CHAPTER I
INTRODUCTION

The textile industry, the second largest industrial sector of the country, is bound by a social obligation to provide one of the basic needs to mankind. Textile industry in India is one of the few sectors, which is truly competitive world-wide. The country has a strong manufacturing base for variety of textile products, particularly cotton textile items of raw materials, trained manpower in manufacturing and designing and a long legacy of textile production. As a result, it has carved out a niche in the global market and customers from different parts of the world saree their requirements from India. One of the centres in India which attracted such customers in Karur, Tamilnadu. It occupies an important place in the domestic and international market.

To create new opportunities, fresh investments started flowing into the sector for expansion and modernization of existing units as also for setting up of new project. The Government also playing a proactive role in rejuvenating the industry by correcting anomalies in the old policies and introducing new initiatives. It has schemes for the textile industry in recent years. These include technology upgradation, fund scheme, duty drawback, and advance licence, infrastructure development scheme etc.
With favourable market conditions within the country and abroad and positive policy inputs from the government, have made the Karur textile industry grow significant during the last few years.

The textile industry is one of the largest and oldest industries and a major foreign exchange earner for the country. At present, it add 14% of industrial production and 35% in the country’s earnings.

After china, India is the world’s biggest supplier of textiles. India has been the one of the fastest in the world on deliveries and consistent in quality.

In the state of Tamilnadu, Textile product is produced in large quantities mostly in Karur, Namakkal, Erode and Salem areas. Textiles fabrics have a high potential for development of exports. Almost 90% of household textiles items are made mainly from cotton.

**INDIAN TEXTILE HISTORY**

India has a diverse and rich textile tradition. The origin of Indian textiles can be traced to the Indus valley civilization. The people of this civilization used homespun cotton for weaving their garments. Excavations at Harappa and Mohen-jo-Daro, have unearthed household items like needles made of bone and spindles made of wood, amply suggesting that
homespun cotton was used to make garments. Fragments of woven cotton have also been found from these sites.

The first literary information about textiles in India can be found in the Rig Veda, which refers to weaving. The ancient Indian epics the Ramayana and the Mahabharata also speak of a variety of fabrics of those times. The Ramayana on the one hand refers to the rich styles worn by the aristocracy and on the other the simple clothes worn by the commoners and ascetics.

Ample evidences on the ancient textiles of India can also be obtained from the various sculptures belonging to Mauryan and Gupta age as well as from ancient Buddhist scripts and murals (Ajanta caves). Legend says that when Amrapali, a courtesan from the kingdom of Vaishali met Gautama Buddha, she wore a richly woven semi transparent sari, which speaks volumes of the technical achievement of the ancient Indian weaver.

India had numerous trade links with the outside world and the Indian textiles were popular in the ancient world. The Indian silk was popular in Rome in the early centuries of the Christian era. Hoards of fragments of cotton material originating from Gujarat have been found in the Egyptian

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1 www.aepcindia.com
tombs at Fostat, belonging to 5th century A.D. Cotton textiles were also exported to China during the heydays of the silk route\textsuperscript{2}.

Silk fabrics from India were exported to Indonesia during the 13th century. India also exported printed cotton fabrics or chintz, to European countries and the Far East before the coming of the Europeans to India. The British East Indian Company also traded Indian cotton and silk fabrics, which included the famous Dacca muslins. Muslins from Bengal, Bihar and Orissa were also popular abroad. (Muslin - a very thin cotton material) (Chintz - cotton cloth, printed with flowery patterns that have a shiny appearance).

The past traditions of the textile and handlooms can still be seen amongst the motifs, patterns, designs, and the old techniques of weaving, still employed by the weavers.

**TRADITIONS**

The textile tradition in India has been conditioned by a number of factors, like geography, climate, local culture, social customs, availability of raw material, etc. A variety of raw materials like silk, cotton, wool, jute, etc., are used in India for creating fabric. The geo-climatic and bio diversity of India has given birth to a myriad of textiles and weaving throughout

\textsuperscript{2} UNCTAD (1994) UNCTAD Statistical Pocket Book
India. Local, foreign markets and export potential dictate the traditional textile scenario of today\(^3\).

