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Revitalizing the Pakistan Textile Industry: Strategies for Growth and Competitiveness

Aramish Altaf Alvi^a
Uzma Shahid^b

Abstract

The Pakistan textile industry, which once accounted for over 60 percent of the country's total exports in the 1990s, has experienced a significant decline in its growth rate in recent years. Several factors contribute to this decline, including global economic recession, internal security concerns, and the high cost of production stemming from energy crises. Additionally, the depreciation of the Pakistani rupee has escalated the cost of imported inputs, while high inflation rates and financing costs further exacerbate the industry's challenges. In order to revitalize the textile industry and place it back on a trajectory of growth and competitiveness, it is imperative for the government to take proactive measures. One crucial step involves providing subsidies to the textile industry, facilitating the acquisition of new machinery or the enhancement of existing machinery's quality. By modernizing equipment and technology, the industry can improve efficiency, reduce production costs, and enhance overall productivity. Moreover, allocating resources towards research and development (R&D) initiatives is essential for maximizing the potential of both new and existing machinery. Investing in R&D not only fosters innovation but also enables the optimization of production processes, thereby bolstering the competitiveness of the textile industry in domestic and international markets. By implementing these measures, the government can support the revitalization of the textile sector, thereby stimulating economic growth, creating employment opportunities, and bolstering the country's export competitiveness. Furthermore, fostering a conducive environment for investment and innovation will position Pakistan's textile industry for sustainable growth and resilience in the face of global economic challenges.

Keywords: Pakistan, Textile Industry, Economic Revitalization, Competitiveness

JEL Codes: L67, O14, O25

1. INTRODUCTION

The textile industry holds significant importance in Pakistan's economy, being the 8th largest exporter of textile products in Asia. This sector contributes substantially to the country's GDP, accounting for 9.5%, and plays a crucial role in employment generation, providing livelihoods to approximately 15 million people, which represents around 30% of the total workforce in Pakistan (Economic Survey of Pakistan, 2015). Despite its substantial contributions domestically, Pakistan's share in the global textile trade remains relatively modest, amounting to less than one percent of the total world textile trade valued at approximately US\$18 trillion per annum. However, Pakistan boasts a prominent position in specific aspects of the textile industry. It stands as the 4th largest producer of cotton, annually producing 12 million bales, and possesses the third-largest spinning capacity in Asia, trailing only China and India. Notably, Pakistan's spinning capacity contributes 5% to the global spinning capacity (Economic Survey of Pakistan, 2015). These statistics underscore the significance of the textile industry to Pakistan's economy, highlighting its role as a major contributor to GDP, employment, and production capacity regionally and globally. Moreover, they emphasize the potential for further growth and development within the sector, suggesting opportunities for expanding Pakistan's presence in the global textile market and enhancing its competitive position through strategic initiatives and investments.

Since gaining independence, Pakistan has accorded the utmost priority to the development of its manufacturing sector, particularly emphasizing the establishment and growth of agro-based industries. As one of the leading producers of cotton globally, Pakistan recognized the potential for industrialization through the utilization of its abundant cotton resources, paving the way for the establishment of a thriving textile industry. The development of the textile sector has been identified as a foundational step towards industrialization in Pakistan. Leveraging its vast reservoirs of cotton, the country embarked on initiatives to establish a robust textile industry, capitalizing on its natural resources to drive economic growth and development. This strategic emphasis on agro-based industries, particularly textiles, reflects Pakistan's commitment to fostering industrialization and economic diversification. By harnessing its inherent strengths in cotton production and textile manufacturing, Pakistan has sought to lay a solid foundation for industrial growth, job creation, and economic prosperity. The concerted efforts directed towards the development of the textile industry underscore Pakistan's proactive approach to industrialization, recognizing the pivotal role of manufacturing in driving socio-economic progress and fostering self-sufficiency. As a result, the textile sector has emerged as a cornerstone of Pakistan's industrial landscape, playing a pivotal role in shaping the country's economic trajectory since independence.

