

# Problems of Textile Industry in Karur Town

<sup>1</sup>Prof. Dr. A. Jelince Dhinakar & <sup>2</sup>Mrs. K. S. Kavitha

<sup>1</sup>Assistant Professor of Business Administration, Chikkanna Govt. Arts College, Tirupur (India)

<sup>2</sup>Assistant Professor of Business Administration, Sri Sarada Niketan College of Science for women, Karur (India)

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### \*Corresponding Author

Email: kskavisasi[at]gmail.com

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## ABSTRACT

Textile Industry in India is the second largest employment generator after agriculture. It holds significant status in India as it provides one of the most fundamental necessities of the people. The textile sector in Tamil Nadu has been growing fast due to the competitive advantages developed by the sector. However, the balanced development of this industry in "Karur," a major textile hub and a town of Tamil Nadu is not that much significant due to various problems. Analyzing the problems of manufacturers would be very much useful to take preventive measures. Identifying the own production problems, managerial problems, marketing problems and financial problems would also help the textile authorities to provide valuable suggestions to the manufacturers and exporters of this industry. Further, studying the problems related to the individual companies is much essential for raising their standard and would also help the textile units to reduce their ravages and earn more profit. With a view to address these needs, a study on the problems of textile companies located in Karur was conducted by the authors of this paper during the year 2017. Some of the major issues and basic problems affecting this sector's balanced development in this town are explained in this paper.

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## 1. Introduction

The Indian Textile industry has a significant presence in the economy as well as in the international textile economy. Its contribution to the Indian economy is manifested in terms of its contribution to the industrial production, employment generation and foreign exchange earnings. It contributes 20 percent of industrial production, nine percent of excise collections, 18 percent of employment in the industrial sector, nearly 20 percent to the countries total export earnings and four percent to the Gross Domestic Product.

The textile industry occupies a vital place in Indian economy and contributes substantially to its exports earnings. Textiles exports represent nearly 30 percent of the country's total exports. It has a high weight age of over 20 percent in the National Production It provides direct employment to over 15 million persons in the mill, power loom and handloom sectors. India is the world's second producer of textiles after china. It is the world's third largest producer of cotton-after China and the USA and the second largest cotton consumer after China.

## 2. Textile Industry in Tamil Nadu

Textile industry is one of the traditionally well-developed industries in Tamil Nadu. Tamil Nadu has a strong production base and accounts for about 1/3<sup>rd</sup> of Textile production in the country. The net value addition in Textile industry in Tamil Nadu is about 37.5 percent, the highest in the country. The Textile mills are concentrated in Coimbatore, Tirupur, Salem, Palladam, Karur and Erode. Tamil Nadu has around 3,50,000 power looms manufacturing cotton fabrics and accounts for about 30 percent of India's export of textiles products. The Erode district in Tamil Nadu is well known for marketing of textile products of handloom, power loom and readymade garments.

The Textile Industry of Tamil Nadu has a significant presence in the national and state economy. It is the forerunner in industrial development and in providing massive employment in the State. Hand loom, power loom, spinning, processing, garment and hosiery are the various sectors of the Textile Industry in Tamil Nadu. It is the largest economic activity next to agriculture in providing direct and indirect employment. Handloom sector occupies a place of pride in preserving the country's heritage and culture and plays a vital role in the economy of the country. It has a long traditional par excellence it its craftsmanship. The power loom sector in Tamil Nadu has also been playing an important role in meeting the clothing needs of the people. The power Loom Sector in Tamil Nadu is next only to Maharashtra in terms of number of looms. The textile sector in Tamil Nadu is predominantly in the private sector, spinning oriented and labour-intensive because of the preponderance of the decentralized sector in most of the segment of the industry.

## 3. Textile Industry in Karur

Karur is famous for its home textiles. Karur has a niche in five major product groups bed linens, Kitchen linens, toilet linens, table linens and wall hangings. Overall Karur generates around \$300 million dollars a year in foreign exchange through direct and indirect exports. Allied industries like ginning and spinning mills, dyeing factories, weaving etc employs around 200000 people in and around Karur.

An industrial promotion council, under the guidance of the district administration, has been formed for the textile industry in Karur. This will initiate co-ordinated measures aimed at the industry development. The forum, Karur Textiles promotional council, comprising representatives of different textile trade bodies and local officials of the state and central Government

departments concerned with the textile industry, will work in unison with the local industry and the government departments to meet the needs of the industry.

