

TEXTILE BUSINESS IN RURAL INDIA – A SEGMENT STUDY ON OPPORTUNITIES & THREATS

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ABSTRACT:

Textile industry plays a great role in our modern life. There are so many things came in connection with this business. Doing business in rural area is a risk bearing activity. Because at the present situation the textile business traders face a number of difficulties in their day to day business, the prominent among them are lack of funds, change in demand, bad debts, changes in fashion, govt. policy, competition in the market and price fluctuation. Most of the textile items of today becomes out off fashion tomorrow. The demand of textile is mostly depended upon the changes in fashion. Especially among the younger's the trend of change in fashion is more. This leads to the problem of piling up of old stock day by day. At the same time, the bad debt in credit sales is another important serious problem in the textile business. In this modern era, it is a herculean task to survive under severe competition. All this juncture, it is very important to study the problems and prospects of textile business in rural areas.

KEY WORDS: Textile business, rural area, competition, problems

INTRODUCTION

India is the one of the world's largest producers of textiles and garments. Abundant availability of raw materials such as cotton, wool, silk and jute as well as skilled workforce have made the country a sourcing hub. It is the world's second largest producer of textiles and garments. The Indian textiles industry accounts for about 24 per cent of the world's spindle capacity and eight per cent of global rotor capacity. The potential size of the Indian textiles and apparel industry is

expected to reach US\$ 223 billion by 2021, according to a report by Technopak Advisors.

The textiles industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes about 14 per cent to industrial production, four per cent to the gross domestic product (GDP), and 27 per cent to the country's foreign exchange inflows. It provides direct employment to over 45 million people. The

textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of India's economy.

The increase in domestic demand and ability of the units in the industry to process small or customized orders are some of the advantages for the textile industry in India. The textile sector is highly diverse and has hand-spun and hand woven segments at one end of the spectrum, and capital-intensive, sophisticated and modern mills at the other. The textile industry is vertically-integrated across the value chain and extends from fiber to fabric to garments. At the same time, it is a highly-fragmented sector, and comprises small-scale, non-integrated spinning, weaving, processing and cloth manufacturing enterprises. The textile sector has always been an important part of people's lives in India. Much before industrialization, hand weavers and handloom workers contributed to the growth of the industry.

SIGNIFICANCE OF THE STUDY

Textile industry plays a great role in our modern life. There are so many things came in connection with this business. Doing business in rural area is a risk bearing activity. Because at the present situation the textile business traders face a number of difficulties in their day to day business, the prominent among them are lack of funds, change in demand, bad debts, changes in fashion, govt. policy, competition in the market and price fluctuation.

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task to survive under severe competition. All this juncture, it is very important to study the problems and prospects of textile business in rural areas.

OBJECTIVES OF THE STUDY

1. To ascertain the significance of textile business in rural economies
2. To study about the problems faced by the textile traders in rural areas
3. To study about the future prospects and potentials of textile business in rural areas
4. To identify the major factors influencing textile business in rural areas
5. To make suggestions on the basis of the findings of the study

SCOPE OF THE STUDY

This study is conducted in the rural areas of Idukki District. The study covers the both the present problems of the textile business and the prospects of the textile business in rural areas. The study on textile business aims to find out the operating costs of the business, approximate monthly turnover of the textile trades and the major difficulties encounter in the textile business. An effort is made to find out the average time lag between the purchase and sales of the textile traders. It also studies about the percentage of bad debts in credit sales of textile business and the increase in sales in festival seasons. The study also analyzes the strategies adopted by the textile traders to face competition and the methods used for disposing off old stock from the textile business.

METHODOLOGY

Both primary and secondary data used for the study. The primary data are collected directly from the respondents using structured questionnaire. The secondary data for the study have been collected from the various published sources like books and journals.



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SAMPLING DESIGN

The respondents are selected by using random sampling technique. From the whole textile traders in rural areas 90 samples are selected from the main centres of Idukki CDistrict with the purpose of obtaining maximum class representation respondents belonging to different investment scales (like small, medium and large) and experience levels were, deliberately included in the sample.

Table 1

Scale wise classification of Respondents

Scale of operation	Number of Respondents	
	Number	Percentage
Small	24	26.67
Medium	48	53.33
Large	18	20
Total	90	100

Source: Survey data

Table 2

Experience Wise Classification of Respondents

Experience level	Number of Respondents	
	Number	Percentage
Below 10	33	36.7
10-20	42	46.70
Above 20	15	16.60
Total	90	100

Source: Survey data

Table 3

Average Monthly turnover of Textile Business in rural Areas

Monthly Turnover	Number of Respondents	
	Number	Percentage
Below 30,000	9	10
30,000-90,000	24	26.67
90,000-1,50,000	24	26.67
150,000-2,00,000	21	23.33
Above 2,00,000	12	13.33
	90	100