^a Department of Economics, Lahore College for Women University, Lahore, Pakistan

^b Department of Economics, Lahore College for Women University, Lahore, Pakistan

As of the latest data available, Pakistan's textile sector comprises a significant number of ginning and spinning units, reflecting the industry's substantial presence and contribution to the country's economy. According to Zaidi (2015), there are currently 1,221 ginning units and 442 spinning units operating in Pakistan. Within this framework, there are 124 large spinning units and 425 small units actively engaged in the production of textile products. Since achieving independence, Pakistan's textile sector has undergone a gradual evolution, transitioning towards the production of higher-quality textile products. Over the years, there has been a notable shift towards the manufacturing of finer counts, hosiery, garments, and other value-added items within the textile industry. This progression underscores Pakistan's endeavor to enhance its competitiveness and capture greater value in the global textile market. By focusing on the production of higher-quality products and value-added items, the textile sector aims to meet evolving consumer demands, diversify its product offerings, and strengthen its position as a key player in the international textile trade. The expansion of spinning and ginning units, coupled with the emphasis on quality and value addition, reflects the textile industry's resilience and adaptability in responding to changing market dynamics and technological advancements. Through ongoing investments in infrastructure, technology, and skills development, Pakistan's textile sector continues to position itself for sustainable growth and competitiveness in the global arena.

Today, Pakistan boasts an integrated textile industry that encompasses various stages of production, from cotton spinning to fabric processing and garment manufacturing. This comprehensive industry includes segments such as cotton spinning (yarn), cotton weaving (cloth), fabric processing, home textiles, towels, hosiery, knitwear, and apparels. These products are manufactured both on a large scale through industrial operations and on a smaller scale through cottage sales and artisanal production. The textile industry in Pakistan is not only involved in the production of yarn, cloth, and garments but also encompasses activities related to design, manufacturing, and distribution. With its diverse range of products and operations, the textile sector plays a central and indispensable role in the country's economy. As highlighted in the Economic Survey of Pakistan (2015), the textile industry is a cornerstone of Pakistan's economy, contributing significantly to employment, exports, and overall economic growth. Its multifaceted nature and wide-ranging activities make it a vital sector that drives industrialization, supports livelihoods, and fosters economic development across various segments of society. By leveraging its integrated textile industry, Pakistan has positioned itself as a key player in the global textile market, catering to both domestic and international demand for a wide array of textile products. The sector's continued growth and resilience underscore its importance as a critical engine of economic activity and prosperity in the country.

The growth of cotton production and the expansion of the textile industry in Pakistan since its independence in 1947 have indeed been remarkable. Over the decades, there has been a substantial increase in both cotton production and the capacity of textile mills, reflecting the industry's significant evolution and contribution to the economy. For instance, cotton production in Pakistan has experienced a notable surge, with the number of cotton bales increasing from 1.1 million bales in 1947 to 10 million bales by the year 2000. This substantial growth in cotton output underscores the country's success in leveraging its agricultural resources to meet the demand of the textile sector, which heavily relies on cotton as a primary raw material. Furthermore, the expansion of the textile industry's infrastructure has been equally impressive. The number of textile mills in Pakistan has soared from just three at the time of independence to a staggering 600 by the turn of the millennium. Alongside the proliferation of mills, the capacity of textile machinery, including spindles, looms, and finishing units, has witnessed a remarkable increase. For instance, the number of spindles has surged from approximately 177,000 to a staggering 805 million over the same period. This unprecedented growth in the textile industry's capacity underscores Pakistan's emergence as a major player in the global textile market. The industry's ability to scale up production, modernize its infrastructure, and adapt to changing market dynamics has positioned it as a key driver of economic growth and industrialization in the country. Moving forward, sustained investment in the textile sector, coupled with strategic initiatives to enhance productivity, efficiency, and competitiveness, will be crucial for Pakistan to capitalize on its strengths in cotton production and textile manufacturing. By leveraging its rich textile heritage and harnessing technological advancements, Pakistan can continue to thrive as a leading textile hub regionally and globally.

