

CLUSTER PROFILE

POWER LOOMS - HAFIZABAD



Turn Potential into Profit

Small & Medium Enterprise Development Authority
Ministry of Industries, Production & Special Initiatives
Government of Pakistan
8th Floor, LDA Plaza, Egerton Road **Lahore**
Tel: 92-42-111-111-456 Fax: 92-42-6304926-27, Email:
<http://www.smeda.org.pk>

By: **Muhammad Asim Malik** (Regional Business Coordinator, Gujranwala)

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1 Description of the Cluster

1.1 History & Background of Cluster

Hafizabad is a very ancient city located in central Punjab. Hafizabad was made district in 1991; formerly, it was a tehsil of Gujranwala District. It is known for its rice industry on the agricultural side and cotton textile industry on the industrial side.

Hafizabad is situated in a very good surrounding. The Chenab River forms the Northern and North-Western boundary of the district. On the North-West touches Mandi Bahauddin, on the South lies Sheikhpura, on the West Sargodha and Jhang districts and on the East Gujranwala District. The district Hafizabad has a total area of 2,367 square kilometres. The district is included in the agricultural areas of central Punjab and is home of one of the most amazing canal networks in the world. Hafizabad is famous for its rice production. The Hafizabad City Grain Market and Jalalpur Bhattian Grain Market are considered the biggest rice export centres of the country.

Cotton power looms (weaving) is the largest industry in Hafizabad. After the partition some people were migrated from Amratsar and settled in Hafizabad. They started work on hand looms, and then more people came into this business and this business became most popular in this area. This business adopted the shape of home industry in this town. This was the beginning point of this cluster, In 60s a shift from handlooms to power looms came into this cluster. The fabric manufactured from Hafizabad power looms was exported to Afghanistan and Bangladesh. Hafizabad power looms fabric Export was affected after partition of Bangladesh.

Currently, Hafizbad Power Loom Cluster is directly attached with the cotton industry of Faisalabad and businessmen from Faisalabad have a strong influence in the industry. It imparts a great role in the development of the people of Hafizabad as well as generating revenue for the district. The cluster is mainly comprises of small home-based units and managed by owner and their family members.

1.2 Description of Products

Fabric is the main product produced on Power Looms. In Hafizabad two types of fabric is mainly weaved. One is low quality cotton fabric often refer to as "Wail/Khasha Cloth" and other is polyester fabric known as "Paplin".

Majority of power looms in Hafiazabad are producing wail cotton fabric, which is accounted for 70% of total cluster production. Wail fabric is normally produced from the month of September to June, where as Paplin is produced from June to September according to their seasonal demands. Other low quality cotton cloths are also produced in the cluster. The power looms operative in the cluster weave maximum 56 inches width of fabric.

1.3 Core Cluster Actors

The entrepreneurs involved in fabric weaving on Power Looms are the core cluster actors. The cluster consists of 10 Major Fabric Manufacturers and numerous Small and Cottage Size Manufacturers. These cluster actors can be categorized in following two major types due to their business operational procedures.

Type I: Manufacturers, who buy raw material by their own, develop their own designs and market their product through a variety of local channels.

Type II: Weavers who are linked to master weavers, (mostly from Faisalabad) receive the raw material and designs from the master weaver and pass on final product to them.

The industrial statistics of core cluster actors are as follows:

Table: Power Looms Cluster, Hafizabad ¹

Number of Units	Total Units Approximately 400 - Large Size Independent Units: 10 - Small and Medium Size Units: 390
Number of Looms Installed	15,000
Installed Capacity	Installed Capacity of Cluster is Around 1.25 Million Meters Grey Fabric per Day
Capacity Utilized	80% (Approximately 1 Million Meters Grey Fabric Daily)
Employment Generation	Approximately 10,000 (Directly and Indirectly)

1.4 Other Cluster Actors

1.4.1 Machinery Suppliers:

Power Looms up to 56" are being used in the cluster. No machinery supplier exists in Hafizabad Power Looms Cluster. A larger number of power loom machinery manufacturers have set up their units in and around Faisalabad on Railway Road Market, Mansorabad and Samundri road, which are expert and fulfilling the need of industry. Looms with various sizes like 44", 56", 72" and 76" are manufactured in Faisalabad but in Hafizabad power looms cluster machines range is from 44" to 56" only. The major supplier & manufacturers of power looms in Faisalabad are Mumtaz Foundry & Engineering Works, Saddique Brothers, Morning Stars, Fine Master power looms Manufacturers.

