

# TEXTILE MADE-UP SECTOR



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## **1. Disclaimer**

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## **2. Introduction to SMEDA**

Small and Medium Enterprises Development Authority (SMEDA) is an apex SME development agency working under the Ministry of Industries and Production (MoI&P), Government of Pakistan. In pursuit of its mission, SMEDA has adopted an integrated strategy that comprises SME sectors & clusters development, Business Development Services (BDS), and Policy advocacy to protect and promote SME interests.

SMEDA offers a broad spectrum of business development services to SMEs which include prefeasibility studies, identification of experts and consultants, delivery of need-based capacity building programs in addition to business guidance through help desk services.

### 3. Introduction to Pakistan's Textile Made Ups Sector

#### 3.1 Sector's Overview

The textile industry in Pakistan is one of the largest and most important industries in the country. It is also the largest industrial sector in Pakistan, contributing significantly to the country's economy. The textile industry has been a crucial part of Pakistan's economy since its inception, contributing significantly to the country's GDP, employment, and exports.

Textile made-ups are one of the most valuable and important international trading commodities, which can be divided into six major categories i.e. towels & cleaning cloths, bed wear & bed linen, blankets, curtains & furnishings, canvas products and table linen. Bed wears and bed linen is among the largest sectors in terms of production and exports of all textile made-ups in Pakistan. The competitive edge of the cotton produced in Pakistan has played an important role in the development of Power Loom industry; as the staple length of cotton produced in the country is suitable for medium count yarn, which is used to produce low-density fabrics.

Pakistan has a rich history of textile manufacturing, dating back to the pre-partition era when it was a cottage industry. Since then, it has undergone tremendous growth and development, becoming a vital sector for the country's economic development. The industry structure varies from city to city. Manufacturers and exporters in Karachi, Lahore and Faisalabad mostly deal in high tech products whereas Multan is famous for production of traditional bed wear and bed linen.

Today, Pakistan is one of the leading textile producers and exporters in the world, with a diverse range of products that cater to various markets and segments. However, despite its success, the industry still faces several challenges, including high energy costs, outdated technology, and inadequate infrastructure.

#### 3.2 Contribution of Textile Made Ups Sector to the Economy of Pakistan

Some major indicators as of 2023, in the textile made up sector in Pakistan's economy are:

Particulars	Indicators
Total Direct Employment (Textile)	40% of Industrial Work Force
Contribution to Export (2022)	18.64%
Contribution to GDP	3% (approx.)
YoY Growth in Exports	5.95%
Total Production Value Export (2022)	> USD 5.84 billion
Total World Exports (2022)	> USD 85.4 billion
Estimated No. of SMEs	206 APBUMA Members
Capacity Utilization	85% to 90%

**Table 1:** Economic Indicators of Textile Made-Up Sector

Source: PBS and Trade Maps

### 3.3 HS Codes Listing for Textile Made Ups Sector

The Harmonized System (HS) is an international nomenclature for the classification of products published by the World Customs Organization ([www.wcoomd.org](http://www.wcoomd.org)). It allows countries to classify traded goods on a common basis for customs purposes.

Textile Made-Ups can be defined as the textile products fabricated for other than apparel purposes. It consists of a range of functional as well as decorative products, mainly including towels and cleaning cloths, bed wear and bed linen, blankets, curtains and furnishings, canvas products and table linen. The major products manufactured with significant production quantities and having export potential include Bed Sheets (Single and Double), Pillow Covers and Quilts.

The Harmonized Commodity Description and Coding System (HS Codes) designated for trade of Textile Made-Ups is **HS 63**. The brief description of sub-categories falling in this product category are described below in Table 2.

### 3.4 Products Description

Under the **HS Code 63**, Textile Made-Ups contain number of products; the major products manufactured in this category with significant production quantities and having export potentials include the following:

Sr. No.	HS Codes	Product Description
1	6301	Blankets and travelling rugs of all types of textile materials
2	6302	Bed linen, table linen, towels and kitchen linen of all types of textile materials
3	6303	Curtains, including drapes, and interior blinds
4	6304	Articles for interior furnishing, e.g. curtains, drapes, interior blinds, lampshades
5	6305	Sacks and bags used for the packing of goods
6	6306	Tarpaulins, awnings and sun blinds; tents; sails for boats, sailboards or land craft
7	6307	Made-up articles such as cleaning clothes including dress patterns and life jackets
8	6308	Woven fabric and yarn sets for making tapestries, rugs, table cloths
9	6309	Worn clothing and clothing accessories, blankets and travelling rugs
10	6310	Rags, scrap twine, cordage, rope and cables and worn-out articles

**Table 2:** List of Textile Made Ups HS Codes

Source: Trade Map [[www.trademap.org](http://www.trademap.org)]



## 4. Pakistan's Trade in Textile Made Ups Sector

Pakistan exports textile made-ups in all sub-categories of HS 63 as listed in the section below.

### 4.1 Pakistan's Exports

Pakistan is one of the major exporting countries of Textile Made Ups due to availability of high-quality raw material and skilled labour force. Over the years, export figures have shown a mixed growth trend in the last 5 years with an average growth rate of 8.52% from the year 2018 to 2022. The total US dollar value of Pakistan's exports in the HS Code 63 textile made-ups sector sub-categories from 2018 to 2022 are shown in the table below:

Pakistan Exports in Textile Made Ups Sector HS - 63					
HS - 63	2018	2019	2020	2021	2022
Sub - Category	Amount US \$ Thousands				
6301	35,074	34,222	35,555	42,507	67,332
6302	3,263,132	3,261,276	3,258,880	4,277,612	4,816,404
6303	107,427	92,498	92,532	106,243	118,775
6304	28,494	37,448	52,588	79,354	74,267
6305	38,800	57,954	43,763	48,403	14,520
6306	87,192	73,040	121,256	105,884	108,924
6307	484,284	455,961	430,091	520,374	399,335
6308	64	60	18	17	1,180
6309	13,501	33,163	198,509	277,380	121,701
6310	18,872	25,023	44,408	57,755	103,285
<b>Total</b>	4,076,838	4,070,644	4,277,601	5,515,529	5,843,661
<b>% Growth</b>	2.9%	-0.2%	5.1%	28.9%	5.9%

