



Statistical Correlation on Internal Issues of Garment Textile industry in Pakistan

Abdul Sattar Shah

Professor-IBA-University of Sindh-Jamshoro

Imdad Ali Khowaja

Assistant Professor, Department of Economics

University of Sindh Jamshoro

Dr. Mohammad Salih Memon

Assistant Professor, Department of Business Administration

Shah Abdul Latif University Khairpur

Muhammad MunirAhmadani

Assistant Professor, Govt.College for Commerce Hyderabad

Abstract: This research investigates the Statistical Correlation on Internal Issues of Spinning Textile industry in Pakistan. Data were collected from various primary as well as secondary sources. It was revealed that after performing Pareto analysis the output shows total counts equivalent to 1853. As it is suggested to take about 80% to solve the overall issues but here the 80% is between 7th and 8th issue. Therefore it is decided to take about 75% through which 7 issues may be selected as shown in the Pareto chart 6-8. However 8 issues are equal to 1482 which is about 84%. Government of Pakistan should formulate the policy that above issues can be resolve.

Key Words: Statistical Correlation, Internal Issues, Garment, Textile industry.

Council for Innovative Research

Peer Review Research Publishing System

Journal: International Journal Of Management & Information Technology

Vol . 10, No 6

editorsijmit@gmail.com

www.ijmit.com



Introduction: 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 Pakistan¹.

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 assembled².

All sorts of readymade garments are made from cotton fabric and synthetic fiber. 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, 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-Lanka³.

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 problems⁴.

World Trade Organization

The World Trade Organization (WTO) deals with the rules of trade between nations at international level. It is termed as an organization for liberalizing trade, a forum for governments to negotiate trade agreements and a place for them to settle trade disputes. It operates a system of trade rules and is a system that helps the member governments in sorting out their trade problems⁵.

The major purpose of WTO is to assist free flow of trade by removing obstacles. Furthermore, the WTO's work is dispute settlement. Trade relations often involve conflicting interests. Agreements, including those painstakingly negotiated in the WTO system, often need interpreting. The most harmonious way to settle these differences is through some neutral procedure based on an agreed legal foundation. That is the purpose behind the dispute settlement process written into the WTO agreements⁶.

The most important and fundamental principle of WTO is non-discriminatory treatment that is known as Most Favoured Nation Treatment (MFN). Any advantage, favor, privilege or immunity granted by one WTO member to another (such as lower customs duty to one) has to be granted immediately and unconditionally to all other members⁷. WTO rules oblige member countries to ensure transparency in their foreign trade regimes by requiring them to publish all laws, regulations, measures and administrative decisions affecting trade. The publication of laws has to be done in a manner that allows importers, exporters, consumers and investors to be aware of them. Transparency is also ensured by requiring member countries to submit periodic notification to the WTO secretariat on different aspects of the trade regime.

Results

Internal Issues of the Garments Sector

Initially there were about 10 issues of Garments Sector that are also presented in figure 6-9 below:

- 1 LMU: Competing countries taking benefit by Labeling the Made-Ups produced from Pakistan
- 2 DP: Higher chance of Defected Production
- 3 IMR: Lack of International Market Research for wakefulness about the global brands
- 4 CAD: Lack of Computer Added Design
- 5 CC: Always searched for the demand of Cheaper Garments
- 6 SS: Most of the business is established in Small Shops, Flats and houses

¹“Garments and Made-Ups (Textile)”, A Report by Small and Medium Enterprise Development Authority SMEDA, Government of Pakistan.

²“Garments and Made-Ups (Textile)”, A Report by Small and Medium Enterprise Development Authority SMEDA, Government of Pakistan.

