

EDITOR'S PAGE

Weaving sector needs encouragement for higher value addition

The weaving sector is one of the most important textile sub-sectors. The exports of woven fabrics and other related woven made-ups comprise a major portion of textile exports from Pakistan. Out of total textile export, the share of fabric export during 2018-19 is 22% with a value of about US \$ 2.3 billion. This highlights the key position of this sector in the textile industry. Pakistan has also emerged as a significant exporter of woven garments, bed ware, towels, and made-ups and with a value of more than US \$ 6.6 billion in the year 2018-19.

All these sub-sectors primarily use cotton fabrics as raw material. The non-mill weaving still is predominantly the supplier of fabrics for local consumption as well as exports. 65% of the total non-mill production comes from the Power Loom sector which accounts for about 300,000 plus looms mainly in Faisalabad, Multan, Karachi, Kasur, and Jhang. However, Faisalabad is the biggest cluster in Pakistan, having accounted for 1/3 of the total installed power loom capacity in Pakistan.

The power loom sector in Pakistan is highly fragmented and is based on cottage/small scale and unorganized manufacturing clusters. Out of 300,000 total looms in this sector, 70% consists of basic Power Looms units and 30% are equipped with automatic cop change looms which are commonly called Auto Looms.

Historically, the Power Looms industry started on a cottage scale in the country. Even in the present day, a major chunk of the industry is based on small home-based units. Mostly, the owners and their family members themselves are managing these units. However, eventually, with the increase in the number of looms, these families have been multiplying the number of their units and looms. Under the existing set-up, the same family can own a multiple of units, but they keep the size of one unit as low as a maximum of eight looms per unit. In this way, they try to get the benefit of tax and avoid formal documentation that may be required by the government agencies. For most of these units, there is no concept of formal bank financing in this sector to establish new projects or to expand an existing one. Most of the projects are based on 100% self-financing.

The Power Loom sector employs a low level of technology and fabrics manufactured are generally not of high quality and unable to fetch high unit value in the international markets. Installation of the modern looms is, therefore, necessary to upgrade the product quality, reduce the production cost, strengthen the competitiveness, and stabilize the operations to survive in the present high operational cost & profitability.

This is a vulnerable sub-sector and sincere policy measures need to be taken to assist this important segment of the textile supply chain in the country. They should be given a 5 year tax holiday to organize and establish themselves. A suggestion is to establish small SME parks or weaving cities around the main industrial hubs of Karachi, Faisalabad, Lahore, Sialkot, Gujranwala, and Peshawar may be developed for the small weaving sector. The economies of scale would be possible when the sector starts to operate on an industrial scale and comes out of the cottage industry status. However, as proposed in the draft textile policy 2020-25, the weaving sector may be included in the Technology Upgradation Fund Support Scheme. If serious attention is given to this vital sector, the entire textile supply chain will benefit making it possible to manufacture the highest quality textiles and garments for exports and a discerning and thriving local market. ♦



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