Source: Survey Data



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Table 4

Factors Affecting rural Textile Business

Analyzing Factors	Scale wise			Experience wise		
	Small	Medium	Large	Below 10	10-20	Above 20
Source of Purchase	Whole salers (45.83)	Whole salers (47.97)	Mills (33.33)	Whole salers (60.60)	Whole salres (43)	Mills (33.33)
Operating cost	Medium (62.5)	Medium (50)	High (44.44)	Medium (54.54)	Medium (59.5)	Medium (40)
Time lag between purchase and sales	<1 month (54.17)	1-6 month (48.17)	< 1 month (50)	1-6 Month (45.46)	1-6 Month 50	<1 month (41)
Volume of credit Sales	20-30% (34.33)	10-20% (35.42)	<10% (38.89)	10-20% (33.33)	10-20% (35.71)	>30% (40)
Bad debt in Cr. Sales	<5% (50)	<5% (50)	<5% (50)	<5% (51.52)	<5% (43)	<5% (46.67)
Disposing off old stock	Reduction sale (50)	Reduction sale (43.75)	Discount (44.44)	Reduc. sale & Discount (45.45)	Reduction sale (45.24)	Reduction sale (53.33)
Seasonal Sales	>30% (50)	>30% (52.08)	>30% (55.55)	>30% (60.61)	>30% (57.15)	>30% (46.67)

Source: Survey Data

Notes: Figures in brackets represent percentage to total

Table 5

Strategies adopted to face Competition

Strategies	Number of respondents	Percentages
Advertisement	8	8.88
Discount	7	7.78
Advertisement, Discount, Offer	6	6.67
Advertisement, Coupon, Offer	7	7.78
Gift, Offers	6	6.67
Advertisement, Offer, gift	9	10
Discount, Offer	15	16.67
Discount, Advertisement	12	13.33
Advertisement, Discount, Gift	10	11.11
Advertisement, Offer	6	6.67
Coupon, gift	4	4.44
Total	90	100

Source: Survey data

Table 6

Operating expense in Textile business

Expenditure:	Percentage
sales man salary	39
Advertisement	16.5
Showroom maintenance	12
Rebates	18.5
Others	18.5
Total	100

Source: Survey data

Table 7

Major difficulties encountered in textile business

Major difficulties	Rank I	Rank II	Rank III	Rank IV	Rank V	Rank VI	Rank VII
Lack of Fund	26.67	10	16.67	20	13.33	6.67	6.66
Change in demand	10	6.67	20	10	13.33	20	20
Bad debt	6.67	3.33	3.33	3.33	20	23.34	4
Change in Fashion	26.67	43.33	13.33	3.33	-	3.33	-
Government policy	10	10	13.33	10	10	30	16.67
Competition in market	20	13.33	16.67	23.34	20	3.33	3.33
Price fluctuation	-	13.33	16.67	20	23.37	13.33	13.33

Source: Survey data

MAJOR FINDINGS

1. Majority of the textile traders in rural areas belongs to the medium scale category with an experience of 10-20 years
2. Average monthly turnover of textile business in rural areas in between 30,000 to 1,50,000
3. The majority of the textile traders with high investment purchase their textiles from the mills. But in the case of medium and small scale traders with below 20 years experience level purchase their textiles form the wholesalers
4. Operating expense is moderate in rural textile business, though there are a limited number of small scale traders incurring excessive operating expenditure
5. Majority of the rural textile traders take a stock turnover period of one tp six months though in certain cases it takes more than six months to get the stock cleared.
6. Traders with small and medium scale investment opined that rate of credit sales in total turnover is 10% to 20%. However the large scale investors argue that it is above 10%. On the other hand traders with high experience have high rate of credit

- sales and traders with less and average experience opined that the rate of credit sales is 10% to 20%
7. The analysis of survey data reveals that the average rate of bad debt in rural textile business is 5%
 8. Majority of the traders with large and medium scale investment adopt reduction sale as a marketing strategy while the large scale investors use discount method. Traders with low experience adopt reduction sale and discount method equally, majority of the traders with average and large experience levels adopt reduction sale for disposing off their unsold stock.
 9. Textile business in rural areas is seasonally fluctuating. During cropping seasons sales increases by 20% to 30%
 10. Advertisement is resorted as the major strategy for facing competition
 11. The major expenditure in rural textile business is salesman salary and the major difficulties encountered in textile business in rural areas are lack of funds and change in fashion

SUGGESTIONS

1. For increasing the profitability, the following matters are important;
 - a) Increasing the turnover by Advertisement
 - b) Purchasing the textiles on the basis of change in fashion
 - c) Purchasing is based on the taste and preference of customers
2. Textile business often faces a series problem of piling up of stock which can be solved by;
 - a) Reducing the time lag between the purchase and sales
 - b) Avoiding overstocking of fashionable items

3. Competition in the market is a major difficulty in the textile business. Since the advertisement and discount play a very important role to face competition. So it should be done through effective media and in an attractive manner

CONCLUSION

After the comprehensive evaluation of various factors affecting rural textile business, it is observed that garments business has immense potential in rural areas. However fluctuating demand increasing operating expense, changing fashion etc. pose much difficulties to the traders. Effective steps to curb the above problem will lead to the growth and development of the rural textile business considerably which will indirectly enrich the rural economies on the one hand and will enhance the rural culture to the great extent.

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