

**A STUDY ON PROBLEMS AND PROSPECTS OF SMALL SCALE  
GARMENTS TEXTILE UNITS IN TIRUPUR CITY**

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**ABSTRACT**

*Textile sector is the most important and one of the largest manufacturing sector in the country and also it played a major role in exporting the products. The growth of the industries in Tirupur has also faced many problems in its journey in terms of industrial organization, city infrastructure, natural raw material sources, workforce organization, pollution, electricity problem etc., and the industry has taken efforts at times to solve the problems. The focus of the study is on the garment textile units and their problems, the measures taken by the garment textile units and extent of support provided by government regarding the problems. The factors which may create the problems for garment textile units are, Technology, Irregular electricity supply, Labour, Export duties, Closing of dyeing units and increase in yarn prices. This has been taken as the main focus for the study. The views of Proprietors belonging to different strata of Tirupur city are taken into account in this study.*

**Introduction**

The Textile industry occupies an important place in the Economy of the country because of its contribution to the industrial output, employment generation and foreign exchange earnings. The textile industry encompasses a range of industrial units, which use a wide variety of natural and synthetic fibres to produce fabrics. The textile industry can be broadly classified

into two categories, the organized mill sector and the unorganized mill sector. Considering the significance and contribution of textile sector in national economy, initiative and efforts are being made to take urgent and adequate steps to attract investment and encourage wide spread development and growth in this sector. The **Textile Industry** or **Apparel Industry** is primarily concerned with the production of yarn, and cloth and the subsequent design or manufacture of clothing and their distribution. The raw material may be natural or synthetic using products of the chemical industry

Tirupur is the seventh largest city in Tamil Nadu (India) and is one of the fastest developing cities in the state. Popularly referred to as "Dollar City" or "Small Japan" or "Banian City" it excels in knitted ready-made garments. Yet, at first glance, nothing about Tirupur can make one believe that this town earns an annual \$1200 million plus in foreign exchange. This is because the state government and local municipal authorities have been too slow to cope with this dynamic growth. The uniqueness of Tirupur's work culture has made it difficult for the big Indian textile giants to enter and capture a large market share.

### **Statement of the Problem**

Textile sector is the most important and one of the largest manufacturing sectors in the country and also it played a major role in exporting the products. But now the economic conditions of our country, the textile industries were highly affected. Not only economic conditions, various problems are there which may affect the growth of the textile sector. Few of the problems are Manual handling, Inflation, Government Regulations, Lack of innovation, Lack of Government support, Heavy Taxes and Duties, Often increasing yarn price, petrol and diesel prices, and electricity charges, Suddenly Closing of dyeing units, Often irregular electricity supply, high cost of latest technology machines, Labour Turnovers, Much procedure for getting Credit Facilities, Rate of interest was too high and so on...

These problems often faced by the textile industries and especially the Garment units experienced it lot. Therefore, this study attempts to find out the measures taken by the garments units regarding the problems and also at what extent government support was there for garments units and how could avoid or over come from these problems in future and find the measures or remedies for the problems which could be eradicate in future. Hence, the topic "A study on

problems and prospects of small scale garment textile units with special reference to Tirupur city” has been taken for this study.

### **Objectives of the Study**

- To study the problems faced by various Small Scale Garments Textile unit in Tirupur.
- To find the various measures adopted by them to overcome from their problems.
- To identify the extent of support provided by the government to overcome from the problems.

### **Methodology of the Study**

The study has been conducted in Tirupur city. Primary data has been collected from various proprietors whose capital is limited to 30 lakhs and less than 5 crores doing business in Tirupur city. A sample of 150 proprietors has been selected for the study by using the Purposive Sampling method.

### **Problems in Textile Industries**

The main problems and difficulties faced by the Tirupur Garment industry relate to raw material availability, pricing, subsidiary and ancillary industries like processing units, labour, taxation and other law-enforcing agencies.

**Raw Material availability:** Raw material availability is a vital area for any industry, whereas uncertainty prevailing in India with respect to the major raw materials, namely, cotton and yarn, etc., the undue and frequent price fluctuations, the mismatch between supply and demand, lack of proper forecasting of political decisions and other commitments.

**Pricing:** Compared to other countries the production costs are much higher in Tirupur, and the Tirupur exporters find it difficult to compete with other countries. For example, in Bangladesh they are able to quote prices that are lower by 17 percent, thus securing very good export orders. In Tirupur, the knitting, processing and finishing units are scattered all over, whereas other countries are run under one-roof.