#### 4. Problems Faced by the Textile Industry

The textile industry is reeling under manifold problems. The major problems are:

- Sickness
- Obsolescence
- Government Relations
- Low yield and fluctuation of cotton output
- Competition from Man-made Fibres
- Competition from other countries
- Labour Problems
- Accumulation of Stock
- Other Problem like power cuts, infrastructure problems, lack of finance, exorbitant rise in raw material prices and production cost etc.,

#### 5. Statement of the Problem and the Need for the Study

A number of textile firms for the past few years in Karur have been finding it difficult to solve the increasing problems in production, marketing, finance and management. The textile process has also been facing difficulties in specific areas for each task. Precautionary measures are required of the workers in the industry's most dangerous zones. Textile problems usually happen in packaging areas and those close to grilling and carding. Problems also persist in storage, dispatch, weighing and quality control departments. These problems, though technical, needs to be addressed from the side of organizational structure, entrepreneurship, and motivation. Majority of firms pays little attention to sort out the technical and managerial problems. They have not realized that identifying the problems and rectifying them contributes to their success. Since the operations of textile industry in Karur is rather extensive in spite of their slump growth, it is apt to consider such a study in order to find out what the peculiar problems that firms face in this industry at Karur and say what can be done by the proprietors to solve them and have a up surging growth.

#### 6. Objectives of the Study

1. To analyse the organizational pattern of textile units in Karur
2. To analyse the motivational factors of textile manufacturers in Karur and suggest ways and means to improve performance
3. To assess and comment on the various issues tied to the determinants of production and productivity
4. To analyze the marketing, managerial and trading problems of the textile units in Karur
5. To identify the most crucial problems of the industry and offer practical suggestions

#### 7. Research Methodology

Karur, a district of the state Tamil Nadu, a renowned place for a blend of textile businesses has been chosen for the conduct of the study. The textile industry in Karur nearly comprises of fifty-five (55) per cent exporters who belong to

Karur Export Association (KEA). Currently six hundred and fifty (650) units are actively engaged in exporting and related production processes. A certain per cent of the above units have been selected as sample for the study. Both primary and secondary sources of data were utilized for the study. Primary data was collected by means of administering a questionnaire to the manufacturers. Secondary data were collected from various publications, periodicals, journals and websites to comment on the industry. The nature of the study is descriptive and analytical in nature.

#### 8. Sampling

One hundred and fifty (150) textile organizations were randomly selected for the study. Based on simple random sampling, these units were selected for collecting the primary data. These units were spread across the district of Karur. Questionnaires were issued to the officials of these organizations. The researcher was able to collect only one hundred and forty (140) questionnaires. Further fifteen (15) questionnaires were discarded due to incompleteness and other reasons of biasness and irrelevancy. Hence, analysis, inferences and implications of the primary data of this study is based on the responses to one hundred and twenty-five (125) questionnaires which were found in perfect order

#### 9. Statistical Tools Used

The data are tabulated and analyzed keeping in view the objectives spelt out and hypotheses formulated. Percentage Analysis, simple ranking and Chi – Square Tests have been used for analyzing the primary data and arriving at meaningful inferences.

#### 10. Scope and Limitations of the Study

The study based on survey through pre-designed questionnaire suffers from the basic limitation of the possibility of difference between what is recorded and what is the truth. The study and the inferences made are specific to the textile units of the industry in Karur. The study explores the problems of textiles businesses in this district. Specific focus has been laid on only a few prominent aspects of marketing, managerial, production and trading problems. The outcome of the study may be moderately applicable to the textile industry in other parts of the country operating businesses in similar conditions with similar background.

#### 11. Review of Literature

Deepti Rajan (2011) has commented that the cotton and yarn prices are a perpetual matter of dispute between the industry associations representing the producers of these two materials and those representing the units that make textiles. The government is often beseeched by one or the other of these groups to either tighten or loosen export controls over cotton and yarn to adjust domestic prices.

Thulasidharan (2010) Chairman, The Southern India Mills Association (SIMA), has said that the spinning mills in Tamil Nadu is already in a disadvantageous position due to the absence of raw material base, incurring Rs.4 to Rs.5 per kg for bringing the cotton from the state like Gujarat selling over 60

percent of the yarn in upcountry by spending equal amount for transport, etc. He has stated that the new investment in modernization and green field projects in Tamil Nadu have already become dormant due to power shortage and high logistics cost.

**Nair (2010)** secretary general, confederation in Indian Textile Industry (CITI), has asserted that the textile industry is facing a crisis over rising raw material prices and decline in overseas orders in the recent times and the global economic slowdown which prompted buyers, especially in Europe and America, to postpone fresh orders and high volatility in raw material prices are a cause for concern.

## 12. Analysis and Interpretation

Table-1  
Form of Organization

S. No	Organization	No. of Respondents	Percentage
1	Sole Proprietorship	43	34
2	Partnership	70	56
3	Joint Family	12	10
<b>Total</b>		<b>125</b>	<b>100</b>

Most of the respondents undergo textile business as a partnership organization.