³ Ibid

⁴ Ibid

⁵ www.wto.com.org

⁶ www.wto.org.com

⁷ Ibid

7 ISW: Huge Investment is made in Spinning & Weaving

8 LP: Obtain Low Price by exporting garments

9 BE: Unable to take Benefits of Exhibitions

10 VAD: Fabrics not suitable for Production of high Value-Added Garments

Issues of Garments

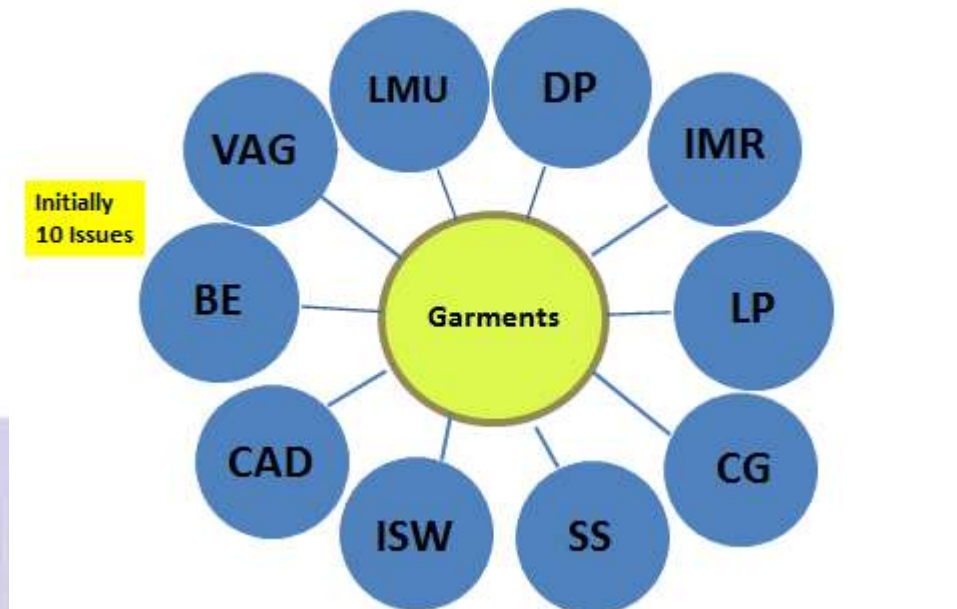
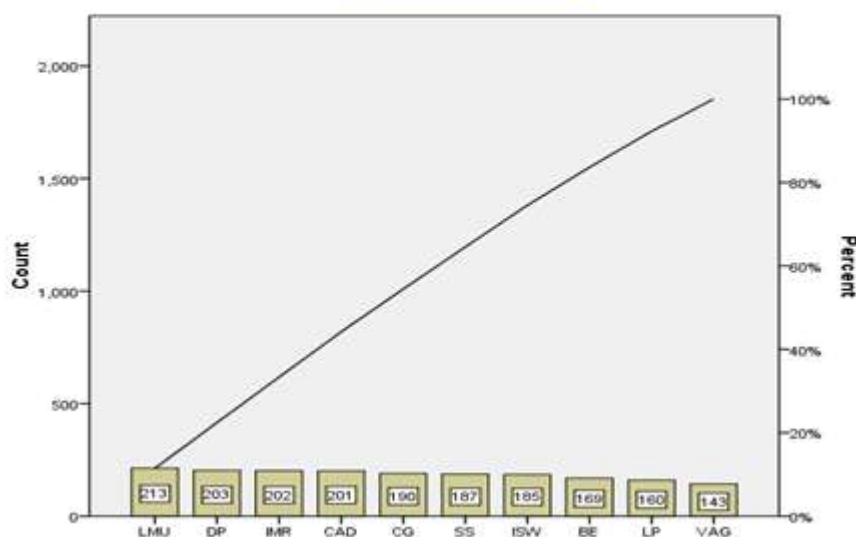


Figure 6-9: Issues of Garments Sector

6.2.4-2 Pareto Analysis on the issues of Garments Sector

Pareto Analysis was performed on the issues of Garments sector by using SPSS and the output is shown in Pareto chart 6-7 below:

Pareto Analysis on GARMENTS



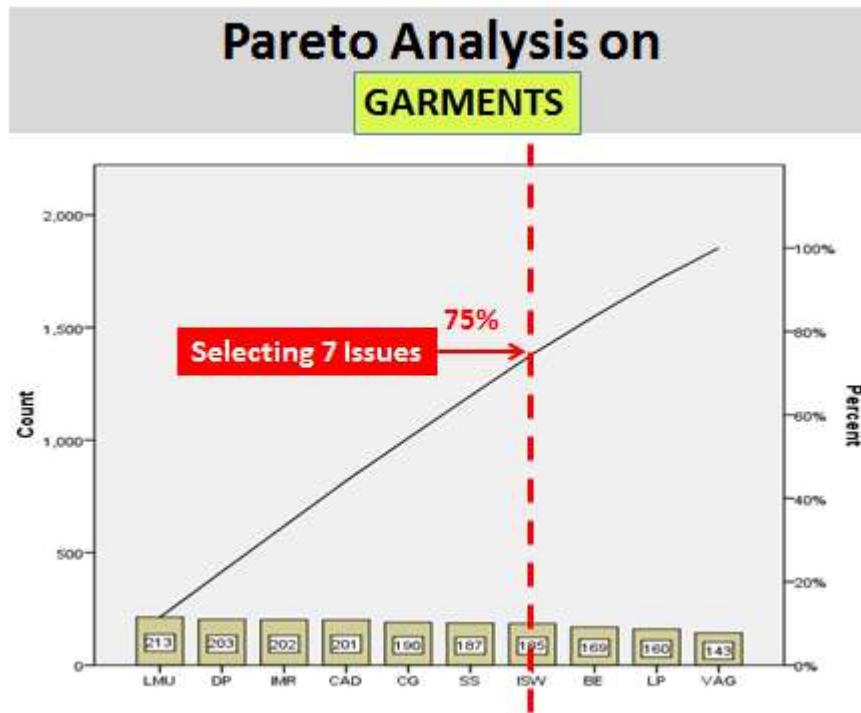


Pareto Chart: Output of Pareto Analysis on Issues of Garments Sector

Result of Pareto Analysis on the issues of Garments Sector

Initially as the issues of Garments Sector were about 10, after performing Pareto analysis the output shows total counts equivalent to 1853. As it is suggested to take about 80% to solve the overall issues but here the 80% is between 7th and 8th issue. Therefore it is decided to take about 75% through which 7 issues may be selected as shown in the Pareto chart 6-8. However 8 issues are equal to 1482 which is about 84%.that may more.

- Total (10 Issues): 1853 (100%)
- Suggested: 1482 (80%)
- Taken (7 Issues): 1381 (75%)



Pareto Chart 6-8: Selected Issues of Garments Sector

Therefore, 7 issues are selected from garments sector that is also presented in figure 6-10 below:

- 1 LMU: Competing countries taking benefit by Labeling the Made-Ups produced from Pakistan
- 2 DP: Higher chance of Defected Production
- 3 IMR: Lack of International Market Research for wakefulness about the global brands
- 4 CAD: Lack of Computer Added Design
- 5 CC: Always searched for the demand of Cheaper Garments
- 6 SS: Most of the business is established in Small Shops, Flats and houses
- 7 ISW: Huge Investment is made in Spinning & Weaving

