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Role of Textile Industry in Boosting up the Economy of Pakistan

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Abstract
This study is planned to investigate the textile production in the state and its looming efficiency along with many other issues that has influence on the textile industry of Pakistan. This learning enlightens the financial possessions of the textile business in the realm entirely.The purpose of this study is to realize the reason behind the declining of textile industry and we have completed this research with the help of primary data as well as secondary data. The major concern is being found that policies were not in favor to make positive changes in the industry and it directly affects our export worldwide. We also have deeply examined the impact of taxes and duties, obsolete technology, R&D, and energy crisis on the "Growth of Textile industry of Pakistan". Further included that, if state will work to overcome all these matters then we certainly will chase our competitors and can be able to export raw material globally at cheap prices. By this research, we have acknowledged about this fact that Pakistan is the country which is blessed with resources but rules and policies are not implementing properly to deal with these hurdles. We have provided some recommendations to government and owners of textile industry of Pakistan that would be beneficial for them.
Keywords: Energy crisis and R&D Taxes and duties , Resources and policies, Competitors

INTRODUCTION

Textile industry has subsisted the elevation of Pakistan's economy. It dedicates additional than 60% to the total export earnings of the country, accounts for 46% of the total manufacturing and offering employment to 38% of the developed work force and contribute 9% of GDP. Surely, by sending abroad for attaining about $8.6 billion in 2004-05, Pakistan is the massive textile exporter in the globe. Even though it has laying hold of our 60% of addition sell overseas which has huge contribution in sell worldwide but our involvement in entire globe export by observance to textile sector is purely 3%. Textile industry comprises multiplicity of crop extensity as cotton wool to knitted garments.

The purpose of this research is to discover out the problems and completion met by textile industry and we also have provided some recommendations for development of this sector.

In this research we are determining the impact of energy crises in textile industry, ascertaining the problems that arise because of lacking in research and development and covering the issues related to taxes and duties that executes in this sector and also describing obsolete technology.

It was originated that Pakistan doesn't have the considerable upshot of the execution of WTO on its textile industry (TATHEER ZAHRA)

"Neither Pakistan nor are the exporter capable to move abroad for successfully advertising their goods. Through an in-depth examination it was originate that the Pakistan's textile sector can over again brought back on endearing track if state takes severe actions in eradicating or regularizing the above talk about hurdles." (MEHREEN KHAN AND AFTAB ALAM)

SIGNIFICANCE

This research would be beneficial for Government sectors to make their policies more effective and this lead to focus on actual criteria for textile sector to work on. This research might be important for researchers to focus on these independent variables that need to be resolved. Textile industry should have to keep going on its quality and timely supply of raw material will assist this sector to again reach on boom.

SCOPE

After this research we would be able to conduct an effective research on non agricultural crops cultivation, high exports tariffs, proper need of energy in industrial production, literacy in labors/skilled labor role in high production, hurdles found in supply chain management, proper need of research and development projects, proper allocation of finance in textile sectors, government policies implementation and high taxes and tariff barriers on import, relaxation on import of machinery, poorer usage of raw material in producing finished goods.

- This research would be helpful to research students.
- This would create huge awareness to Government sectors to work on related problems & lacking in policies implementation.
- This would be a guild line to textile dealer to work on these variables and solve their problems.
- This would be useful to industrialist to help in ascertaining programs related to textile sectors.
- This assures government to look forward on initial problem creating factors and making their further policies more effective.
- This also leads to favor new researches.
- This would be beneficial for farmers to focus on our non-agricultural cultivation; this leads our cotton production better than ever.

METHODOLOGY

The population is comprised of the textile companies all over Pakistan and the sample is consisted of 30% of the total population i.e. around 50 textile companies.

y= x^2+ax+bx+cx+dx+€

Where;

y= growth of textile industry

x^2= constant

ax= energy crisis

bx= taxes and duties

cx= R&D

dx=modernized equipment

€= Error term

We researched on "Growth of textile industry of Pakistan" and used primary data to get out opinions of general public, managers of different organization, analyst and researchers by questionnaire. We have performed step by step tasks and worked on regression analysis to find out results.

