

2019

Cluster Profile Bedwear, Multan



Turn Potential Into Profit

Small and Medium Enterprises Development Authority (SMEDA)
Ministry of Industries and Production (MoI&P)
Government of Pakistan

4th Floor, Building No. 3, Aiwana-e-Iqbal Complex, Egerton Road, Lahore
www.smeda.org.pk
P: 111 111 456



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1 Description of Cluster

1.1 Introduction

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, Bedwear & Bed Linen, Blankets, Curtains & Furnishings, Canvas Products and Table Linen. Bedwear is among the largest sectors in terms of production and exports of all the textile made-ups in Pakistan. During 2017–18 Pakistan's export of Bedwear was US \$ 1,674 million contributing 27% in the textile exports out of US \$ 6,164 million¹.

The basic reason for the development of this industry in Pakistan is the existence of a huge infrastructure of weaving in formal and informal sectors. The informal sector is also known as Power Loom Sector. Most of the products in Bed Linen are made from low-density fabrics of wider widths. This fabric can be easily manufactured on Power and Auto Looms, which forms the major chunk of weaving industry of Pakistan. The competitive edge in cotton has also played an important role in development of Power Loom industry, as the staple length of cotton produced in Pakistan is suitable for medium count yarn, which is used to produce low-density fabrics.

Power Loom sector in Pakistan is highly fragmented and is based on cottage / small scale and unorganized manufacturing clusters. Major clusters of Bed Linen 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, cluster provides employment opportunity to around 40,000 people.

1.2 Defining the Products

The major products manufactured in the cluster with significant production quantities and having export potential include the following:

- Bed Sheets (Single and Double)
- Pillow Covers
- Quilts

¹ Trade Development Authority of Pakistan (TDAP)

- Bed Decorative

1.3 Core Cluster Actors

The main driver for the development of this cluster is the existence of power looms sector. 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 bedwear cluster in Multan. Presently, there are more than 100 units 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. The major highlights of Bedwear Cluster Multan are as follows:

Table 1: Bedwear Cluster, Multan

Number of Units	Approximately 100 Units (Registered with APBUMA)
	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
Employment Generated	Around 40,000 People
Production Capacity	Approximately 3,000,000 (Items / Annum)
Capacity Utilization	85% ~ 90%

Source: APBUMA, TDAP and Multan Chamber of Commerce & Industry (MCCI)

1.4 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.

Table 2: Other Cluster Actors, Bedwear Multan

Description	Details
Fabric / Yarn Broker	Yarn / fabric brokers 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 and charge 10 Rs. per 4,500 gram of supplies for 30 days term and 15 Rs. for 60 days credit. 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.

1.5 Geographical Location

The cluster is scattered around the city, however main concentrations are on:

- Multan Industrial Estate
- Abdali Road
- Qasim Bagh
- Matti Tal

1.6 Current Cluster Scenario

The major raw material used in the Bedwear is printed woven fabric, which is manufactured on Power / Auto Looms or Shuttle-Less Looms. Bedwear cluster Multan is comprised of both the organized and the unorganized sectors. The organized sector has Shuttle-Less and Air-Jet Looms. Shuttle-Less looms are either the Projectile or Rapier type. The un-organized sector is called "Power Loom" sector. In this sector, 90% consists of basic Power Looms units and 10% are equipped with an auto cop changer, which are called Auto Looms.

The bedwear industry may be large or small depending upon the number of operations carried out by a unit itself. It involves weaving, processing and stitching. A bedwear manufacturer may be buying fabric from outside and converting it into final product after processing it in-house or the

processing is subcontracted and manufacturers are just cutting, stitching and packing in their own premises. Vertically integrated units are very small in number and they operate in relatively upper market segments since it is easy to control the quality in a vertically integrated operation.

There are two types of systems on which Bedwear Cluster, Multan is operating. The units, which are comparatively structured and have a high number of looms, have good financial strength. These units procure their raw material with their own investment, go for their own production and earn good margins on the sale of fabric in the local market or by exporting it in the form of fabric or made-ups. The other system operates on "conversion" basis. These units don't have the financial strength to procure raw material for themselves. The customers provide the main raw material that is yarn and these manufacturing units just take the conversion charges for converting yarn into fabric. In this case, the profit margins are limited.