**Table 3:** Pakistan Exports in Textile Made Ups HS 63

Source: Trade Map [www.trademap.org]

Pakistan exports textile made ups in various categories, especially in the category of HS 6302 i.e. bed linen, table linen, towels and kitchen linen of all types of textile materials, indicates maximum contribution to exports in the sector. Over the years, export figures have shown mixed growth, with a negative growth in the year 2019 of 0.2% and then an increase of 28.9% in year 2021. During the year 2022, the exports value of Textile Made Ups was USD 5,843 million out of which USD 4816 million (approx.) was the export of bed linen, table linen, towels and kitchen linen of all types of textile materials.

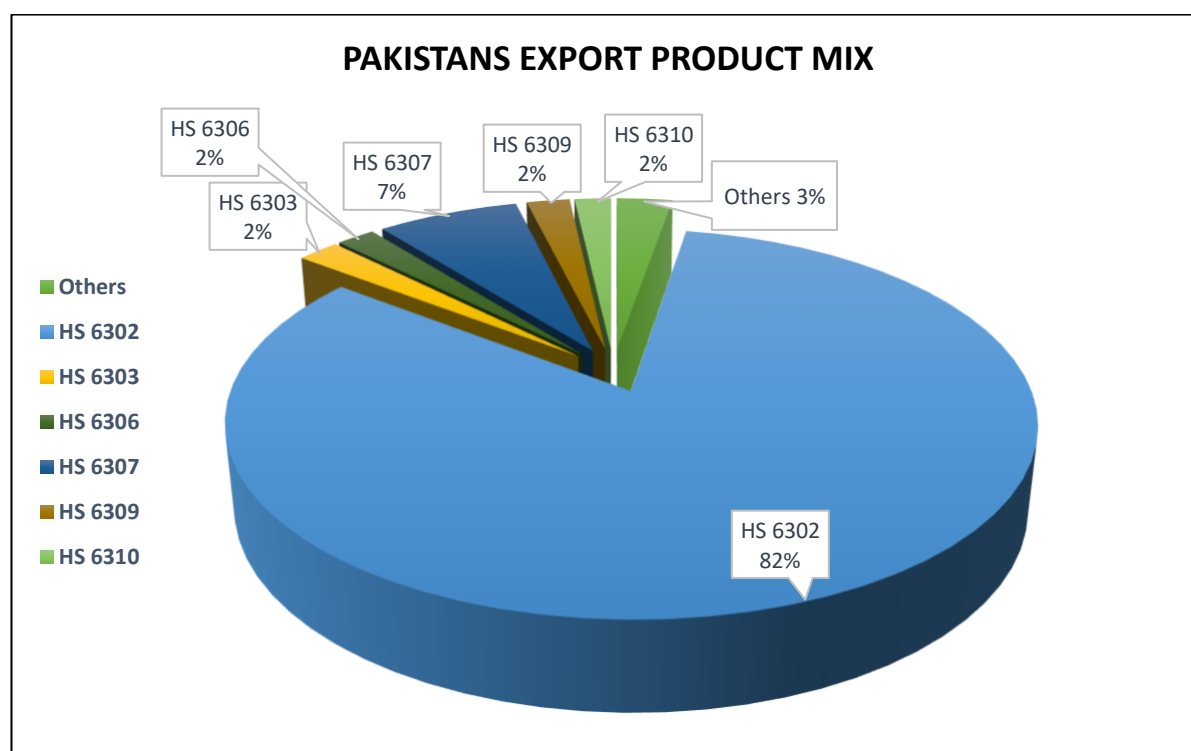
The major rise in Textile Made Ups sector during the FY 2020-2021 was mainly due to the outbreak of COVID-19 pandemic when industry was shut down globally and Pakistan's industry was running in alternative shifts despite smart lockdown conditions and partial closures. This led to a comparative advantage of the local industry as compared to textile production in other countries such as Bangladesh.

The illustration below shows total value of Pakistan’s textile made ups sector exports (in US dollar million) as a five-year trend from 2018 to 2022. Over the said period of time, the exports of textile made ups increased from the year 2019 to 2022.



**Figure 1:** Pakistan Exports in Textile Made Ups HS 63

Source: Trade Map [www.trademap.org]



**Figure 2:** Pakistan Exports Product Mix

The chart indicates Pakistan’s export product mix for textile made ups sector, based on total value of products exported in the year 2022. It can be seen that the major value contributor in Pakistan’s textile made ups sector exports is product category HS 6302 with total export value of USD 118.8 million and export quantity of 863.6<sup>1</sup> kilo metric tonne (approximately)

<sup>1</sup> Trade Maps [www.trademap.org]

which constitute 82% of the total exports of HS 63. For others category in the above pie chart reflecting the HS codes includes HS-6301, HS-6304, HS-6305 and HS-6308.