Table-2  
Motivational Factors

S. No	Motivational Factor	No. of Respondents	Percentage
1	Employment	25	20
2	Traditional Business	19	15
3	Profit	30	24
4	Growth	36	29
5	Demand	15	12
<b>Total</b>		<b>125</b>	<b>100</b>

Growth Opportunity is the main motivational factor to run a textile business.

## 13. Chi-Square Test

Organizational Form and Motivational Factors

Hypothesis:

There is no significant relationship between the form of organization and the motivation of the textile manufacturers.

Table-3

Form of Organization Motivational Factors	Sole Proprietors hip	Partnership	Joint Family	Total
Employment	16	5	4	25
Traditional Business	10	9	-	19
Profit	8	20	2	30
Growth	5	26	5	36
Demand	4	10	1	15
<b>Total</b>	<b>43</b>	<b>70</b>	<b>12</b>	<b>125</b>

## Result of Chi-Square Test

Test used	Degree of Freedom	Level of Significance	Table Value	Calculate Value	Result
CHI – SQUARE	8	5%	15.507	27.40	Rejected

Since the calculated value is greater than the table value. The hypothesis is rejected. Hence, there is significant relationship between the form of organization and the motivation to undergo the textile business.

Table-4  
Electric Power Problem

S. No	Opinion	No. of Respondents	Percentage
1	Yes	125	100
2	No	-	-
	<b>Total</b>	<b>125</b>	<b>100</b>

Instability of electric power supply is a predominant problem affecting the production process of textile business in Karur.

Table-5  
Problems in Acquiring Raw Cotton

Problems	I		II		III		IV		V		Mean Score	Rank
	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score		
Low quality	27	135	20	80	22	66	25	50	31	31	2.90	III
High Price	32	160	28	112	25	75	18	36	22	22	3.24	I
Shortage of cotton	21	105	25	100	23	69	27	54	29	29	2.85	V
Unsuitable Raw Cotton	20	100	24	96	28	84	26	52	27	27	2.87	IV
Heavy advance to weavers	25	125	28	112	27	81	29	58	16	16	3.13	II

High price is the primary factor influencing the exporters in buying raw cotton.

Table-6  
Rank the Problems in Weaving

Problems	I		II		III		IV		Mean Score	Rank
	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score		
Mending	5	00	8	4	2	4	0	0	3	V
Dust	5	40	8	14	5	0	7	7	6	I
Stains	0	60	3	9	8	6	4	4	7	
Color	5	00	6	8	0	0	4	4	3	I

Stain factor is the leading factor persuading the exporters in problem of weaving.

Table-7  
Problems in Production

Problems	I		II		III		IV		V		Mean Score	Rank
	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score		
Purchase	5	125	2	88	37	111	15	0	26	26	3.0	IV
Weaving	5	175	7	66	26	78	25	0	22	22	3.1	III
Printing	0	200	9	116	10	30	20	0	26	26	3.3	I
Stitching	5	75	5	140	41	125	20	0	14	14	3.2	II
Packing	0	50	2	88	11	33	45	0	37	37	2.4	V

Printing factor is the prime factor influencing factor for the exporters in problems of producing goods.

Table-8  
Precautions Taken to Eliminate Wastes

Problems	I		II		III		IV		Mean Score	Rank
	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score	No. of Respondents	Score		
Appropriate Materials	22	88	29	87	36	72	38	38	2.3	III
Cleanliness	34	136	35	105	32	64	24	24	2.6	II
Visual Control	25	100	28	84	29	58	43	43	2.3	III
Appropriate training for employees	44	176	33	99	28	56	20	20	2.8	I

Appropriate training for employees should be given in order to eliminate the wastages in textile business.

Table-9  
Mode of Operation

S. No.	Market	No. of Respondents	Percentage
1	Direct Export	45	36
2	Indirect Export	55	44
3	Local Market	25	20
	<b>Total</b>	<b>125</b>	<b>100</b>

Most of the textiles were undergone indirect export for selling their products.

Table-10  
Opinion about Government Policies

S. No	Opinion	No. of Respondents	Percentage
1	Favourable	35	28
2	Not Favourable	90	72
	<b>Total</b>	<b>125</b>	<b>100</b>

Government policies are not favourable for the textile industry.

Table-11  
Problems in Marketing

S. No.	Problems	No. of Respondents	Percentage
1	Lack of Marketing Information	20	16
2	High Marketing Cost	15	12
3	Unauthorized Deduction	12	10
4	Insufficient Godown Facility	9	7
5	Poor quality of Packing materials	13	10
6	Poor Government supports	10	8
7	Competition	17	14
8	Agent Commission	8	6
9	Untrained Salesman	9	7

10	Price Level changes	5	4
11	Improper method of sale	7	6
	Total	125	100

Lack of marketing information and high marketing cost are the major marketing issues.