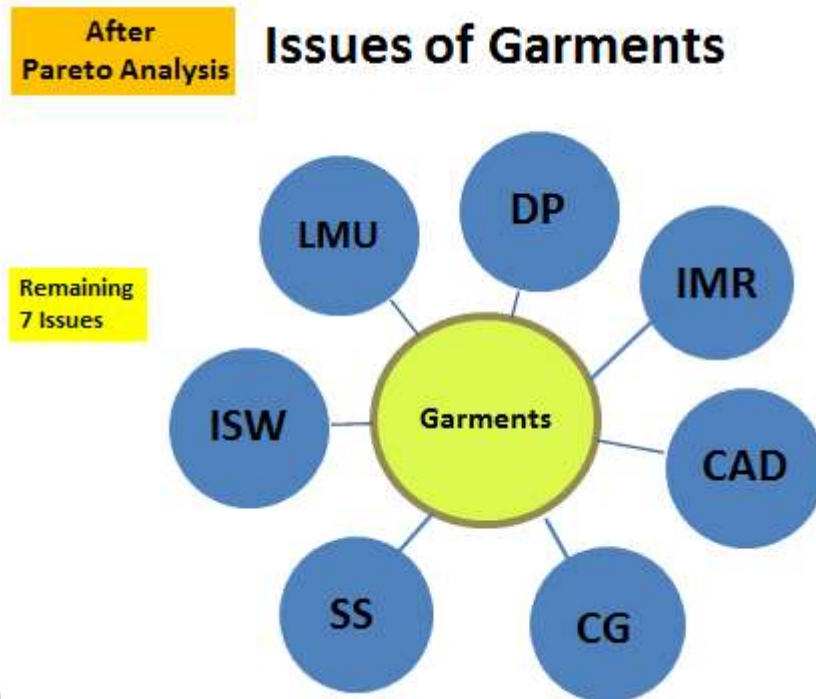


Figure: 6-10: Selected Issues of Garments Sector after Pareto Analysis

6.3 National Issues

Initially there were about 13 issues of Garments Sector that are also presented in figure 6-11 below:

- 1 HCP: High Cost of production
- 2 GDC: Government Departments are thought to be Constraints
- 3 CM: There is no any Collective Method for solving industrial problems
- 4 IIA: Lack of Interaction between Industry and Academia
- 5 STB: Decline in exports is due to the Shifting of Textile Business to other countries
- 6 LF: Lack of Funds to promote textile business
- 7 HRA: Industrialists are Highly Risk-Averse
- 8 LS: Experienced Labors are Shifting to other countries
- 9 RD: Lack of Research&Development
- 10 LTP: Lack of Training Program for textile employees
- 11 HPW: Huge Paper Work is required for exporting
- 12 CN: Changing the Name from EPB to TDA is not the solution
- 13 GCP: Garments City Project cannot be a powerful tool

National Issues

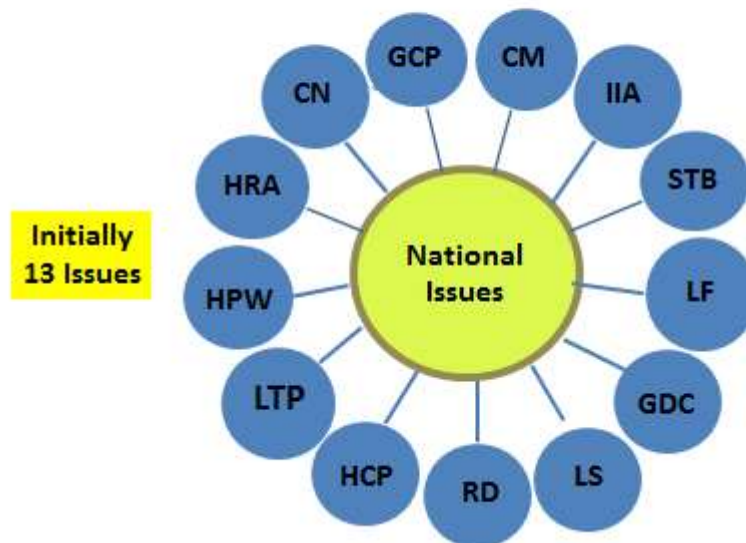
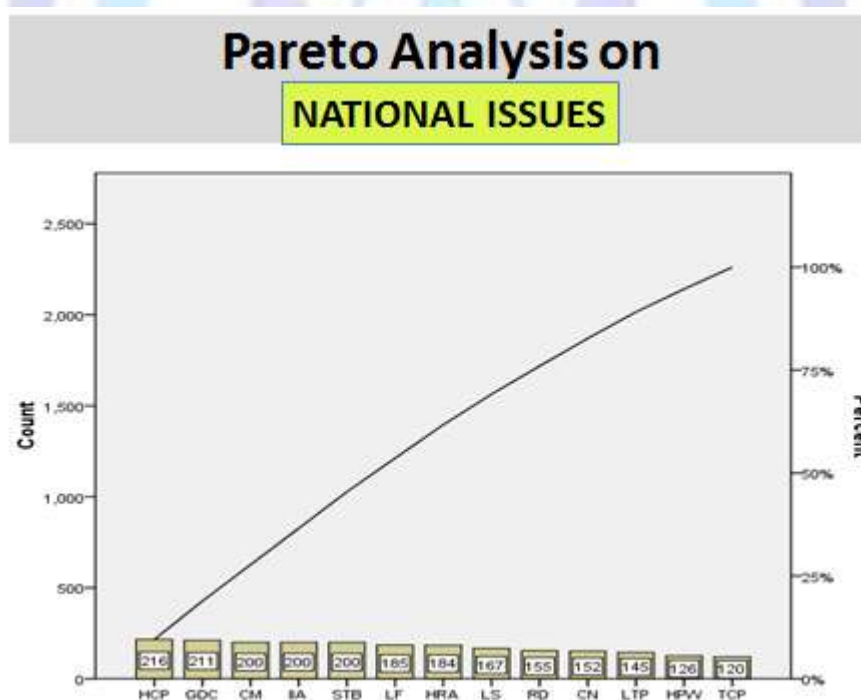