## 4.2 Pakistan Top Five Export Partners

In the last five years, Pakistan's major export partner for Textile Made Ups was United States of America, followed by United Kingdom. The share of top five importing countries from Pakistan is given in the following table:

Pakistan Top 5 Export Partners					
HS - 63	2019	2018	2019	2020	2021
	Amounts US \$ Million				
United States	1,379	1,397	1,397	1,417	1,895
United Kingdom	575	556	536	532	650
Netherlands	224	265	260	315	427
Germany	313	347	330	359	404
Italy	162	181	170	161	209

Table 4: Top 5 Import Partners of Pakistan

Source: Trade Map [www.trademap.org]

## 4.3 Pakistan's Imports

The total US dollar value of Pakistan's imports in HS Code 63 textile made ups sector from 2018 to 2022 is shown in the table below:

Pakistan Total Imports in Textile Made Ups Sector					
HS Code # 63	2018	2019	2020	2021	2022
	Amount US \$ Thousand				
6309	284,383	230,778	204,625	402,700	209,064
6301	35,631	6,569	3,468	2,392	41,464
6306	1,292	1,848	4,122	6,013	14,063
6302	2,414	1,738	1,268	1,609	13,376
6307	10,301	10,560	33,257	16,795	12,368
6303	749	759	1,623	1,300	7,842
6305	6,507	5,057	1,454	1,868	7,778
6304	281	5,950	4,498	4,713	3,933
6310	1,227	1,820	973	1,137	1,278
6308	3	1	37	-	111
<b>Total</b>	342,787	265,080	255,325	438,529	311,496
<b>Growth %</b>	10%	-23%	-4%	72%	-29%

Table 5: Pakistan Imports in Textile Made Ups HS 63

Source: Trade Map [www.trademap.org]



Total textile made ups import of Pakistan in 2022 was USD 311.5 million; with majority imports in HS 6309 of USD 402.7 million in 2021 and USD 209.1 million in 2022 respectively. HS 6309 mainly includes flea market (landa bazar) items.

It is important to note that during the transition period between US withdrawal of its forces from Afghanistan and enforcement of the new government, international trade of Afghanistan was completely shut down and majority of trade (officially or unofficially) was routed through Pakistan. Also, thousands of refugees migrated to Pakistan in year 2021 which put pressure on Pakistan's imports and created dollar shortage in the country.<sup>2</sup> To meet immediate requirements, one of the major items imported during 2021 was HS 6039 i.e. worn clothing and clothing accessories, blankets and travelling rugs, household linen etc. in bulk or in bales, sacks or similar packing.



**Figure 3:** Pakistan Imports in Textile Made Ups HS 63

Source: Trade Map [www.trademap.org]

## 5. Textile Made Ups Sector Global Perspective

### 5.1 World Exports in Textile Made Ups Sector

Total world exports in Textile Made Ups Sector stood at USD 85,412.4 million in the year 2022. There has been a sharp increase in year 2020 in world exports and then a decrease in subsequent years 2021 to 2022 as can be seen in table 6 below.

The increase in world exports in 2020 were mainly due to a substantial increase in China's exports. Compared to other apparel exporting countries, China suffered a shorter COVID lockdown period and resumed textile production earlier and more quickly. Moreover, sourcing criteria of importing countries match China's competitiveness during the pandemic e.g., flexibility, agility, and total landed sourcing cost, which led to China being a robust exporter of the sector.

China has one of the world's most complete textile supply chains, with access to locally available textile raw material and accessories. In comparison, the value of world exports went

<sup>2</sup> "US withdrawal from Afghanistan, high import bill weakens Pakistan's currency", by Khurshid Ahmed (2021)

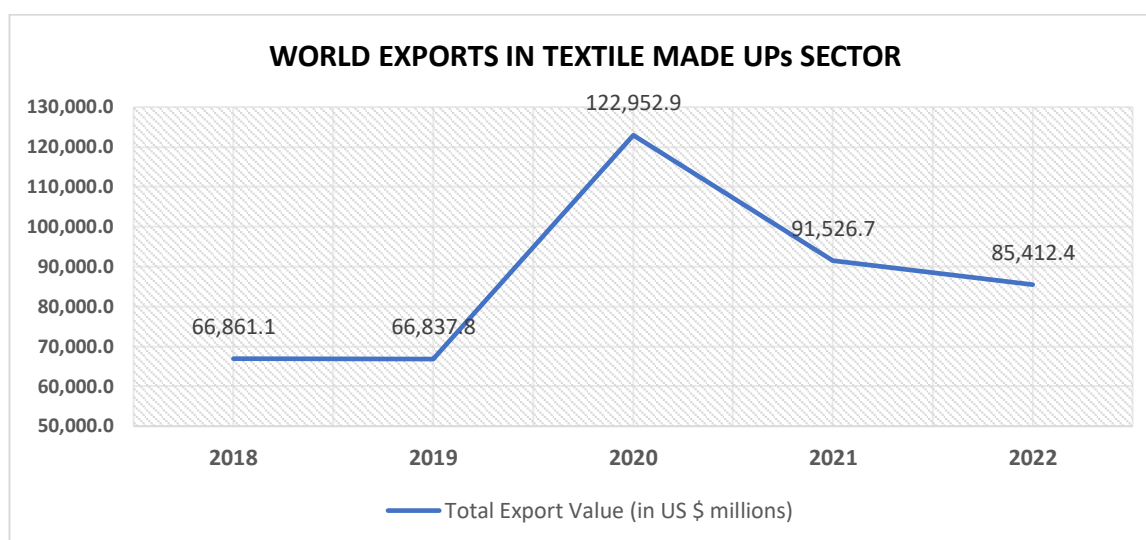
down in 2021 lagging behind year 2020 export values. However, such a pattern was understandable as the trade in 2020 was primarily driven by high demand for personal protective equipment (PPE) during the pandemic. After 2020; i.e. post COVID-19, world economic affairs began to normalize.<sup>3</sup>

World Exports in Textile Made Ups					
HS Code # 63	2018	2019	2020	2021	2022
	Amount US \$ Million				
<b>World Total</b>	66,861.1	66,837.8	122,952.9	91,526.7	85,412.4
<b>Growth %</b>	5.4%	0.0%	84.0%	-25.6%	-6.7%

**Table 6:** World Exports in Textile Made Ups Sector

Source: Trade Map [www.trademap.org]

Based on the table above, the following illustration demonstrates the data on world exports:



**Figure 4:** World Exports in Textile Made Ups Sector

## 5.2 Top 5 Exporting Countries and Pakistan

The data of world exports of Textile Made Ups sector under HS Code 63 is as follows:

Top 5 Exporting Countries & Pakistan					
HS - 63	2018	2019	2020	2021	2022
	Amounts US \$ Million				
<b>China</b>	27,849.0	27,890.1	75,584.8	41,857.2	37,667.4
<b>India</b>	5,240.7	5,163.1	4,771.0	6,677.3	6,649.9
<b>Pakistan</b>	4,076.8	4,070.6	4,277.6	5,515.5	5,843.7
<b>Germany</b>	3,134.9	3,091.9	4,193.5	4,080.4	3,500.8
<b>USA</b>	2,179.2	2,227.6	2,458.7	2,892.6	2,939.8
<b>Turkiye</b>	2,052.5	2,114.7	2,521.5	2,895.1	2,771.6

<sup>3</sup> "WTO Reports World Textiles and Clothing Trade in 2021", by Dr. Sheng Lu, University of Delaware

<b>World Total</b>	66,861.1	66,837.8	122,952.9	91,526.7	85,412.4
<b>Growth %</b>	5.4%	0.0%	84.0%	-25.6%	-6.7%

**Table 7: Top Five Exporting Countries and Pakistan**

Source: Trade Map [www.trademap.org]

Table 7 highlights top exporting countries of Textile Made Ups with China as a top exporter in the world with total exports of USD 37,667.4 million for the year 2022. Pakistan has been the third largest exporter of textile made ups with total exports of USD 5,843.7 million for the year 2022. Figure 5 indicates top exporting countries in the year 2022; China has been excluded from the graph to avoid distortion.

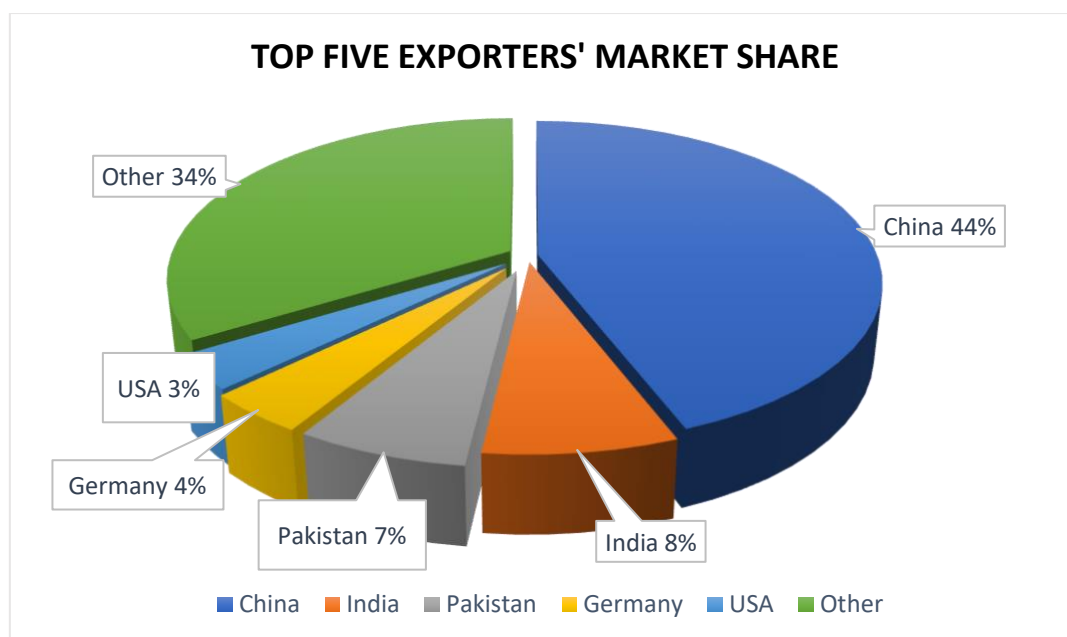
It has been observed that post first wave of COVID – 19, China’s export increased in 2020 and later in 2021-2022, it was hit with a second wave of the virus and lockdowns leading to a decrease in exports. The increase in exports of China is their timely recovery from the pandemic while other countries were still managing the extreme situation.<sup>4</sup> Most Chinese textile and apparel factories started to reopen in April 2020, and they resumed an overall 90% to 95% operational capacity rate by July 2020.<sup>5</sup> Their resilience lies not only in the country’s skilled labour and good infrastructure but also in a state-controlled banking system that has been offering small and large businesses extra loans to cope with the pandemic.

**Figure 5: Top Five Exporting Countries**

Source: Trade Map [www.trademap.org]

<sup>4</sup> “Tariffs? Coronavirus? China’s Exports Are Surging Anyway”, by Keith Bradsher (2020), The New York Times

<sup>5</sup> “WTO Reports World Textiles and Apparel Trade in 2020” by Dr. Sheng Lu, University of Delaware



**Figure 6: Top Five Exporter's Market Share**

According to the trade statistics of Textile Made Ups Sector as per U.S. Dollar value, China is found to be the top exporter of textile made ups in the world. China's exports for the year 2022 were USD 37,667.4 million, whereas Pakistan's exports for the same period were only USD 5,843.7 million. China has 44% of the market share of Textile Made Ups in the world.

### 5.3 World Imports in Textile Made Ups Sector

Total world imports in Textile Made Ups sector stood at USD 78,252 million in the year 2022. There was a rise in world imports in the year 2020 which decreased by -32.9% in 2021 and by -5.4% in 2022.

The value of textile made ups imports by developed economies, including EU members; the United States, Japan, and Canada, increased in 2020, driven mainly by their rising demands of personal protective equipment (PPE) and related textile due to total closure of the local industry in wake of COVID-19.<sup>6</sup> The subsequent decline in world imports in year 2021 and 2022 was due to supply chain disruptions in world trade during intense conflict between Ukraine and Russia.