The hilly and alpine regions of the country have a rich array of woolen textiles. The world famous pashmina and shahtoosh shawls of Kashmir are fine examples of the woolen textile of our country. So are the shawls and garments from Himachal Pradesh and the North Eastern states. Shawls from these regions are also popular abroad. The textiles from the arid and semi arid regions are bright and have rich embroidery on them. The people in the coastal areas of the south and eastern regions prefer garments made of white fabrics\(^4\). Cotton and silk textiles are popular in these areas. Utilitarian items such as cushions, bed sheets, covers, table mats, napkins, curtains, etc are produced throughout the country. Each state has its own unique contribution in making these utilitarian items.

**MAJOR TRADITIONS & STYLE**

Silk and cotton weaving are the weaving traditions of India. Silk weaving is common in most parts of the country, the most important centers being Mysore, Assam, Banaras, Murshidabad, Surat, Kanchipuram, Paithan, etc. There are numerous centers, which specialize in silk and

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3 www.textilemagazine.com

4 UNCTAD (1994) UNCTAD Statistical Pocket Book.,
cotton sari weaving. The famous himroo and mushroo fabrics of Hyderabad are splendid examples of mixed fabric (cotton and silk). The mulberry silk which is largely produced in Assam is also a rare variety of silk used for making sari and traditional dress material. It is a traditional custom to wear mulberry silk outfit in the New Year festival of Assam called bihu. It is a yellowish and brown coloured delicate material produced from the mulberry silk cotton which survives on mulberry tree leaves.

The tradition of Appliqu and embroidery is well known to Indians since ancient times. Punjab is famous for its Phulkari work, which is a rich form of Appliqu. Appliqu work from Kutch region of Gujarat is also very ornate and is done on bright fabrics. It is also famous amongst the tribals of Orissa, Rajasthan and Andhra Pradesh. The city of Lucknow is world famous for its Chikan style of embroidery, so is the crewel work from Kashmir, Gujarat, Punjab, Karnataka, Rajasthan and West Bengal has their distinct styles of embroidery.

Tie and dye, hand printing and block printing are common across the country and come in numerous styles influenced by local factors. The Tie and dye technique of printing in particular is popular in the arid and semi arid regions of the country. The states of Rajasthan, Madhya Pradesh and Andhra Pradesh are main centers for block printing.
THE COTTON TEXTILE INDUSTRY

The cotton textile industry is one of the oldest and most firmly established major industries\textsuperscript{5}. There is reason to believe that cotton was first grown and put to use in India before where else in the world. India has been a manufacturing nation and an exporter of cotton fabrics to all nations. Thus, the cotton textile industry acquired the characteristics of trusty Indian and later to travel to other parts of the world.

The dignity of man is raised to an appreciable level due to the evolution of textiles industry. It consists of Handloom, Power loom and Composite mills (Spinning and Weaving) sectors. The industry has been exporting its products for more than 3,000 years and is now strengthened with the collaboration of other allied industries\textsuperscript{6}. In the year 2004 it was observed that the combined textile industry was the second largest industry next only to agriculture with 3,000 mills in India and with the total investment amounting to Rs. 50,000 million, accounting for about 20 per cent of the total industrial output, providing direct employment to about 35

\textsuperscript{5} Dutt & Sundaram, (1996) Indian Economy, S. Chand & Company, New Delhi, p. 571.
\textsuperscript{6} www.textilemagazine.org – March 2005.
million people and around 65 million additional employment generation\textsuperscript{7} and accounting for 35 per cent of the gross export earnings. It is also India's largest foreign exchange earner. The structure of textile industry is extremely complex with the modern sophisticated and highly mechanized mill sector\textsuperscript{8}.

The industry is spread across all the states of India but two thirds of the textile mills are concentrated in Gujarat, Maharastra and Tamilnadu with 1,460 organized units, 32 million spindles, 1.7 million power looms, 4 million handlooms and a large number of small, medium and large processing houses. The cotton textile industry is mainly a private sector industry, Gujarat and Maharastra account for 50 per cent of the total spindles installed and 70 per cent of the total 100ms in the cotton textile industry\textsuperscript{9}. The textile industry occupies a place of unique importance in the economy of the country by virtue of its significant share in Industrial production; employment of large workforce and the other fact that it not only caters to the clothing needs of the community but also generates


\textsuperscript{8} www.textilemagazine.org – December 2005.

