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## **A STUDY OF STARTUPS BUSINESS IN TEXTILE INDUSTRY OF PUNJAB**

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### **Abstract**

The State is known for the enterprising spirit of its people, which brought green revolution and also made Punjab a hub of small and medium enterprises. The State now has to transition to knowledge and technology driven enterprises. It has to develop a new culture of innovation. The State recognizes that innovation and entrepreneurship are crucial for future growth of State's economy. The State would support cluster specific bottom up approach to build and strengthen Innovation and Entrepreneurship ecosystem in the State. The State would follow an entrepreneur centric approach fostering connections and learning. The State will facilitate networking between entrepreneurs and entrepreneurship support organizations by bringing entrepreneurs together in an environment that catalyzes learning. Punjab is a developing as leading hub for textile based industries like apparel manufacturing, spinning, cotton and woolen textile, and hosiery export, as it is flourished with rich resources, eco system for manufacturing and a robust spinning capacity, which make it an idle destination for textile industry.

### **Keywords**

Entrepreneurship, innovation, textile industry, spinning capacity.

### **INTRODUCTION**

Ludhiana's textile industry is currently facing numerous challenges and adjusting to a new phase of subdued demand. It is relying on governmental assistance for the establishment of a mega textile park and the negotiation of free trade agreements (FTAs) with developed nations. Over the past eight years, the industry has experienced significant fluctuations. It all started with demonetisation in 2016, followed by the implementation of the goods and services tax (GST) in 2017. The Covid-19 pandemic in 2020 exacerbated the situation, and geopolitical tensions since 2022 have resulted in high inflation and recessionary patterns in Western countries, affecting demand. Nevertheless, the path to recovery will not be straightforward. The Indian textile industry faces tough competition from various countries in the region, including China, Bangladesh, Sri Lanka, Vietnam, and even Pakistan. The industry is eagerly awaiting the conclusion of FTAs with the United Kingdom and the European Union. India has been losing ground to competitors such as Bangladesh and Vietnam, which benefit from lower duty advantages. The enforcement of quality control orders (QCOs) by the Centre has also raised concerns, particularly among smaller industry players. These non-tariff barriers aim to restrict the import of substandard products and enhance India's position in the supply chain. However, some industry executives argue that QCOs should be implemented thoughtfully, after consulting with stakeholders, to avoid disrupting domestic businesses. Businesses in Ludhiana, Punjab's largest industrial hub, express the urgent need for improved connectivity. The closest airport is in Chandigarh, approximately 100 km away. Industry insiders also emphasise the necessity of a world-class exhibition-cum-convention centre in Ludhiana to stimulate industrial growth. The executive cited above emphasises these factors are vital for industrial development. While some of these issues require attention at the central government level, Ludhiana's textile industry remains optimistic that the state government will consider its requests for a mega textile park and an exhibition-cum-convention centre.



The state has 3 main industrial units i.e. agro-based industrial unit, machinery units and chemical units. Punjab is 2nd largest producer of cotton & blended yarn with 70% best quality cotton production in India. It accounts for 655 million Kg of yarn production. The state contributes around 2.2 million bales (170 Kg. each) cotton production, which is about 14% of total country's cotton production. The share of textile industry out of total production of all industries of Punjab is 23%. The textile sector contributes about 38% of the total export from the state to outside countries. The total export of yarn and textile and hosiery and readymade garment of Punjab is USD 1300 million and USD 630 million respectively.

### **About Textile Business**

The textile industry is considered one of the best industries in the business sector. The textile and garment industry has a close relationship with the fashion and design industry. The reason is that the textile industry supplies fabric to these sub-industries. Read here to know in detail how textile industries work in India and how to set up your textile industry. With so many options available in the textile industry, it is important that before starting the business, understand the specific requirements of the textile business.

### **Know About the Market Trends in the Context of the Textile Business in India**

The textile industry's current contribution is marked as 2% of GDP in India. In terms of percentage, it is 15% of the earnings of India. The textile business in India is one of the largest across the world and most popular for manufacturing cotton. India is one of the largest producers of cotton and jute in the world.

### **Reason for the Increasing Popularity of the Textile Industry in the World**

- The Indian government has formulated many policies and incentives that are favorable for all the textile business owners of India.
- Make an easy availability of abundant raw materials such as cotton, jute, silk, and wool.
- One of the major reasons for setting up the textile business in India is that it has a good team of skilled manpower in the entire value of textile manufacturers.