1.4.2 Raw Material Suppliers:

Yarn is the basic raw material used in manufacturing of fabric produced on power looms. Majority of units do not have the financial strength to procure raw materials

¹ Source: Power Loom Association Hafizabad

for themselves. The middlemen provide yarn and these manufacturing units just take the conversion charges for converting yarn into fabric.

1.4.3 Sizing Services Suppliers:

There are 09 units which are providing warping and sizing services in Hafizabad, as due to small quantities of yarn no one has its own sizing facilities. At warping, the individual cones are put into the creel (the number of cones depends upon fabric construction) and yarn from individual cones is pulled together in sheet form.

1.5 Geographical Location

Geographically majority of power loom units are concentrated in following areas of Hafizabad.

- Kolo Road
- Jalalpur Road
- Muhallah Mughal Pura
- Iqbal Town
- Hassan Town Habeeb Gunj

Around more than 80% of units are located in above mentioned areas.

1.6 Current Cluster Scenario

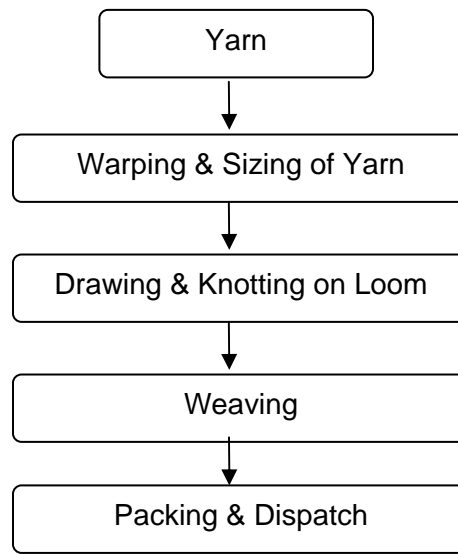
This cluster is producing comparatively low value added Grey Cloth of mostly inferior quality. In current position growth trend of Hafizabad power looms industry has been declining due to electricity crises and rise in yarn prices. At present, there are around 15,000 power looms are operational with around 400 power looms units and the condition of mill owner is like hand to mouth. The old labor force is shifting into Iran due to higher wage rates in Iran and new workforce is not adopting this business due to low wage rate and people consider it very low quality of labor job.

2 Analysis of Business Operations

2.1 Production Operations

Production process of woven fabric can be explained as follows

Figure 1: Production Process Flow



2.1.1 Warping & Sizing:

Before weaving on power looms sizing of the yarn is essential to reduce breakage of the yarn. In sizing process size material is applied on warp thread to improve the strength of yarn by chemically binding the fibers with each other and also improve upon its friction resistance capacity by chemically coating the surface of yarn/fibers

2.1.2 Drawing in & Knotting on Loom:

Weaving is basically interlacement of two sets i.e. warps and weft threads in desired sequence and pattern. To obtain this interlacement, warp yarn sheet is bifurcated & opened in the form of two layers/sheet and weft thread is inserted between so opened two warp sheets.

The drawn weavers beams are fixed on weaving machines, threads are tied and head shafts are coupled. This operation is called Beam Gaiting. If un-drawn warp threads are directly knotted to the threads of finished beams, it is called Knotting.

2.1.3 Weaving:

These set of yarns running in the machine direction (warp) to be interlaced with another set of yarns running across the machine 'Filling'. It consist on four action: shedding-raising the warp yarns by means of the appropriate harnesses; Picking-

inserting the weft yarn; Batting- pushing the weft into the cloth with a reed; And Taking Up And Letting Off-winding the woven cloth onto the cloth beam and releasing more warp yarn from the warp beam

2.1.4 Packing & Dispatch:

The finally woven fabric or grey fabric is taken out from weaving machines. The fabric is packed in form of bundles of bales. Normally each bundle contains 10 bales and then sent for final dispatches.

2.2 Raw Materials Availability

Raw material required by the cluster is cotton & polyester yarn. Yarn is obtained from suppliers/traders having linkages with the spinning mills of Faisalabad. Raw material is also available in “Sooter Mandi” Faisalabad.

2.3 Quality Assurance

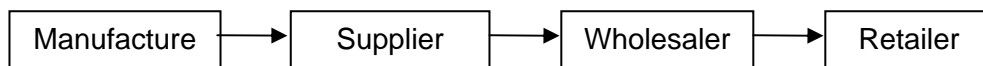
There are no proper standards for quality assurance of fabric. The use of low quality yarn and poor weaving technology are the main causes of all the fabric defects.