\textsuperscript{9} Dutt & Sundaram, (1996) Indian Economy, S. Chand & Company, New Delhi, p. 571.
substantial surplus for exports\textsuperscript{10}. A sustained and balanced growth of this industry is therefore vital to the economic growth of the country as also for the fulfillment of the most essential needs of the people\textsuperscript{11}.

**TEXTILE INDUSTRY: AN INTERNATIONAL SCENARIO**

The position of the garment industry at the global level warrants a sound knowledge of the growth, diversification and dispersal of the industry across the world. The garment industry consists of a variety of articles of apparel and clothing accessories made of textiles. The first cloth manufacturing factory was established in the United States of America to produce uniform for defence personnel. The mechanized sewing machine was developed in 1847 and with that application; there was a high speed and efficient operation that increased the production of garment products. This new technique slowly moved from one part of the world to the other parts of the world. With this prospect the industry since 1920 has experienced tremendous growth and was able to make clothing items more acceptable by consumers and the middlemen (sellers and retailers) as a potential segment of consumption and business operations\textsuperscript{12}.

\textsuperscript{10} http://www.carleton.ca/ctp/library/booklibrary/01-01-023-11.htm.
\textsuperscript{11} Honakeri.P.M. WTO Agreements : Implications on the Indian Textile Industry, Third Concept, December 2002, p.34.
\textsuperscript{12} Alam G. (1994), Industrial District and Technological Changes : A study on the Garment Industry in Delhi, in UNCTAD, Pp. 257-266.
The trade related policies in general and the MFA followed by ATC in particular have created wide opportunities to textile industries at the global level\textsuperscript{13}. The textile industry has been classified as establishments, which cut and/or stitch / make up garments out of woven on knitted fabrics without being involved in the manufacture of fabrics.

The global textile industry is integrated with almost all nations of the world where from the availability of the requirements for the garment industry emerges. This integration was popular during the first quarter of the 19th century and was found to be high to emerge and develop as promising unit since then\textsuperscript{14}. A manual both by men in factory and women from their respective home did sewing work by hand.

The department stores in USA and Western Europe, which emerged during the second half of the 19th century provided accessibility to the consumers, this enabled the growth in the production and consumption of garment products in large measures. During the First World War the very first large scale manufacturing unit was set up for the stitching of uniforms for the army and after that these units and their facilities were converted to

\textsuperscript{13} Sathya Sundaram, Facts for you, Cotton Textile Exports Set to Skyrocket, June 2005, p. 12.

ready to wear garment producing units and a new phase of growth was evolved.

This small growth informed the world community about the availability readymade form of garments. The emergence of the Second World War and the fast and quick demand for uniform strengthened the industry and the post-war period signified the mass production and marketing of garments and their trading among nations. (Abernathy 1999).

The year 1920 has resulted with a large innovation and the application of new technology into this industry. It was identified that in the year 2000 the world garment trade across nations amounted to US $ 200 billion and has crossed US $ 300 billion in 2005, the future projection says that by 2010 it would increase to US $ 560 billion (Kurt Salmon Associates 2005).

There are three groups of countries, efficient in supplying textile products at global level. The first being the suppliers capable of exporting high quality items of textile namely South Korea, Taiwan, Turkey' and China. The second being the exporter of fashion textile product in the low to medium price range, they are India, Pakistan and Indonesia. The third being exporters who highly depend on imported fabrics and accessories for their textile imports; they are Malaysia, Philippines, Srilanka, Bangladesh,
Morocco and Latin American countries. They function as outward processing centers performing sub-contracting job for other nations.

The competitive environment for textile exports was strengthened by the recent global crisis. Factors in the recent crisis include a reduction in order as local retailers around the world reported falls in consumption. Rising energy prices hurt industry. Also, there is no guarantee that supply price increases can be passed on to consumers. The result had been a widespread closure of textile mills.

ALL ABOUT TEXTILE INDUSTRY

The major categories of textiles are linens and domestic products towels. Shower curtains, bathroom ensemble, table linen / damask and bed spread are categorized under linens, product such as sheets cases mattress pads, blankets and blanket covers comforters and quilts, embroidery and lace are coming under domestic products. However based on exports are HS code, Home textiles can broadly be classified in the following categories.