### **Benefits of Having a Textile Home Business in India**

- It is a full-time opportunity to grow business along with enjoying consistency in revenue generation in the textile business.
- The smallest expenditure always gives higher and profitable business returns.
- The smallest textile business in India expands globally as a brand at a faster pace.
- For small textile business owners, it is easier to remain active on social media platforms.
- Easier to build up a reputable customer base
- Easier to make a connection with suppliers and wholesalers
- The textile business is a never-ending business.



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**Opt for the best advertising strategies to promote your textile business** After completing the comprehensive planning; it is time to concentrate on strategic planning to take your textile business further. Prepare a marketing plan and think about the right ways to make people aware of the business. Try spreading the word to as many prospective clients as possible about your textile business. Use the best social media platforms for creating brand awareness and information about the products you are focusing on in your textile business. The popular social media platforms for expanding the business are Face book, Twitter, Instagram, and LinkedIn.

## REVIEW OF LITERATURE

**Nandhakumar and Magesh (2017)** evaluated the performance of textile and apparel industry in India on the basis of various studies, articles and reports. It is estimated on the basis of various factors like market size, investment, government initiatives and key market and export destinations that Indian Textile and apparel sector has a positive pace of growth. Government is providing various opportunities and initiating various steps to uplift this sector like setting-up of integrated textile park, technology fund for up-gradation and provide 100% foreign direct investment and so on.

**Gupta et al (2017)** examined to evaluate the performance of textile companies on the basis of their liquidity, solvency, profitability and managerial efficiency. The result showed a significant difference in Return on Capital Employed, Net Profit Margin, Current Ratio, Debt equity and fixed turnover ratio.

**Mohammed et al (2017)** evaluated the financial performance of four selected public sector textile units (Barshi Textile Mills, India United Mill No.5, Podar Mills and Tata Mills) on the basis of their turnover, solvency and liquidity for the period of 10 years starting from 2006-2016. The author investigated the possible causes for weak performance and also point out the reasons for slow pace of growth of textile companies in Maharashtra. It is found out that solvency ratio and liquidity has significant impact on profitability but turnover ratio has insignificant impact on profitability of selected textile units in Maharashtra.

**Sultangaliyeva et al (2017)** discussed about the risk of investment in textile project by evaluating risk factors like product risk, personnel risk, territorial dimension risk and financial risk. Economic and mathematical risk prediction method has used to evaluate effectiveness of investment projects in textile industry. So, it is conclude that Kazakhstan should develop new strategy to evaluate different investment projects through which risk can be minimize.

**Ahmed et al. (2017)** demonstrated the impact of working capital management on profitability of 22 garment companies of Bangladesh for the period from 2007-2014. The results showed that variables of working capital like cash conversion cycle, current ratio and current assets to total assets has significant impact on profitability of textile companies listed in Dhaka Stock Exchange.



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## **OBJECTIVES OF THE PRESENT STUDY**

1. To study the latest technologies used in textile industry of Punjab
2. To study the growing need of start ups business in textile industry of Punjab

### **DATA COLLECTION**

The study being conducted on secondary data only. The present study showed the data for growing need of textile industry in Punjab in which Vardhman textiles limited data to be presented there. The present study focused on the new start-ups business in textile industry of Punjab. Textile industry plays a major role to employment to people in Punjab and maximum contribution to GSDP (Gross State Domestic Product) in Punjab. The present study used the descriptive statistics to know the better results about the growing need of more start ups business in textile industry of Punjab.

### **DATA ANALYSIS AND INTERPRETATION**

1. To study the latest technologies used in textile industry of Punjab

**The above objective focused on the need of central government policies and initiatives as follows:-**

#### **TEXTILES AND APPAREL**

- 100 percent foreign direct investment in textiles through automatic route.
  - Production linked incentive (PLI) scheme to promote manufacturing of Multi Made fibre apparel, MMF Fabrics and technical textiles.
  - Credit linked subsidy through amended technology upgradation fund scheme (ATUFS) for upgradation of technology.
  - Mega integrated textile region and apparel (MITRA) scheme to develop state of the art mega textile parks.
  - National Technical Textile Mission for promoting Research and development efforts in the sector.
  - Skill development of unemployed youth and skill upgradation of weaver and artisans through SAMARTH (Skill Development and capacity Building).
2. To study the growing need of start ups business in textile industry of Punjab