Figure 6-11: Issues of Garments Sector

6.3-1 Pareto Analysis on National Issues

Pareto Analysis was performed on the National Issues by using SPSS and the output is shown in Pareto chart 6-9 below:



Pareto Chart 6-9: Output of Pareto Analysis on Issues of Garments Sector

Conclusion: 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, 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-Lanka⁸.

References

- Rafi K. S., 2005, " Impact of WTO on the Patterns of Trade in Textile & Clothing", Journal of Management and Social Sciences, Vol. 1, No. 2, (Autumn 2005) 204-226
- Sasi A, 2005, "Asian Textile Nations to Join Hands to Rule Global Markets", Business Line, International Edition, Financial Daily from the Hindu Group of Publications Sunday, Sep. 4, 2005.
- Sheikh H, 2005, "Pakistan bed linen exports: Problems & Prospects ", Pakistan Textile Journal
- Viqar S, 2005, " Brand Development and the Role of Designers in WTO ", Pakistan Textile Journal
- Weeraratne B, 2005, "Labour Standards and International Trade : The Case of EU GSP Concessions to Sri Lanka", Working Paper Series No: 8.
- Kashif R. S, 2005, "Impact of WTO on the Patterns of Trade in Textile & Clothing", Journal of Management and Social Sciences, Vol. 1, No. 2, (Autumn 2005) 204-226
- Baig M, 2004, "Global scenario of textiles and position of Pakistan ", Pakistan Textile Journal.
- Haverson K, 2004, "China's WTO accession: Economic, Legal and Political Implications", Journal Contents, (Publication Students Homepage).
- Kelegama, S., 2004, "Ready-Made Garment Industry in Sri Lanka: Facing the Global Challenge", Institute of Policy Studies, Colombo.
- Council Regulation (EC) No 980/2005 of 27 June 2005, "Applying a scheme of generalised tariff preferences", Official Journal L 169, 30/06/2005 P. 0001 – 0043.
- MTFDF (Medium term development Framework 2005 – 10) Planning Commission Government of Pakistan, May 2005.
- United States International Trade Commission (USITC) 2004, Textile and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market, Vol. 1, USITC, Washington, D.C.
- RIS (2004). South Asia Development and Cooperation Report 2004, Research and Information System for Non-Aligned and Other Developing Countries, New Delhi.
- UNCTAD (2003), "The African Growth and Opportunities Act: A Preliminary assessment", (UNCTAD/ITCD/TSB/2003/1).

⁸ Ibid