1. Bed lines
2. Bath liner
3. Table linen & Kitchen linen
4. Curtains, drapes and furnishing fabrics
5. Blankets
6. Carpets & Floor covering
7. Made Ups

1. Bed lines

Bed linens can be further classified into following items.

a. Bed sheet

   It is made of medium or light weight fabric used on the bed when it is in use.

b. Bed spread

   It is an item of decorative made from coarser / heavier yarns for covering bed as furnishing when the bed is not in use.

c. Bed cover

d. Bed sheet & Bed covers

e. Pillow cover

f. Pillow case

g. Boister case

   It is a long pillow cases round shaped used across the bed.

h. Cushion cover

   It is generally ornamented / decorated and is made of heavier fabrics.

i. Duvet cover / Quilt cover
These are normally made of thicker quilted fabric.
2. Bath liner

Bath linen can be classified into the following items

   a. Terry towels
   b. Bath towels
   c. Dish towels
   d. Terry dish towels
   e. Hand towels
   f. Face towels
   g. Beach towels
   h. Bath mates

Towels can be either flat or terry towel sizes of these towels vary considerably or are dependent on the requirements of customers. Normal sizes for terry towel are 132cm x 76cm, 140cm x 80cm, 75cm x 35cm.

3. Table linen & Kitchen linen

Table linens and kitchen linens can be classified into following items.

   a. Table mat
   b. Place mat
   c. Table runners
d. Table toppers

e. Table centers

f. Table cloth
g. Table cover

h. Tray throws cloth

i. Tea napkins

j. Tea towels

k. Kitchen towels

l. Table linen (lace)

m. Table cloth

It is normally made of light weight or medium weight fabric.

n. Table cover

It is of coarser varieties with more ornamentation intended to use of furnishing.

o. Tray cloth

It is usually ornamented and used to serve as a tray upon which dishes are placed.

Table mats, placemats, table toppers, tea napkins, kitchen tools, etc., are normally made of coarse or heavy fabrics made normally from 1bs, 2bs, 2/20bs and 2/40bs yarns.
The export potential and these products also very good, Karur and Cannanore are the two major production centers for these products. India has the competitive advantage for export of these products because of availability of cheaper and good quality cotton yarns, high design skills and ability to deliver small order sizes.

4. Curtains, drapes and furnishing fabrics

This can be classified into following items.

i. Curtains

ii. Draper

iii. Curtain valance

iv. Bed valance

v. Sofa cover

vi. Chair cover

vii. Loose cover furniture

viii. Cushion cover

ix. Wall coverings

Curtains cover

It is light weight and transparent articles and made of thick materials.
Curtain valance

It consists of strips of fabric designed to be fitted above windows to hide the tops of curtains.

Bed valance

These are for attachments in beds for concealment and decoration.

Cushion cover

These are generally ornamented / decorated and made of coarser / heavier fabrics.

5. Blankets

Blankets are normally woven with course to very coarse cotton yarn. It is used as a bedroom textile to protect the body from cold in India. In international markets, quilts made of synthetic interlining materials are quite prevalent. Blankets can be classified into following items.

i. Blankets

ii. Traveling rugs

iii. Beach rugs

Blankets are also made of wool or acrylic. These are made in both organized and decentralized factor. India is the one of the largest producers and exporters of sophisticated acrylic mink blankets in the world.

6. Carpets & Floor covering
Handloom woven carpets and floor coverings made out of cotton, wool and silk are manufactured in some of the southern state of India. Hand woven carpets manufactured in Kashmir and hand woven floor coverings manufactured in Karur and Bhavani are quite famous.

These can be classified into following items

i. Carpets

ii. Durries

iii. Rugs

iv. Bedside rugs

v. Door mats

The term floor coverings means, carpets, rugs, mats and matting in which textile materials serves as exposed surface.

7. Made Ups

Made - up is a terminology used in home textile to denote a particular class of income textiles products. Made – ups home textiles are produced by fitting or joining individual components of the product together.

Geographical distribution of production facilities in India

The following eleven states are major centers for textiles products in India, Orissa, Himachal Pradesh, Haryana, Uttar Pradesh, Assam,
Maharashtra, West Bengal, Andra Pradesh, Tamilnadu. These products are identified with the help of harmonized code system provided by us.