**Fuel:** Compared to other countries, the higher fuel cost in India mainly Tirupur is a major drawback. The duties and taxes on petroleum products are also higher in India especially in Tirupur.

**Processing units:** Processing units are located at different places; lately discharge of effluents has proved another problem. The government is well aware of the situation that existed for over four decades, and all of a sudden industrial units were put under pressure. While the units are tiny in nature they are asked to have effluent treatment plants.

**Labour:** Unlike other countries labour has become a very sensitive area to handle in Tirupur. Skilled labour in the basic, requirement. Some big industries spend huge time and money on training, but unfortunately there is no assurance or binding on the part of trained labour to continue to work in one place.

**Taxation and other laws:** The bureaucracy in India, particularly the customs and excise, income tax, foreign trade, etc., is in general not happy with any business community, particularly exporters. The rules and regulations and policies of one ministry are contradictory to those of another. Different interpretations are made and objections raised. Show case notices are issued by the officials, and the entrepreneurs a38.7 % of respondents are in the age group of 31-40 years and majority (82 %) of respondents are Male and 36.7 % of the respondents are undergraduates.

## **Findings of the Study**

### **General and Business Profile of the Respondents**

- 58.7 per cent of the respondents are sole traders and 62.7 % of the respondents are doing Export business. 48.7% of the respondents' capital amount is between 30 lakhs to 50 lakhs and 44.7% of the respondent's annual turnover is between Rs. 10 lakhs to 25 lakhs.
- 53.3% of the respondents are the member of Tirupur Export Associations and 40.7 % of the respondents placing their order directly. Most (57.3%) of the respondents are have 50 to 100 employees for doing their business and 47.3% of the respondents felt that their employees performance is fair and 40.7 % of the respondents agreed that their employees don't have enough of skills and experience in doing their works.

- 42.0 % of the respondents following Piece rate method to pay the wages and 51.3 % of the respondents are selecting their employees on Contract basis.

### **Problems Faced**

- Majority (74.7 %) of the respondents facing problem due to irregular electricity supply and 60.0 % of the respondents agreed that their volume of production was reduced due to irregular electricity supply. 73.3 % of the respondents are using generator as an alternative to overcome the irregular electricity supply.
- 49.3 % of the respondents keep buffer stock of cotton in order to avoid purchase of yarn when its price increasing. 49.3% of the respondents are highly facing the Production problems due to closing of dyeing unit and 30.7% of the respondents are using Reverse osmosis as a remedy for water pollution created by the dyeing units
- 47.6 % of the respondents are affected by the export quantity restrictions while exporting their goods. Most (66.7 %) of the respondents are suggested that Export business is beneficial for doing business and 61.3% of the respondents are obtained various concession provided by the government while exporting their goods.

### **Government Regulations**

- 57.6% of the respondents have got concession of reduced export taxes from the government while exporting the products. 55.0% of the respondents are using Zero Disposal (Reverse Osmosis) as a measure to overcome the problem of closing of dyeing units with the help of Government. 38.0 % of the respondents are satisfied with the measures provided by the government and most (66.7%) of the respondents are felt that conditions imposed by the government should be changed in upcoming years. 51.3 % of the respondents have got financial incentives from the government in order to overcome the electricity problem

### **Z – Test**

Z test has been applied to find the significant difference between nature of business and employees performance

**Nature of Business and Employees Performance**

**Hypothesis (H<sub>0</sub>):** “There is no significant difference between nature of business and employees performance”.

**Table-1 Nature of Business and Employees Performance**

Nature of company	N	Mean	Std. Deviation	Z <sub>0</sub>	df	Sig
Partnership	88	3.76	0.743	-0.237	148	.813
Soletradership	62	3.79	0.727			

**Source: Computed**

The mean ranges between 3.79 and 3.76. The highest mean value is found among Soletradership. They have highest satisfaction level, implies that the performance of employees are highly satisfied by the soletradership business when compared to Partnership business. Since the table significant 0.813 is greater than the 0.05 level of significance, there is no significant difference between nature of business and employees performance. Hence, the null hypothesis is accepted.