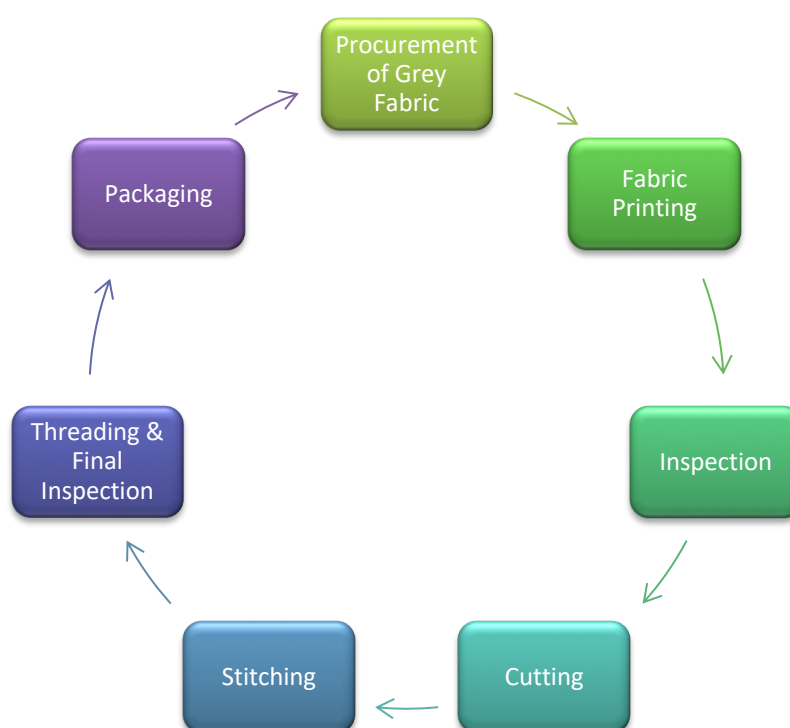
The technology of Power Loom dates back to late eighteenth century. Most of the Power Looms installed are of shorter width (less than 76"), 10 to 15 years old (or even more) in poor physical condition. The quality of cloth woven on these looms carries many inherent fabric faults that are normally not acceptable by quality conscious customers, especially in the export markets. The present production of existing looms and quality of fabric is catering mostly to the lower end of the export markets that is low quality, low price and hence is unable to fetch good unit price.

2 Analysis of Business Operation

2.1 Production Operations

The major raw material used in the Bed Linen is printed woven fabric, which is manufactured on Power / Auto Looms or Shuttle-less Looms. Majority of the Bed Linen manufacturers procure yarn and converts it into woven grey fabric by paying conversion charges to the looms units. The grey fabric is provided to printing and processing unit and printing charges are paid to get printing according to the given designs and colors.

The other possible option used in the market is to directly buy printed fabric from the market and convert it into Bed Linen. Once the bed sheet is stitched, final inspection is done. All the sheets are checked for any defective stitching or loose threads and then they are packed in polyethylene bags along with insert, which is the printed material with brand name etc. and card called stiffener.

Figure 1: Production Process Flow Diagram

2.2 Raw Materials

Following are the main raw materials or inputs used in manufacturing of bedwear.

Table 3: Major Raw Materials

Description	Sources
Printed Woven Fabric	Woven fabric may be 100% cotton for cotton bedwear and fabric may be polyester cotton mix for poly cotton bedwear.
Stitching Thread & Packaging Material	Stitching thread and packaging material are easily available in the local market. Packaging material consists of stiffener, which is of cardboard material, an insert, which is a printed material with company's name and design and polythene bag, which is the plastic cover.

2.3 Technology Status

Although cluster has the advantages of abundant raw cotton and cheap labor, 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 has made 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. Presently 80% bedwear fabric is being weaved on plain looms and 20% is being woven on auto looms. The old machine needs to be changed for increased productivity and better quality. For cutting procedure electric cutter is being used, these cutters are usually imported from Korea, Japan and Germany. In the industry, mostly reconditioned cutters are used. As far as stitching is concerned three types of stitching machines are being used:

- Safety Machine
- Safety Cover Machine
- Juki Machines.

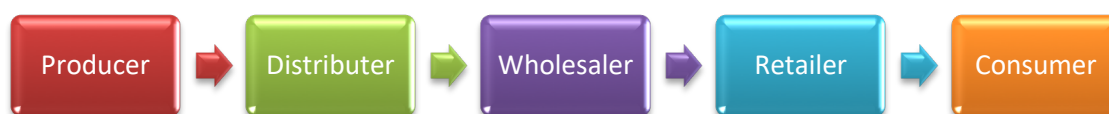
2.4 Marketing & Sales

Multan Bedwear Cluster is targeting the both local and international market; around 70% of the produced bedwear are sold in local market across Pakistan. Major importing countries and regions of Bedwear are Europe, USA and Japan.

2.4.1 Local Market Trade

The major local markets for this cluster are upper Punjab and Karachi region. In order to target local market, manufacturers have developed a network of distributors across the country. Usually, 30 days' credit cycle is maintained in context of local trades.

The sales and distribution network flow in local market trade is as follows;



Some of the manufacturers also have their own retail and distribution arrangements for distribution of products. Additionally, export agents and local sales agents are also working to facilitate sale of bedwear.