<table>
<thead>
<tr>
<th>Code</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>57.02</td>
<td>Floor covering carpets, durries.</td>
</tr>
<tr>
<td>63.02</td>
<td>Thick bed linen, bed sheets, towels and toweling sheetings napkins.</td>
</tr>
<tr>
<td>63.03</td>
<td>Curtains</td>
</tr>
<tr>
<td>63.04</td>
<td>Furnishing, pillow covers, house hold jacquard furnishings linen and home furnishings, cotton bed spreads, hangings bead covers, house hold linens.</td>
</tr>
<tr>
<td>63.07</td>
<td>Tea pot cover</td>
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</tbody>
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Almost all these states are producing bed sheets except Orissa and Himachal Pradesh which are producing more of furnishing and thick bed linens.

**Important production centres for textiles products in India**

**Product profile of Karur cluster**

- Furnishing fabrics
- Bed linen
  - Bed sheet
  - Pillow case
  - Duvet cover
  - Quilt cover
  - Mattress cover, etc.
- Table linen
  - Table cloth
  - Napkin
  - Table mat / place mat
  - Table runners, etc.

- Kitchen linen
  - Tea towels
  - Kitchen towels

- Toilet linen
  - Dish towels
  - Bath towels
  - Terry towels

- Curtains / Drapes
  - Curtains
  - Drapes
  - Curtain valence
  - Pelmets
  - Shower curtain
Other furnishing articles
- Bed covers
- Bed spreads
- Cushion cover
- Pillow cover
- Throw

Other made up articles
- Dish cloth
- Hammocks
- Pot holders
- Chair pad
- Bread basket
- Laundry bag, etc.

STATEMENT OF THE PROBLEM

Even since the civilization of human beings, they have been giving importance to wearing the cloth as wearing is one of the essential needs of human beings once cloth was manufactured from animal’s scar case. After that fiber taken from plants were used to manufacture the cloth. Because of higher requirements now-a-days cotton yarn plays a vital role. The
selected district Karur plays an important role in the manufacture of cotton and textile products.

Even though the manufacturing and marketing of textile product has wider tradition, now it is modernized to compete with the global market. It has a critical and challenging business, because of it is process. The process of ginning, spinning, dyeing, designing, weaving, cutting, stitching, packing and exporting is a distinctive process. It requires some infrastructural facilities and investment.

The export of textile product is chiefly concerned with the skills of labourers. Infrastructural facility and investment also determine the success of this business in second stage. In the selected district Karur 350 exporting textile units are doing the business very well. They provide vast number of direct and indirect employment opportunities. In the agro based country like India textile units are the major contributor to development of local and national economic growth. Without the contribution of textile units India can’t even dream of the sizable export. This situation stimulates the researcher to make a study on the export performance of textile units in Karur district.
SCOPE OF THE STUDY

The textile items in the form of liners and products are very important and this importance can be seen in the launching of high tech processing units. There is a big demand for the manufacturing and supply of textile products at the global level. Fortunately, Indian textile products are internationally popular and the market is dominated to a large extent by the study area ie. Karur district which plays a major role as this district has established a niche in the export market. The industry started picking up since 1950 and has grown from strength to strength. At present, there is a visible change as this District has emerged as textile capital of the country. This growth symptom and phenomenon has prompted the researcher to take up this research study from the perspective of the exporters from various dimensions namely the investment pattern, size of the industry, export growth, labour employed, working hours and the strategies required to follow to strengthen export.

OBJECTIVES

1. To identify the measures to develop export performance of textile units in Karur District.

2. To analyse export performance of textile units in Karur District.
3. To examine the export performance of textile units according to size, type of business, experience and capital investment.

4. To identify the relationship between export performance of textile units and their organizational variables.

5. To suggest measures to improve the export performance of study units in Karur District.

HYPOTHESIS

1. There is no relationship between the size of capital and overall profitability.

2. There is no significant relationship between the size of capital and the source of capital investment.

3. There is no significant relationship between the trade duration and the capital investment.

4. There is no significant relationship between the trade duration and the overall satisfaction on the staff.

5. There is no significant relationship between the source of export and the source of capital investment.
METHODOLOGY

Pilot study

To initiate the work a pilot study was carried out by the researcher in twenty five (25) units the export textile from Karur. The researcher personally visited twenty five units and collected data using the questionnaire. This had helped the researcher to work out strategies to identify the important areas to be covered for the collection of data relating to the study. Based on this the refinement of questionnaire was made for final administration to the respondents.