World Imports in Textile Made Ups Sector					
HS Code # 63	2018	2019	2020	2021	2022
	Amount US \$ Million				
<b>World Imports</b>	60,582	61,678	123,318	82,726	78,252
<b>Growth %</b>	6.5%	1.8%	99.9%	-32.9%	-5.4%

**Table 8: World Imports in Textile Made Ups Sector**

Source: Trade Map [www.trademap.org]

<sup>6</sup> "WTO Reports World Textiles and Apparel Trade in 2020" by Dr. Sheng Lu, University of Delaware

## 5.4 Top 5 Importing Countries and Pakistan

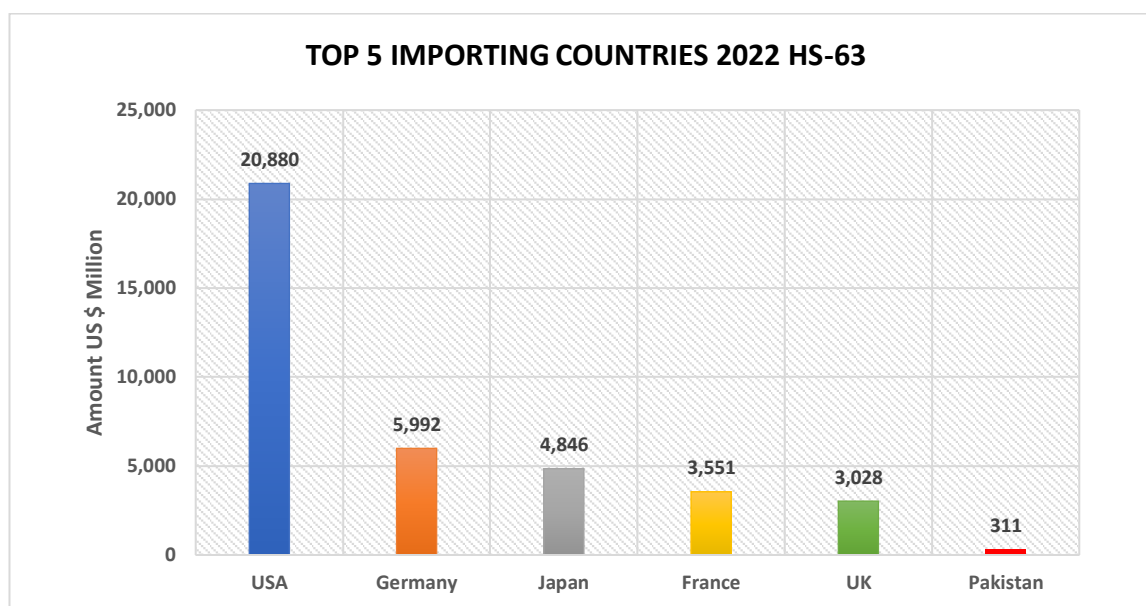
The data of world imports of textile made ups under the HS Code 63 is as follows:

Top 5 Importing Countries & Pakistan					
HS - 63	2018	2019	2020	2021	2022
	Amounts US \$ Million				
USA	16,138	16,743	31,249	22,018	20,880
Germany	4,648	4,553	11,729	6,893	5,992
Japan	3,721	3,822	7,514	4,693	4,846
France	2,756	2,680	8,876	3,820	3,551
UK	2,469	2,602	7,088	3,158	3,028
Pakistan	343	265	255	439	311
<b>World Total</b>	60,582	61,678	123,318	82,726	78,252
<b>Growth %</b>	6.5%	1.8%	99.9%	-32.9%	-5.4%

**Table 9:** Top Five Importing Countries and Pakistan

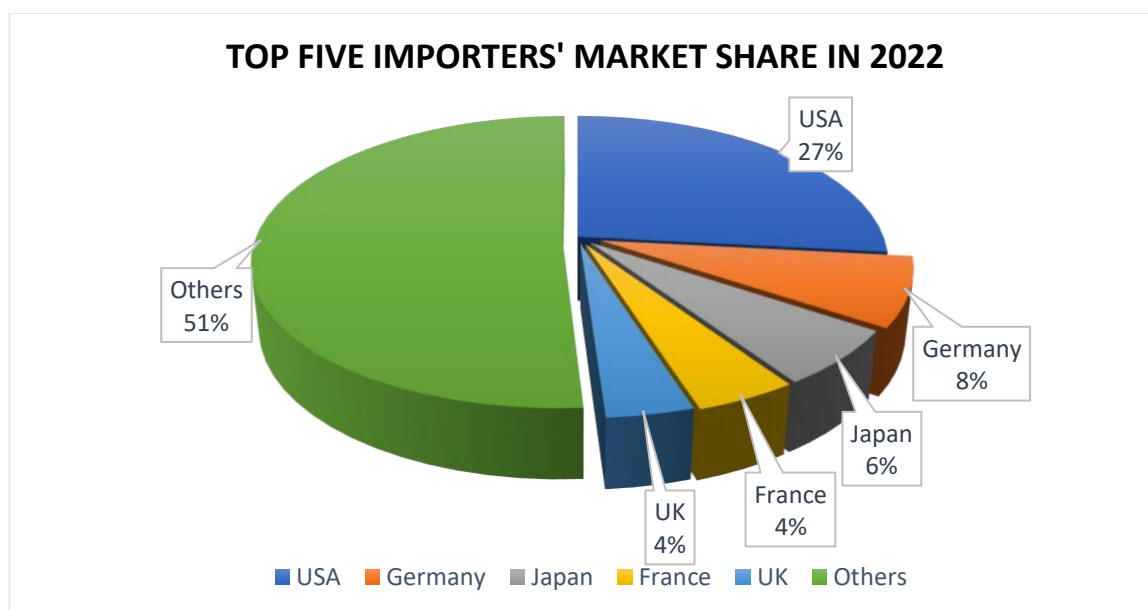
Source: Trade Map [www.trademap.org]

Table no. 9 shows data of world top five importers of Textile Made Ups Sector of last five years. It shows that USA is the top importer of Textile Made Ups and its imports for the year 2022 amount to USD 20,880 million. Pakistan's imports for the year 2022 amount to USD 311 million.