2.4 Technology Status

There is lack of use of modern manufacturing machines and techniques, due to those small units are closing down and large size manufacturing units are filling this gap. The technology status in this cluster is old & conventional. They are using old power looms machine. These machines used much electricity and cost of billing is high. Actually their production is much lower as compared to time and electricity consumed.

2.5 Marketing & Sales

There are about 5 traders in Hafizabad and other are in Faisalabad and Gujranwala market. These traders procure fabric directly from the weavers in addition to procurement from the master weavers. These traders sale fabric in Faisalabad, Lahore and Gujranwala markets also have contacts with wholesalers in other cities.



2.6 Financing

Almost all the registered commercial and industrial development banks of Pakistan have their branches in the cluster and providing the financing at competitive rates. But most of stakeholders depend upon their own financial equity based resources. Due to lack of awareness, ineffective information flow and lengthy paper work these entrepreneurs are reluctant to go to the financial institutions.

2.7 Human Resources

Human resource is present in abundance and skills are traditionally inherited. The owner usually deals with management issues and marketing related activities. Most of the labor is semi skilled and are trained on job. There is no specialized marketing or accounts department. They facilitate their sales only on the basis of personal contacts and no proper accounts are maintained therefore certain problems related to tax return, monitoring and evaluation are faced.

3 Institutional Setup

3.1 Trade Associations

Hafizabad Power Looms Association is the sole representative body of power loom stakeholders and facilitates in WAPDA, Income Tax and Labour related issues. The association is not formerly registered with any Chamber of Commerce & Industry or any other registration body.

3.2 Government & Semi-government Organizations

SMEDA, PSIC & TDAP are three organizations which are providing facilitation to this cluster at the government level.

3.2.1 Small and Medium Enterprise Development Authority (SMEDA)

The Small and Medium Enterprises Development Authority (SMEDA) was established in 1998 under the Ministry of Industries and Production in order to foster the development of SME in the economy and was expected to take a key role in this process. Its functions include, inter-alia, the facilitation on policy making and the provision of overall planning, programming, research and evaluation of matters related to SME in Pakistan; monitoring and evaluation; encouraging and facilitating development of SME and to protect their interests. SMEDA has its Regional Business Coordinator in Gujranwala.

3.2.2 Trade Development Authority of Pakistan (TDAP)

TDAP is the primary agency of the Government of Pakistan engaged in promotion and boosting of country's exports. Since its inception in 1963, it continues to facilitate the exporters in overcoming difficulties faced by them, TDAP helps exporters to participate in exhibitions abroad and sends delegations to export markets with a view to explore new markets and develop the traditional markets. TDAP also initiate projects in various export sectors to train necessary manpower that can manage the export trade and industry.

3.2.3 Punjab Small Industries Cooperation (PSIC)

PSIC is also working for the facilitation of small industries in Punjab. They offer soft loans to small entrepreneurs at subsidized rates. Their main focus is on small and

cottage units. PSIC also has a regional office in Gujranwala which helps in credit facilitation and establishing of new industrial areas for small industries (i.e. Small Industrial Estates S.I.E)

3.3 Educational Institutions

Technical Education and Vocational Training Authority (TEVTA) and Punjab Vocational Training Council (PVTC) are major institutes, which offer technical courses relevant to local industry need.

3.4 Private BDS Providers

No significant private business development service providers are operating in the region with specific reference to power looms engineering industry.

4 SWOT Analysis

4.1 Strengths

- Large local market
- Strong linkages in the cluster with the internal and external stake holders.
- Abundance of Low cost Labor
- Simple business operation cycle
- Extensive supplier industry

4.2 Weaknesses

- Shortage of electricity supply and high cost.
- Lack of Professional skills for business diversifications.
- High cost of operation.
- Only focusing on low quality product.
- Lack of understanding and awareness on latest technology
- Low productivity.

4.3 Opportunities

- Identifying new markets for high quality fabric products
- Awareness to the industry for achieving latest market trends and technology
- The demand for textile is growing globally.

4.4 Threats

- Continual use of conventional tools and operations for running the business.
- Political situation of the country
- Continual Changing lifestyles and consumer preferences

- Increasing regulatory pressures e.g. tax regime ever increasing, tax mechanism complicated for SMEs, requirement of various other Government departments like Labour, Wapda etc.

5 Investment Opportunities

Some potential opportunities for investment in cluster are as follows:

- Woven Fabric Dyeing & Printing Facilities
- Fabric Designing
- Trading & Marketing Facilities / Buying Houses.
- Raw Material Bank
- Textile Training Institute
- Latest Power Looms Machinery and Parts Manufacturing and Trading