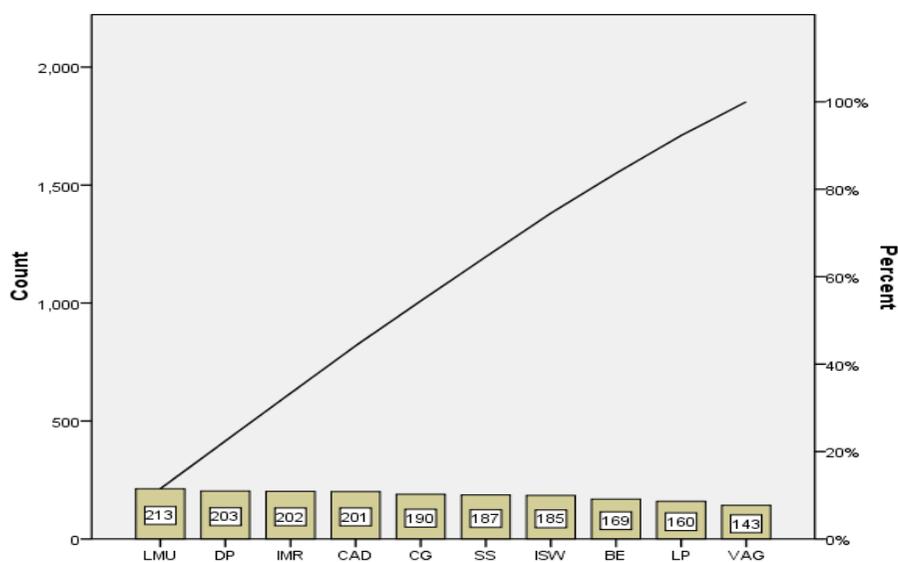
⁶ "Garments and Made-Ups (Textile)", A Report by Small and Medium Enterprise Development Authority SMEDA, Government of Pakistan.

The production of garments and made-ups in Pakistan is concentrated mainly in Lahore, Faisalabad, and Karachi. These three clusters have their own specialties as Faisalabad caters more to Home textile, Lahore is the home of Knitwear, and Karachi lives up to its reputation of being the mini Pakistan. The bulk of these garments are mainly exported to developed countries, like U.S.A., Europe, Japan and Australia.

However, our country's exported readymade garments are inferior in quality in comparison with garments from India, Korea, Hong Kong, Taiwan, Philippines and Sri-Lanka⁷.

Pakistan's export of ready-made garment and apparel came up 5th position during 1999-2000. Current position of this industry is not spirited especially the trade liberalization has directed it to a point where it is extremely hard to stay alive because of numerous national & international problems

Pareto Analysis of Garments Industry in Pakistan

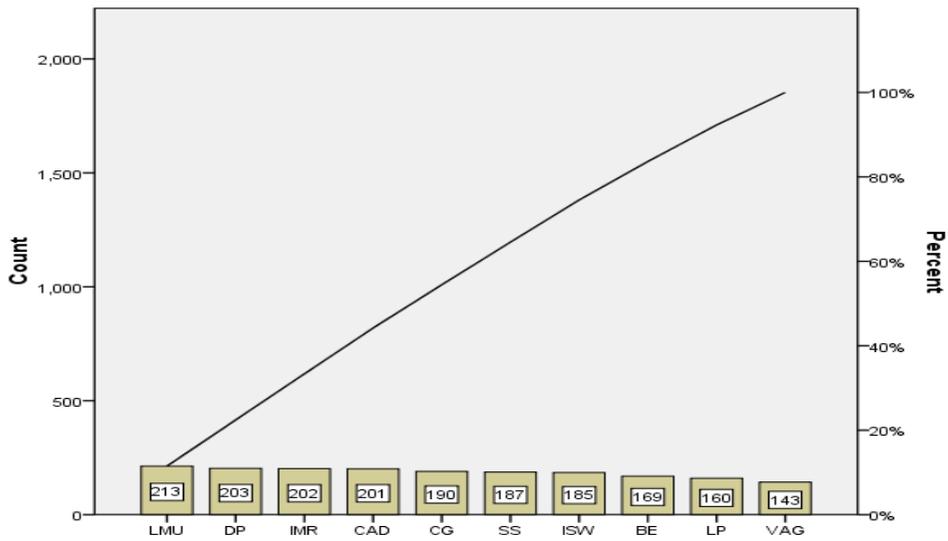


⁷ Ibid

Result of Pareto Analysis GARMENTS

Total (10 Issues): 1853 (100%)

- Suggested: 1482 (80%)
- Taken (7 Issues): 1381 (75%)
- (However 8 Factors were equal to 1550 which was about 84%)



Correlation of Garments

Correlations

			LMU	DP	IMR	CAD	CG	SS	ISW
Spearman's rho	LMU	Correlation Coefficient	1.000	.416**	-.315*	-.132	-.251	-.010	-.063
		Sig. (2-tailed)	.	.005	.035	.386	.097	.946	.681
		N	45	45	45	45	45	45	45
	DP	Correlation Coefficient	.416**	1.000	.156	.247	.345*	.378*	.316*
		Sig. (2-tailed)	.005	.	.306	.102	.020	.010	.035
		N	45	45	45	45	45	45	45
	IMR	Correlation Coefficient	-.315*	.156	1.000	.395**	.207	.329*	.377*
		Sig. (2-tailed)	.035	.306	.	.007	.173	.027	.011
		N	45	45	45	45	45	45	45
	CAD	Correlation Coefficient	-.132	.247	.395**	1.000	.256	.245	.274
		Sig. (2-tailed)	.386	.102	.007	.	.090	.105	.069
		N	45	45	45	45	45	45	45
	CG	Correlation Coefficient	-.251	.345*	.207	.256	1.000	.409**	.550**
		Sig. (2-tailed)	.097	.020	.173	.090	.	.005	.000
		N	45	45	45	45	45	45	45
	SS	Correlation Coefficient	-.010	.378*	.329*	.245	.409**	1.000	.207
		Sig. (2-tailed)	.946	.010	.027	.105	.005	.	.173
		N	45	45	45	45	45	45	45
	ISW	Correlation Coefficient	-.063	.316*	.377*	.274	.550**	.207	1.000
		Sig. (2-tailed)	.681	.035	.011	.069	.000	.173	.
		N	45	45	45	45	45	45	45

** . Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Correlation of Garments

	LMU	DP		CAD	CG	SS	ISW
LMU	1.000	.416	-.315	-.132	-.251	-.010	-.063
DP	.416	1.000	.156	.247	.345	.378	.316
IMR	-.315	.156	1.000	.395	.207	.329	.377
CAD	-.132	.247	.395	1.000	.256	.245	.274
CG	-.251	.345	.207	.256	1.000	.409	.550
SS	-.010	.378	.329	.245	.409	1.000	.207
ISW	-.063	.316	.377	.274	.550	.207	1.000

Conclusions

There is a maximum correlation between CG and ISW which is only 30%, As it is the hard luck of garment sector that among all the sectors of textile industry maximum investment has been made in only spinning and weaving, because mill owners of spinning and weaving earn enough money by exporting their products as a result they do not think about the output that can be generated through value addition So, the garment sector due to the lack of investment searched for only cheaper(low cost) garments. Therefore, by focusing on the investment in garment sector high level of value addition is possible even in branded garments that may be produced by this sector which can enhance the returns of textile industry more than even double.

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