Table-12  
Managerial Problems

S.No.	Problems	No. of Respondents	Percentage
1	Increasing yarn price	18	15
2	Increasing operational Cost	17	13
3	Heavy advance payment to weavers	12	10
4	Shortage of workers	8	6
5	Low quality of Yarn	6	5
6	Scarcity of Yarn	9	7
7	Increasing transportation cost	10	8
8	Difficulty in receiving abroad market information	14	11
9	Difficulty in completion of order in time	15	12
10	Limited orders	16	14
	<b>Total</b>	<b>125</b>	<b>100</b>

Increasing yarn price is the foremost problem of textile businesses in Karur. Lack of orders, operational cost and difficulty in completion of orders in time are the other major issues of concern.

### Chi-Square Test

#### Age of the Textile Units and Managerial Problems

Hypothesis:

There is no significant relationship between age of the company and managerial problems faced by the textile owners.

Table-13  
Observed Frequency Table

Managerial Problems \ Age of the company	Age of the company			Total
	Upto 5 Years	5 – 10 Years	Above 10 Years	
Shortage of skilled workers	8	10	7	25
Low Quality of cotton	10	14	5	29
Poor Post storage facilities	12	13	3	28
Poor customer relationship	7	10	5	22
Insufficient godown facilities	3	8	10	21
<b>Total</b>	<b>40</b>	<b>55</b>	<b>30</b>	<b>125</b>

#### Result of Chi-Square Test

Test used	Degree of Freedom	Level of Significance	Table Value	Calculated Value	Result
CHI - SQUARE	8	5%	15.507	11.71	Accepted

The calculated value is less than the table value at 5% level of significance. So the hypothesis is accepted. Hence there is no significant relationship between the age of the company and the managerial problems of textile industry.

Table-14  
Adverse Impact of Yarn Rate Fluctuation

S. No.	Opinion	No. of Respondents	Percentage
1	Yes	115	72
2	No	10	28
	<b>Total</b>	<b>125</b>	<b>100</b>

Fluctuations in the rate of yarn have a considerable negative impact on their businesses.

Table-15  
Effects of Dollar Rate Fluctuation

S. No.	Opinion	No. of Respondents	Percentage
1	Yes	80	64
2	No	45	36
	<b>Total</b>	<b>125</b>	<b>100</b>

The textile industry is affected by dollar rate fluctuations.

Table-16  
Opinion about Government Subsidies

S. No.	Opinion	No. of Respondents	Percentage
1	Yes	70	56
2	No	55	44
	<b>Total</b>	<b>125</b>	<b>100</b>

Government gives subsidies for textile industry to a certain limit as per provisions given in the act.

### 14. Findings

- Most of the textiles were in the form of partnership.
- The main motivational factor to undergo textile businesses more growth opportunities.
- Power problem and high price of raw cotton are the problems faced by the textiles.
- Stains factor and Printing the material are the foremost influencing factor for exporters.
- There are more wastages in textiles, due to improper training.
- Many of them were selling their products through indirect exports.
- Government policies are not favourable to the exporters.
- Lack of marketing information and high marketing cost are the main marketing problems faced by the exporters.
- The managerial problems raised due to lack of orders, operational costs, difficulty in completion of orders in time.
- Majority of the respondents feel that the low quality of cotton is the main factors influencing managerial problems.
- Fluctuations in the rate of yarn had created a negative impact on their business.

- The textile industries are affected by dollar rate fluctuations.
- Government gives subsidies for textile industry under specific limit.

### 15. Suggestions

- The government should fix the raw material cost for annual consumption or as per the availability.
- The textile organizations should provide proper guidance and adequate training to all types of employees for improving their contributions to reduce the production problems.
- To maintain a good raw material supply, Government should ban raw material export.
- Uninterrupted power supply should be given by the government at subsidized cost in order to prevent power problem.
- The textile organizations should improve their infrastructure facilities for eliminating the production problems.
- Commerce ministry is to be highly supportive in protecting all export problems.

### 16. Conclusion

The textile sector is the backbone of Indian economy by virtue of its size, contribution of earnings in export and employment opportunities. Today, India is the second largest producer of textile products in the world, after that to china. Karur district is a centre for making all significant decisions on textile products. Realizing the significance of the textile sector to the Indian economy as whole, State and central governments should take multiple initiatives to strengthen and enhance the competitiveness of textile sector. To improve the brand image of this district as a quality textile base, various research centres and merchandise testing laboratories should be offered by the state government. It will help directly or indirectly in building the console level with the buyers and make sure that the suppliers reduce the rejection percentage in different manufacturing processes. Factors such as lack of knowledge, shortage of labor, poor communication skills and certain problems related to marketing, distribution and finance are the major problems in textile industry. The foremost problems faced by the textiles in Karur town are power, rise in cotton price, fluctuations in yarn rate mobilization of fund for rotation in textile business and labour problems. The government should take necessary steps to overcome the problems which are faced by the textile owners in Karur.

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