**VARDHMAN TEXTILE DATA ANALYSIS**

**Table no 1.1**

Particulars	FY 2022-23	FY 2021-22
Revenue from operation	9,840.79	9,386.10
operating profit (EBITDA)	1,477.85	2647.38
Finance Cost	101.86	99.53
Depreciation Cost	388.95	362.1
Profit before tax	987.04	2185.75
Profit after tax	749.07	1677.44

(Source: - Annual Report of Vardhman Textiles Ltd.)

FY 2022-23		FY 2021-22	
Mean	2257.593333	Mean	2726.383333
Standard Error	1529.071983	Standard Error	1393.327292
Median	868.055	Median	1931.595
Mode	NA	Mode	NA
Standard Deviation	3745.446139	Standard Deviation	3412.940909
Sample Variance	14028366.78	Sample Variance	11648165.65
Kurtosis	5.661515432	Kurtosis	4.31214436
Skewness	2.36134405	Skewness	1.982536
Range	9738.93	Range	9286.57
Minimum	101.86	Minimum	99.53
Maximum	9840.79	Maximum	9386.1
Sum	13545.56	Sum	16358.3
Count	6	Count	6

(Source: Authors Calculation)

From the above data analysis its shows the positive effect of descriptive statistics that there is need and growth of textile and apparel industry in Punjab the more focused on to increased the start up business in textile industry of Punjab.

**Table no 1.2**

Particulars	FY2022-23	FY2021-22
Debtor turnover ratio days	44	51
inventory turnover days	86	109
interest coverage ratio times	12.3	21.36

(Source: - Annual Report of Vardhman Textiles Ltd.)



FY2022-23		FY2021-22	
Mean	47.43333333	Mean	60.45333333
Standard Error	21.34450228	Standard Error	25.73723977
Median	44	Median	51
Mode	NA	Mode	NA
Standard Deviation	36.96976242	Standard Deviation	44.57820693
Sample Variance	1366.763333	Sample Variance	1987.216533
Kurtosis	NA	Kurtosis	NA
Skewness	0.4143048	Skewness	0.911363888
Range	73.7	Range	87.64
Minimum	12.3	Minimum	21.36
Maximum	86	Maximum	109
Sum	142.3	Sum	181.36
Count	3	Count	3

(Source: Authors Calculation)

From the above data analysis there is growing demand of financial ratios in textile industry of Punjab the Vardhman maintain the financial ratios in growth to do smooth running of textile business in Punjab.

**Table no 1.3  
Fabric Production**

Fabric	FY 2018-19	FY 2020-21
100% cotton	42,204	36,344
Blended	11,896	10,513
100% non cotton	15,970	23,588
Total	70,070	70,445

(Source: - Ministry of textiles, Government of India)





FY 2018-19		FY 2020-21	
Mean	35035	Mean	35222.5
Standard Error	13471.36881	Standard Error	12870.51944
Median	29087	Median	29966
Mode	NA	Mode	NA
Standard Deviation	26942.73762	Standard Deviation	25741.03889
Sample Variance	725911110.7	Sample Variance	662601083
Kurtosis	1.303586416	Kurtosis	1.155121921
Skewness	0.819906475	Skewness	1.056823084
Range	58174	Range	59932
Minimum	11896	Minimum	10513
Maximum	70070	Maximum	70445
Sum	140140	Sum	140890
Count	4	Count	4

(Source: Authors Calculation)

From the above data analysis there is the great demand of 100% cotton 52% as compared to 100% non cotton 33% it clearly shows the positive results of textile business in Punjab its leads to more investment in gross state domestic product in GDP and employment in Punjab.

**Conclusion**

India’s start up ecosystem has achieved remarkable milestones and has the potential to reach even greater heights it the government, investors, entrepreneurs, and educational institutions work together and learn from each other. India can become global leader in technology and innovation and create a positive impact on society and the environment by harnessing its unique strengths and addressing its challenges. In Punjab Ludhiana is the only city that provides major contribution to employment of the people and increased imports and exports of textile business in Punjab. There is always a great need of start ups business established in Punjab state because of raw material availability is raw cotton available in Punjab.



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