**Figure 7:** Top Five Importing Countries in 2022

Source: Trade Map [www.trademap.org]



**Figure 8: Top Five Importer's Market Share in 2022**

The chart in Fig. no. 8 shows market share of world's top five importers of Textile Made Ups in year 2022. It shows that USA is the top importer of Textile Made Ups with market share of 27% for the year 2022. Germany and Japan have 8% and 6% market share respectively whereas France and UK have 4% each of market share in 2022. Others include Netherlands, Australia, Canada, Italy, Spain, Poland, Korea, Belgium, Mexico, etc.

## 5.5 Pakistan Share in World Exports

Table no. 10 below indicates Pakistan's export data of major exports items in Textile Made Ups for the year 2022 and its share in world exports.

HS Codes	Pakistan Exports 2022	World Exports 2022	Pakistan's Share in World Exports
	Amounts US \$ Million		%age
6301	67.3	5,943.1	1.13%
6302	4,816.4	26,082.5	18.47%
6303	118.8	5,740.3	2.07%
6304	74.3	4,535.1	1.64%
6305	14.5	6,773.9	0.21%
6306	108.9	7,859.0	1.39%
6307	399.3	22,093.3	1.81%
6308	1.2	88.0	1.34%
6309	121.7	5,237.5	2.32%
6310	103.3	674.4	15.31%
<b>Total 63</b>	<b>5,843.7</b>	<b>85,412.4</b>	<b>6.84%</b>

**Table 10: Pakistan's Share in World Exports of Textile Made Ups**

Source: Trade Map [www.trademap.org]



Pakistan's total export of textile made ups in 2022 is USD 5,843.7 million. A majority of Pakistan's exports are concentrated under HS 6302 with exports of USD 4816.4 million. Exports under this category have shown gradual increase since 2018 to 2022 from USD 3,263.1 million to the current level of USD 4,816.4 million. The exports of textile made ups increased by 31.3% during 2021 and 12.6% in 2022 due to increase in demand after COVID-19.

Pakistan's major export partners in the category HS 6302 are USA, accounting for 30.7%, UK 13.8%, Netherlands, 9.4%, Germany 8.5% and Belgium 4.4%. The largest exporter of HS 6302 in the world is China with a 36.8% share of the world market and exports of USD 9,611 million in year 2022. Pakistan is the second largest exporter in Textile Made Ups with an export market share of 18.5% of the world market in year 2022.

If we compare Pakistan's export to the world we can clearly see that there is a huge gap. Pakistan exports of Textile Made Ups for the year 2022 are only 6.84% of the world exports. This is a potential export opportunity for Pakistan as Pakistan has the required infrastructure and quality of textile products is considered premium. Pakistan should avail this opportunity by overcoming hurdles in the way to increase exports and GDP growth.

## **6. Major Textile Made Ups Cluster in Pakistan**

### **6.1 Back Ground and Geography of Cluster**

Major clusters of textile made ups are in Karachi, Faisalabad, Lahore, Multan and Hyderabad. According to All Pakistan Bed Sheets & Upholstery Manufacturers Association (APBUMA), there are 206 units registered with the association out of which 102 member units are in Multan, 43 units in Lahore, 38 units in Karachi and 23 units in Faisalabad. The industry structure varies from city to city. Manufacturers and exporters in Karachi, Lahore and Faisalabad mostly deal in high tech products whereas Multan is famous for production of traditional bedwear.

Historically, in Multan power looms industry started on a cottage scale. Owners and their family members installed looms in homes. The presence of power loom in the area strengthens the cluster of bedwear in Multan. Presently, the cluster provides employment opportunity to approximately 40,000 people. Most of the products in this sub-sector are made from low-density fabrics of wider widths. This fabric can be easily manufactured on power looms, which forms the major chunk of cluster in Multan. The cluster is scattered around the city, however main concentrations are on Multan Industrial Estate, Abdali Road, Qasim Bagh and Matti Tal.

## 6.2 Core Cluster Actors

Presently, there are more than 100 units<sup>7</sup> across Multan, majority of these units are operating at small scale level with exception of few medium and large ones. The small units are working as home based micro enterprises and are unregistered.

- **Large Size Units:** 10 (These are composite units having their own weaving, dyeing, printing, stitching and finishing facility)
- **Medium Size Units:** 12 (These units do not have printing facility but have in house weaving facility, stitching and finishing facility)
- **Small Scale Units:** 88 (These units neither have dyeing / printing facility nor weaving facility. These Units only have stitching and finishing facility, mainly perform cutting, stitching and packing processes)

In addition to that, a large number of home-based micro enterprises are also operating as commercial contractors / fabric supplier to the registered members of APBUMA. The estimated production capacity of the cluster is approximately 3 million Items per annum with capacity utilization of 85% to 90%.

## 6.3 Other Cluster Actors

The key cluster support actors who provide support services to core cluster in the area are including but not limited to raw fabric suppliers, machinery suppliers, finishing and packaging service providers etc.

- **Yarn / Fabric Brokers:** They have significant importance in bedwear industry. Manufacturers usually rely on brokers for required yarn or fabric. Brokers also provide credit facility to manufacturers on 30 days and 60 days terms. Around 20 brokers are providing yarn on cash / credit to this cluster in Multan.
- **Suppliers of Packing Material:** The packaging material suppliers are concentrated in Karachi, Faisalabad and Lahore. They produce the PPT poly bags and vinyl poly bag according to the industry requirement. Around 15 suppliers are providing PPT polybags and Vinyl poly bags to the cluster.
- **Supplier of Accessories:** Almost all the accessories required for bedwear manufacturers are locally available. The suppliers of accessories are located in Karachi, Faisalabad and Lahore. Around 100 suppliers ranging from large to small provide the services to the cluster.
- **Machinery Suppliers:** There are around 35 local machinery manufacturers who are dealing with bead wear cluster.