2.4.2 International Market Trade

During the calendar year 2017-18, Pakistan exported 'Bedwear' of worth US\$ 1,674 million. Over the years, the export of bedwear products from Pakistan has shown a mixed trend with an average growth rate of 1.02 % in the last five years. USA, Germany, Japan, UK and France are the major trading partners of bedwear from Pakistan.

Majority of the bedwear items are directly exported by the manufacturers. Only a small proportion is exported through commercial agents or intermediaries such as national and international import / export agents and traders. Generally, 60-90 days' cycle is maintained for international trade.

2.5 Financing

Financial needs of small and medium bedwear producers fall into three categories:

- Capital Expenditure
- Working Capital
- 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 the following reasons:

- Inventory
- Work in Process
- Accounts receivable

The ability to manage all these issues professionally can ensure healthy cash flow. But most of the time these issues create financial problem for the producers. Almost all Commercial Banks are willing to provide short term revolving finances to bedwear producers. Leasing companies are also active to lease out machinery to bedwear manufacturers.

2.6 Human Resource Management

Due to the labor 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 labor is semi-skilled and is trained on the job. 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, certain problems related to tax return, monitoring and evaluation are common in this cluster. The associated staff and supervisors are mostly diploma holders.

3 Institutional Setup

3.1 Entrepreneurs' Associations

All Pakistan Bedsheets & Upholstery Manufacturers Association (APBUMA)

Address: T-20 New Multan, Masoom Shah Road, Multan

Tel: (+92) 061-552909



Email: apbuma.mul@gmail.com

Web: www.apbuma.org

Pakistan Hosiery Manufacturers Association (North Zone)

Address: 243-Tippu Road, Near Manzal-e-Nau Hospital, Model town, Sialkot

Tel: (+92) 52 3563 105

Email: phmaskt@brain.net.pk

3.2 Support Institutions

Regional Business Center (RBC) – Small & Medium Enterprises Development Authority (SMEDA)

Address: C/o Office of DO (E-IP), Near Circuit House, District Jail Road, Multan

Tel: (+92) 61 9201176

Web: www.smeda.org.pk

Email: helpdesk@smeda.org.pk

Trade Development Authority of Pakistan (TDAP)

Address: 5th Floor, Block A, Finance & Trade Centre, Shahrah-e-Faisal, Karachi

Tel: (+92) 21 111 444 111

Web: www.tdap.org.pk

Pakistan Bedwear Designing & Training Institute (PBDTI)

Address: 245-I-V, Block No. 6, P.E.C.H.S. Block 6 PECHS, Karachi

Tel: (+92) 21 34544680

Web: www.pakbedwear.com

Email: info@pakbedwear.com

4 Major Issues and Problems

4.1 Financial

The larger units are not dependent upon any financial schemes and do not face any trouble in regard to have access to finance for their business. Medium and smaller units are dependent on loan and credit schemes especially from business support institutes such as banks. For some smaller units, business owner's reluctance and non-availability of proper accounting records present an issue for calculation of segments benchmark financial ratios. The most unfortunate thing is the deep financial crisis faced by this vital value added sector from its beginning. The increase in cotton prices resulting in proportionate increase in yarn price coupled with the increase in the cost of other inputs such as financial charges, electricity, labor, etc. has crippled the financial viability of the shuttle less weaving sector in Pakistan.



4.2 Marketing

There exists new and unexplored market at local and international level. Lack of modern marketing and branding techniques is an issue restricting the growth and development of this cluster, as there is not any specialized marketing department for some of the medium and mostly all of the smaller manufacturers. The large scale manufacturers have no such constraints and their marketing platforms include billboards, print media and TV advertisements etc.

4.3 Technology

Reliance on low technology power looms for the production of fabric for bedwear should be reduced and the number of shuttle less looms should be increased which have the capacity to produce wider width superior quality fabric for the international market. Technology is not an issue for large scale manufacturers but it is a major constraint for some of the medium and mostly all of the smaller units working on obsolete technology. The machines are handmade and take lot of energy, time and manpower to produce designs and accessories necessary for the bedwear products. Special credit scheme 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 the new trends in Bedwear.

4.4 Human Resource

Human Resources Development is the most critical area of intervention for this cluster. 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 the international markets.

4.5 Cost and Availability of Resources

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 cluster, especially electricity becomes nonexistent in summer and gas goes nonexistent in winter, which has severely affected the cluster progress.

5 Investment Opportunities in the Cluster

Keeping in view presence of various Textile sub sectors including ginning, spinning and weaving, investment opportunities exist for Value Added Textile Products including:

- Sports Socks
- Bathrobes
- Fabric Dyeing, Finishing & Printing
- Retail Chains



➤ Commercial Exporters

Following Pre-feasibility studies related to bedwear sector are available on SMEDA website and can be downloaded for further information. These documents can be downloaded from www.smeda.org.pk.

- Bed Linen Stitching
- Handlooms Weaving Unit
- Commercial Embroidery
- Yarn Dyeing
- Fabric Weaving