INFERENTIAL STATISTICS

1. Regression

Variables Entered/Removed[a]			
Model	Variables Entered	Variables Removed	Method
1	Cost_of_production, Inflation, Energy_crisis, Utility_prices[b]	.	Enter
a. Dependent Variable: Export_of_raw_material b. All requested variables entered.			

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.418[a]	.175	.102	.395
a. Predictors: (Constant), Cost_of_production, Inflation, Energy_crisis, Utility_prices				

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.487	4	.372	2.384	.065[b]
	Residual	7.013	45	.156		
	Total	8.500	49			

a. Dependent Variable: Export_of_raw_material
b. Predictors: (Constant), Cost_of_production, Inflation, Energy_crisis, Utility_prices

Hypothesis:
Ho: There is no relationship between exports of raw material,cost of production,inflation,energy crises and utility prices.
HA: There is a significant relationship between export of raw material, cost of production, inflation, energy crises and utility prices.
Interpretation: Reject Ho and accept HA because .065 is greater than 0.05.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.746	1.026		1.702	.096
	Energy_crisis	.185	.159	.164	1.163	.251
	Utility_prices	.140	.124	.172	1.135	.262
	Inflation	.331	.144	.315	2.306	.026
	Cost_of_production	-.110	.127	-.131	-.868	.390

a. Dependent Variable: Export_of_raw_material

Equation:
X^2+ .185+.140-.331-.110**Interpretation on beta coefficient:**
There is a direct relationship between energy crises and export of raw material.
There is a direct relationship between utility prices and export of raw material
There is a direct relationship between inflation and export of raw material.
There is an indirect relationship between cost of production and export of raw material.

2. Regression

Variables Entered/Removed[a]			
Model	Variables Entered	Variables Removed	Method
1	Office_Automation, Reserach_and_development, Modernized_equipment[b]	.	Enter

a. Dependent Variable: Export_of_raw_material
b. All requested variables entered.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.290[a]	.084	.024	.411

a. Predictors: (Constant), Office_Automation, Reserach_and_development, Modernized_equipment

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.713	3	.238	1.403	.254[b]
	Residual	7.787	46	.169		
	Total	8.500	49			

a. Dependent Variable: Export_of_raw_material
b. Predictors: (Constant), Office_Automation, Reserach_and_development, Modernized_equipment

Hypothesis:
Ho: There is no relationship between exports of raw material, R&D, modernized equipment and office automation.

HA: There is a significant relationship between export of raw material, R&D, modernized equipment and office automation.

Interpretation: Reject Ho and accept HA because .254 is greater than 0.05.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.776	.935		2.969	.005
	Reserach_and_development	.242	.152	.226	1.594	.118
	Modernized_equipment	-.090	.121	-.107	-.746	.460
	Office_Automation	.125	.127	.141	.983	.331

a. Dependent Variable: Export_of_raw_material

Equation:

X^2-0.090 +0.125+.242

Interpretation on beta coefficient:

There is a direct relationship between R & D and export of raw material.

There is a indirect relationship between modernized equipment and export of raw material

There is a direct relationship between office automation and export of raw material.

3. Regression

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Competition, Delay_in_production, Law_and_Order_Situation, Globalization_effect, Role_of_brokers, Supply_chain_management[b]	.	Enter

a. Dependent Variable: Export_of_raw_material
b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.434[a]	.188	.075	.401

a. Predictors: (Constant), Competition, Delay_in_production, Law_and_Order_Situation, Globalization_effect, Role_of_brokers, Supply_chain_management

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.601	6	.267	1.663	.153[b]
	Residual	6.899	43	.160		
	Total	8.500	49			

a. Dependent Variable: Export_of_raw_material
b. Predictors: (Constant), Competition, Delay_in_production, Law_and_Order_Situation, Globalization_effect, Role_of_brokers, Supply_chain_management

Hypothesis:

Ho: There is no relationship between exports of raw material, law and order situation, delay in production, globalization effect, role of brokers, supply chain management and competition.