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<sup>7</sup> Source: APBUMA, TDAP and Multan Chamber of Commerce & Industry (MCCI)

## **6.4 Marketing and Sales**

Multan Cluster is targeting both local and international markets; around 70% of the produced bedwear are sold in local market across Pakistan. Major importing countries from Pakistan and regions are USA, UK, Germany, Netherlands, Belgium and Italy.

## **6.5 Financing**

Financial needs of small and medium bedwear producers fall into three categories i.e. Capital Expenditure, Working Capital and Trade Financing. In Multan, most of the small and medium size bedwear manufacturing units are self-financed. The financing from bank for capital expenditures, especially construction of factory and purchase of land, is very minimal.

On the other hand, small and micro size units are dependent on credit systems from the buyers and sellers. The small units usually face shortfall in cash flow due to cash stuck in inventory, work in process and accounts receivable. The ability to manage all these issues professionally can ensure healthy cash flow. But most of the time these issues create financial problems for the producers. Almost all Commercial Banks are willing to provide short term revolving finances to bedwear producers. Leasing companies are also active in leasing out machinery to bedwear manufacturers.

The State Bank of Pakistan (SBP) offers 'Export Refinance' based short-term loans, through commercial banks at nominal rates. The scheme is offered through banks and almost all banks have their branches in the cluster. The sector also fulfils its financing requirements through Informal financing in the form of credit on purchase of raw materials or services by suppliers.

## **6.6 Human Resource Management**

Due to the labour intensive and manual nature of work, education is not considered as a major factor for business owners. However, they require technical skilled workers who have the knowledge of business operations and skilled required to carry out respective jobs.

Human resource is available in abundance and skills are traditionally inherited. Most of the labour is semi-skilled and is trained on the job. The associated staff and supervisors are mostly diploma holders. Furthermore, there are no specialized marketing or accounts departments in small units. These units generate sales on the basis of personal contacts. Business accounts are not maintained properly; therefore, problems related to tax return, monitoring and evaluation are common in this cluster.

## **7. Major Issues and Way Forward**

1. The sector has been facing deep financial crisis since the beginning. The increase in cotton prices resulting in an increase in yarn price and increase in the cost of other inputs such as financial charges, electricity, labour, etc. has crippled the financial viability of Textile sector in Pakistan. Specialized financing products are needed for the sector.

2. Lack of modern marketing and branding techniques is an issue restricting the growth and development of this sector, as there are no specialized marketing departments for small and medium sized manufacturers. The sector should adopt a strategy to identify new emerging markets as 70% of the total produced is sold in local markets where as Pakistan's share is only 6.84% of world exports. A dedicated umbrella brand of the sector, especially for HS code 6302 – bedwear and bed linen, is essential improving international recognition of Made in Pakistan products for the sector.
3. Technology is a major constraint for SMEs in Textile as they use obsolete technology. The machines are handmade and consume a lot of energy, time and manpower to produce designs and accessories necessary for the products. Special credit schemes may offer for replacement of obsolete technology. Further, most of the machines used are of shorter width. There is need to replace old machinery with modern one with broader width production capacity to meet new trends in textile made ups. Although the sector has the advantages of abundant raw cotton and cheap labour, however, the industry has not exploited the potential in real terms and has failed to make real progress in the international markets. The industry's inability to compete internationally on the parameters of productivity and quality makes the fundamental weaknesses of the industry quite apparent. The quality of machines used for fabric weaving is directly proportional to the quality of the bedwear and bed linen produced as an end product.
4. In order to achieve high degree of value addition, the focus has to be laid on structured training programs with the objective to ensure a consistent supply of well-equipped workforce. Competent HR skill set will enable the cluster to compete in international markets.
5. The major component for production operations is electricity which is very expensive and affects the price of finished goods. Same is the case with gas, which is necessary for different machines and processes such as dyeing and printing etc. Apart from the high prices, the availability of gas and electricity is a severe issue in the sector, especially electricity in summer and gas in winter, which has severely affected the sector progress.
6. Transportation infrastructure face limitations in terms of capacity, maintenance, and efficiency which leads to delays, increased transportation costs, and disruptions in supply chains. Inefficiencies at sea ports contributes to longer turnaround times, increased costs, and hindered export activities. Inadequate warehousing infrastructure creates challenges in inventory management and storage capacity.<sup>8</sup>
7. The textile industry is a major contributor to environmental issues in Pakistan; it generates a large amount of wastewater and solid waste, which is often discharged into rivers and other water bodies without proper treatment. This pollution not only harms the environment but also affects the health of the surrounding communities. SMEs operating

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<sup>8</sup> "Textile Industry in Pakistan: Challenges, Opportunities & Future Prospects", Saleha Ali (2023)

in the sector should have proper SOPs for environmental issues. The Government should ensure compliance with environmental regulations.

Despite the afore mentioned challenges, future prospects of the textile industry in Pakistan are promising. The Government is taking several measures to address challenges faced by the industry, including providing incentives subsidized lending schemes for investment, modernising infrastructure, and upgrading technology. Moreover, the rising global demand for textile products presents a significant opportunity for Pakistan to increase its exports and become a major player in the international market. Some of the potential markets for Pakistani textiles include China, India, Bangladesh, Turkey, and Vietnam. These countries have large populations and growing economies that require more textile products for domestic consumption and export. Keeping in view the textile sub-sectors including ginning, spinning and weaving, investment opportunities exist for Value Added Textile products including Sports Socks, Bathrobes, Fabric Dyeing, Finishing & Printing and dedicated Retail Chains.

Pakistan can leverage its comparative advantage in terms of low labour costs, high-quality cotton production, and skilled workforce to produce competitive and diversified textile products that cater to different segments of these markets. By doing so, it can enhance its economic growth, create more employment opportunities, and improve its balance of payments.