Questionnaire

Questionnaire was used for collecting data from exporters structured and non-disguised type of questions and closed ended questions were used for the study.

Sample design

Keeping in view the problem and scope of the study, the researcher has decided to classify all the textile units into two categories. They are small textile units and large textile units.

Sample technique

At the time of initiating the research work in the year 2006 – 2007 they were 350 textiles exporting units in Karur district. Sample 100 units
small and large scale units were selected for the study. These one hundred units were selected based on the simple random sampling method. The units associated with any of the exporters associations and carrying on the business of export of textile products. The sample units were drawn from the list available from the Association of Exporters available in Karur. They were classified into small and large units on the basis of number of workers.

**Tools of analysis**

The data collected through questionnaire were scrutinized and The Statistical Packages for Social Studies (SPSS) was used for analysis. The data collected were analyzed by using appropriate statistical tools such as percentages, factor analysis, chi-square tests, correlation, multiple regression and Anova test.

**PERIOD OF THE STUDY**

The study has been conducted for a period of five years from 2006-2007 to 2010-2011.

**LIMITATION OF THE STUDY**

Taking into consideration the objectives of the study and its coverage in terms of time span and study is prone to many limitations. Some of the limitations are listed below.
1. The survey was conducted only in Karur district. Hence the results may or may not apply to other textiles areas.

2. The survey method which was adopted for collecting the data in the study has its own limitations.

3. The present study is limited to a period of 5 years from 2006-07 to 2010-2011, due to time and resource constraints.

4. Various statistical tools extensively used for the study have their own limitation.

IMPORTANT CONCEPTS AND DEFINITIONS

**Textiles:**

A broad classification of any material that can be worked into fabric and yams, including woven knitted fabric.

**Texture:**

A term describing a yam or textile appearance character. It may relate to the composition structure or finish of the yam or fabric.

**Spinning:**

A process of making yarn by any of several methods from fibre.

**Spindles:**

A slender, tapered rod held in a vertical position on the side of a spinning frame; any similar device on a rowing frame, twister or similar
machine. A bobbin is placed on the spindle to receive the yarn as it is spun at high speed giving twist to the yarn.

**Blend:**

A term applied to a yarn or fabric the yarn or fabric the yarn obtained by combining two or more difference fibres in the yarn making process. Fabric. Woven of blended yarn is also referred to as a blend.

**Loom:**

A weaving machine which produces fabric by interlacing a series of vertical, parallel threads (warp) with series of horizontal, parallel threads (filling).

**Yarn:**

A basic material which is made in to fabric, thread, twine, or cable etc.,

**Fibre:**

A fundamental unit based in the fabrication of textile yams and fabrics. Fibers that can spin in to a yarn or made in to fabric by interlacing in a variety of methods including weaving, knitting, braiding, felting and twisting.
**Decentralized sectors:**

Handlooms, Power looms, Knitting (Hosiery) and Khadi are called together as decentralized sectors. They are unorganized too.

**Outsourcing:**

An act of giving subcontract for the completion of a task in a cost effective manner.

**Tiny Sector:**

An industry that has an initial investment of less than 20 crores.

**Small unit:**

An unit that has its investment less than 75 lakhs.

**Large units:**

A unit that has its investment more than 75 lakhs.

**CHAPTER SCHEME**

The thesis has been organized into six chapters.

The first chapter “Design of study” deals with the blue print of the study. It covers introduction, statement of problem, objectives of the study, scope of the study research methodology, frame work of analysis, limitation of the study and the chapter scheme.
The second chapter “Review of literature” traces the various studies conducted previously in relation to the research topic, which also includes the profile of study area.

The third chapter “Characteristics of export performance of textile units” deals with the major factors which determine the performance of textile units.

The fourth chapter “Analysis of export performance of Karur district” deals with determining factor for the performance of the textile units in Karur district.

The fifth chapter “Relationship between export performance and organization variables of sample unit in Karur district” deals with the various analysis used to determine the relationship between export performance and organization variables.

The sixth chapter presents the findings and offers suitable suggestion to improve the performance of textile units in Karur district.