HA: There is a significant relationship between export of raw material, law and order situation, delay in production, globalization effect, role of brokers, supply chain management and competition .

Interpretation: Reject Ho and accept HA because .153 is greater than 0.05.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.503	1.070		3.275	.002
	Law_and_Order_Situation	-.189	.087	-.310	-2.189	.034
	Supply_chain_management	.283	.173	.248	1.643	.108
	Role_of_brokers	-.010	.103	-.015	-.101	.920
	Delay_in_production	-.144	.095	-.215	-1.523	.135
	Globalization_effect	.181	.198	.138	.913	.367
	Competition	-.034	.105	-.049	-.321	.750

a. Dependent Variable: Export_of_raw_material

Equation:

X^2 -.189+.283-.010-.144+.181-0.34

Interpretation on beta coefficient:

There is an indirect relationship between Law and Order Situation and export of raw material There is a direct relationship between Supply chain management and export of raw material

There is an indirect relationship between Role of brokers and export of raw material.

There is an indirect relationship between Delay in production and export of raw material.

There is a direct relationship between Globalization effect and export of raw material,if Globalization effect increase it will increase export of raw material.

There is an indirect relationship between Competition and export of raw material.

4. Regression

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Taxes_and_Duties, Budget_allocation, Policies_implimentation, Statistics, Subsidy[b]	.	Enter

a. Dependent Variable: Export_of_raw_material
b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.113[a]	.013	-.099	.437

a. Predictors: (Constant), Taxes_and_Duties, Budget_allocation, Policies_implimentation, Statistics, Subsidy
b. Dependent Variable: Export_of_raw_material

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.109	5	.022	.114	.989[b]
	Residual	8.391	44	.191		
	Total	8.500	49			

a. Dependent Variable: Export_of_raw_material
b. Predictors: (Constant), Taxes_and_Duties, Budget_allocation, Policies_implimentation, Statistics, Subsidy

Hypothesis:
Ho: There is no relationship between exports of raw material, policies implementation, taxes and duties, budget allocation, statistics and subsidy.
HA: There is a significant relationship between export of raw material, policies implementation, taxes and duties, budget allocation, statistics and subsidy.
Interpretation: Reject Ho and accept HA because .989 is greater than 0.05
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.285	1.133		3.781	.000
	Budget_allocation	-.074	.234	-.051	-.318	.752
	Statistics	.045	.122	.059	.372	.712
	Policies_implimentation	-.071	.123	-.091	-.577	.567
	Subsidy	-.005	.104	-.007	-.046	.964
	Taxes_and_Duties	.008	.114	.011	.074	.942

a. Dependent Variable: Export_of_raw_material

Equation:
X^2-.074+.045-.071-.005+.008

Interpretation on beta coefficient:

There is indirect relationship between Budget allocation and export of raw material.
There is direct relationship between Statistics and export of raw material.
There is indirect relationship between Policies implementation and export of raw material.
There is indirect relationship between Subsidy and export of raw material.
There is direct relationship between Taxes, Duties and export of raw material.

RESULTS

CONCLUSION

Textile business is the strength character of the Pakistan's financial system. Pakistan is departing all the way through the toughest era of decade. The global downturn which has strike the worldwide textile actually hard is not the reason for concern. All aspect boosts the price of fabrication which dwindle the overseas selling, as a result rising idleness level. Pakistan's textile business is deficient in research & development (R & D).The fabrication patentability is extremely stumpy owed to outmoded equipment & machinery. Moreover, dual figure price rises and elevated charge of investments has dangerously exaggerated the expansion in the yard goods trade. There is requirement to concentrate towards feature controlling as our fiber and clothing goods from better count up are exceedingly defenseless to intercontinental rivalry.

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