**Garrett’s Ranking**

Garrett’s ranking technique is used to find out the most significant factor which influences the respondents

**Table-2 Factors affecting the growth of the business**

Factors		1	2	3	4	5	6	7	Total	Rank
	scores	78	66	57	50	43	35	22		

	(x)									
Technology	(f)	38	22	23	17	21	12	17	8274	2
Up gradations	f(x)	<b>2964</b>	<b>1452</b>	<b>1311</b>	<b>850</b>	<b>903</b>	<b>420</b>	<b>374</b>		
Labour Problems	(f)	42	34	17	21	12	9	15	8700	1
	f(x)	<b>3276</b>	<b>2244</b>	<b>969</b>	<b>1050</b>	<b>516</b>	<b>315</b>	<b>330</b>		
Inadequate capital	(f)	24	30	14	18	15	28	21	7637	3
	f(x)	<b>1872</b>	<b>1980</b>	<b>798</b>	<b>900</b>	<b>645</b>	<b>980</b>	<b>462</b>		
Export Duties	(f)	22	19	24	17	16	25	27	7345	4
	f(x)	<b>1716</b>	<b>1254</b>	<b>1368</b>	<b>850</b>	<b>688</b>	<b>875</b>	<b>594</b>		
Shipments	(f)	8	15	29	29	21	27	21	7027	6
	f(x)	<b>624</b>	<b>990</b>	<b>1653</b>	<b>1450</b>	<b>903</b>	<b>945</b>	<b>462</b>		
Government regulations	(f)	8	18	26	25	30	23	20	7079	5
	f(x)	<b>624</b>	<b>1188</b>	<b>1482</b>	<b>1250</b>	<b>1290</b>	<b>805</b>	<b>440</b>		
Inflation	(f)	10	12	16	23	34	26	29	6644	7
	f(x)	<b>780</b>	<b>792</b>	<b>912</b>	<b>1150</b>	<b>1462</b>	<b>910</b>	<b>638</b>		

**Source: Computed**

From the above table it is inferred that the respondents have given rank 1 for Labour problems, it is the main factor which affecting the growth of the business, followed by rank 2 for Technology Up gradations and rank 3 for Inadequate Capital. The respondents have given rank 4 for Export Duties, rank 5 for Government Regulation and rank 6 for Shipments. The least rank (rank 7) is given for Inflation. These are the rankings given by the respondents for the various factors affecting the growth of the business.

**Table -3 Changing of Rules imposed by government**

Factors	scores (x)	1	2	3	4	5	Total	Rank
		(f)	24	31	34	26		
Export Duties	f(x)	<b>1992</b>	<b>2976</b>	<b>2618</b>	<b>1352</b>	<b>1075</b>	10013	5

Import Restrictions	(f)	42	34	22	31	21	10959	3
	f(x)	<b>3486</b>	<b>3264</b>	<b>1694</b>	<b>1612</b>	<b>903</b>		
Reducing Interest rate for financial loan	(f)	27	39	34	27	23	10996	2
	f(x)	<b>2241</b>	<b>3744</b>	<b>2618</b>	<b>1404</b>	<b>989</b>		
Technology Upgradation Fund	(f)	38	34	33	24	21	11110	1
	f(x)	<b>3154</b>	<b>3264</b>	<b>2541</b>	<b>1248</b>	<b>903</b>		
Support for Research and development	(f)	16	25	39	39	31	10092	4
	f(x)	<b>1328</b>	<b>2400</b>	<b>3003</b>	<b>2028</b>	<b>1333</b>		

The above table shows that the respondents opinion of changing the rules imposed by the government. The respondents have given rank 1 for Technology Upgradation fund, followed by rank 2 for Reducing Interest rate for financial loan, rank 3 for Import restriction. The respondents have given rank 4 for Support fond Development. The least rank (rank 5) is given for Export Duties. These are the rankings given by the respondents for the opinion of changing the rules imposed by the government.

### Suggestions

- ✓ Dyeing problem is the major problem which may hinder the growth of economy for the past few years. The Measures have taken by the Government should be strictly followed by the Companies.
- ✓ Another problem is irregular electricity supply, due to this problem companies are not able to finish their production in time and resulted in cancel of various orders and leads to severe economical loss. So the government can take various remedies to overcome problems.
- ✓ Government Should stop the export of cotton to other countries up to certain limit in order to avoid the problem of increasing yarn prices. Companies should give proper training for their employees and improve the quality of their work. In order to retain them the companies should concentrate more on employee welfare.



### **Conclusion**

The analysis of Problem and Prospects of Small Scale Garments Textile Unit is a complex process because this involves human beings whose behavior is subject to swing. The study reveals that Garment textile units facing problems such as, labour related problems, electricity, dyeing, hike of yarn price and high taxes. It is further revealed that the production capacity is very low due to lack of training, skills, experience, and low educated employees. Therefore both Government and Proprietors should take necessary steps and measures to avoid above problems and develop the Garments textile units. There is an immense future for Garment Textile units in upcoming years.

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