## 8. Annexures

### 8.1 Annexure 1: Authorities, Trade Bodies and Associations

<b>All Pakistan Bedsheets &amp; Upholstery Manufacturers Association (APBUMA)</b>  <b>Address:</b> E-260, PSIC Employees Cooperative Housing Society (PSIC - ECHS), Langana Chowk, Northern Bypass Road, Mutan <b>Tel:</b> +92-61-4552909, 2039695, 0300-8632199 <b>Email:</b> <a href="mailto:apbuma.mul@gmail.com">apbuma.mul@gmail.com</a> <b>Web:</b> <a href="https://www.apbuma.org">https://www.apbuma.org</a>	<b>Regional Business Center (RBC) – Small &amp; Medium Enterprises Development Authority (SMEDA)</b>  <b>Address:</b> C/o Office of DO (E-IP), Near Circuit House, District Jail Road, Multan <b>Tel:</b> (+92) 61 9201176 <b>Web:</b> <a href="http://www.smeda.org.pk">www.smeda.org.pk</a> <b>Email:</b> <a href="mailto:info@smeda.org.pk">info@smeda.org.pk</a>
<b>Pakistan Bedwear Designing &amp; Training Institute (PBDTI)</b>  <b>Address:</b> 245-I-V, Block No. 6, P.E.C.H.S. Block 6 PECHS, Karachi <b>Tel:</b> (+92) 21 34544680 <b>Web:</b> <a href="http://www.pakbedwear.com">www.pakbedwear.com</a> <b>Email:</b> <a href="mailto:info@pakbedwear.com">info@pakbedwear.com</a>	<b>Pakistan Hosiery Manufacturers Association (North Zone)</b>  <b>Address:</b> 243-Tippu Road, Near Manzal-e-Nau Hospital, Model town, Sialkot <b>Tel:</b> (+92) 52 3563 105 <b>Web:</b> <a href="http://www.phmaonline.com">www.phmaonline.com</a> <b>Email:</b> <a href="mailto:phmaskt@brain.net.pk">phmaskt@brain.net.pk</a>
<b>Small &amp; Medium Enterprises Development Authority (SMEDA)</b>  <b>Address:</b> Aiwan-e-Iqbal Complex, Building No. 3, 4th Floor, Egerton Road, Lahore <b>Tel:</b> (+92) 61 9201176 <b>Web:</b> <a href="http://www.smeda.org.pk">www.smeda.org.pk</a> <b>Email:</b> <a href="mailto:info@smeda.org.pk">info@smeda.org.pk</a>	<b>Trade Development Authority of Pakistan (TDAP)</b>  <b>Address:</b> 5th Floor, Block A, Finance & Trade Centre, Shahrah-e-Faisal, Karachi <b>Tel:</b> (+92) 21 111 444 111 <b>Web:</b> <a href="http://www.tdap.org.pk">www.tdap.org.pk</a> <b>Email:</b> <a href="mailto:tdap@tdap.gov.pk">tdap@tdap.gov.pk</a>



## 8.2 Annexure 2: Useful links

<b>Government of Pakistan</b>	<a href="http://www.pakistan.gov.pk">www.pakistan.gov.pk</a>
<b>Ministry of Industries and Production – MoIP</b>	<a href="http://www.moip.gov.pk">www.moip.gov.pk</a>
<b>Trade Development Authority of Pakistan – TDAP</b>	<a href="http://www.tdap.gov.pk">www.tdap.gov.pk</a>
<b>Board of Investment – BOI</b>	<a href="http://www.invest.gov.pk">www.invest.gov.pk</a>
<b>Security &amp; Exchange Commission of Pakistan – SECP</b>	<a href="http://www.secp.gov.pk">www.secp.gov.pk</a>
<b>Small and Medium Enterprises Development Authority (SMEDA)</b>	<a href="http://www.smeda.org.pk">www.smeda.org.pk</a>
<b>Sialkot Chamber of Commerce &amp; Industry (SCCI)</b>	<a href="http://www.scci.com.pk">www.scci.com.pk</a>
<b>Lahore Chamber of Commerce &amp; Industries (LCCI)</b>	<a href="http://www.lcci.com.pk">www.lcci.com.pk</a>
<b>Karachi Chamber of Commerce &amp; Industry</b>	<a href="http://www.kcci.com.pk">www.kcci.com.pk</a>
<b>Multan Chamber of Commerce &amp; Industry (MCCI)</b>	<a href="http://www.mcci.org.pk">www.mcci.org.pk</a>
<b>Faisalabad Chamber of Commerce &amp; Industry (FCCI)</b>	<a href="http://www.fcci.com.pk">www.fcci.com.pk</a>
<b>Federation of Pakistan Chambers of Commerce (FPCCI)</b>	<a href="http://www.fpcci.com.pk">www.fpcci.com.pk</a>
<b>State Bank of Pakistan – SBP</b>	<a href="http://www.sbp.org.pk">www.sbp.org.pk</a>
<b>All Pakistan Textile Mills Association (APTMA)</b>	<a href="http://www.aptma.org.pk">www.aptma.org.pk</a>
<b>PSQCA</b>	<a href="http://www.psqca.com.pk">www.psqca.com.pk</a>
<b>All Pakistan Cotton Power Looms Association (APCPA)</b>	<a href="http://www.apcpa.com.pk">www.apcpa.com.pk</a>
<b>ITC Trade Maps</b>	<a href="http://www.trademap.org">www.trademap.org</a>
<b>Punjab Small Industries Corporation (PSIC)</b>	<a href="http://www.psic.gop.pk">www.psic.gop.pk</a>
<b>Pakistan Textile Exporter Association</b>	<a href="http://www.ptea.org.pk">www.ptea.org.pk</a>
<b>All Pakistan Textile Processing Mills Association</b>	<a href="http://www.aptpma.com.pk">www.aptpma.com.pk</a>
<b>Pakistan Yarn Merchants Association (PYMA)</b>	<a href="http://www.pyma.com.pk">www.pyma.com.pk</a>
<b>Pakistan Hosiery Manufacturers Association (PHMA)</b>	<a href="http://www.phmaonline.com">www.phmaonline.com</a>

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9. "Textile Industry in Pakistan: Challenges, Opportunities & Future Prospects", Saleha Ali (2023)