2. LITERATURE REVIEW

Zameer (2009) emphasized the significant challenges confronting the Pakistani textile industry, particularly in maintaining its competitive position against global rivals. Among the prominent issues highlighted were the deficiencies in technology adoption, energy shortages, and inefficiencies in production processes. The textile sector in Pakistan has been grappling with these challenges, which have impeded its ability to compete effectively in the international market. The lack of modern technology adoption has hindered the industry's capacity to enhance productivity and quality standards, placing it at a disadvantage compared to more technologically advanced competitors. Additionally, persistent energy shortages have exacerbated the challenges faced by the textile industry, leading to disruptions in production schedules and increased operational costs. The unreliable energy supply has hindered the sector's ability to operate at optimal capacity, impacting its competitiveness and profitability. Moreover, inefficiencies in production processes have further compounded the industry's woes, leading to suboptimal utilization of resources and higher production costs. Addressing these inefficiencies is crucial for enhancing the sector's competitiveness and profitability in the global market. To address these challenges, Zameer (2009) advocated for comprehensive policy planning aimed at bolstering the textile industry's competitiveness and sustainability. This includes initiatives to promote technology adoption, improve energy infrastructure, and enhance production efficiency. Moreover, increased financing support from both the government and financial institutions is deemed essential to facilitate the modernization and expansion of textile operations in Pakistan.

By implementing these strategic measures, the Pakistani textile industry can overcome its challenges and emerge as a formidable player in the global market, ensuring its long-term growth and prosperity.

Khan and Khan (2010) highlighted a multitude of challenges plaguing the textile sector in Pakistan, ranging from the energy crisis and inadequate research and development (R&D) in the cotton sector to the absence of modern equipment and high input costs. They identified factors such as the removal of subsidies, high inflation rates, rupee depreciation affecting export competitiveness, and the resultant unemployment as significant hurdles faced by the industry. In light of these challenges, Khan and Khan (2010) proposed several recommendations to address the issues confronting the textile sector. They suggested tariff reduction measures to lower input costs and enhance the sector's competitiveness. Additionally, advocating for technology upgradation initiatives to modernize production processes and improve efficiency was deemed essential. Moreover, they emphasized the importance of facilitating access to low-interest financing options for textile businesses to invest in modern equipment and technology upgrades. The focus on value addition was underscored as a strategic approach to diversifying product offerings and enhancing the sector's competitiveness in global markets. Furthermore, Khan and Khan (2010) recommended the reinstatement of subsidies to support the growth and development of the textile industry. By providing financial incentives and support measures, policymakers can incentivize investment and foster innovation within the sector, thereby promoting its sustainable growth and contributing to economic development and employment generation in Pakistan.

Alam (2011) highlights the significant impact of the 2008 financial crisis on Pakistan's textile sector, particularly on its exports. The aftermath of the crisis resulted in a substantial trade deficit, characterized by volatility in transfer payments, net services, and transfers, coupled with a decline in workers' remittances. These developments underscored the severity of the crisis and its far-reaching implications for the economy. In addition to the financial crisis, Alam (2011) identifies various other macroeconomic challenges affecting the textile sector's profitability. These include the persisting issues of inflation, energy crisis, rising unemployment, and transportation bottlenecks. These factors collectively contribute to the overall operating environment for textile firms, influencing their financial performance and bottom-line outcomes. The study concludes that Pakistan lacks comprehensive fiscal and monetary policies to adequately address the ramifications of the financial crisis on the textile sector. The absence of targeted policy interventions tailored to mitigate the adverse effects of the crisis exacerbates the challenges faced by textile firms, hindering their ability to recover and thrive in the post-crisis period. Addressing these systemic shortcomings in policy formulation and implementation is crucial to safeguarding the resilience and competitiveness of Pakistan's textile industry in the face of external shocks and domestic challenges.

Sheikh et al. (2011) delved into the repercussions of the global financial crisis on the textile industry, aiming to illuminate the adverse effects resulting in decreased exports. The study underscored the formidable challenges confronting the textile sector, including unemployment, energy shortages, and high taxation. To investigate these issues, Sheikh et al. (2011) gathered cross-sectional data from 25 textile firms and employed E-view technique for data analysis. This approach allowed for a comprehensive examination of the multifaceted impacts of the financial crisis on the industry, shedding light on the interconnected dynamics at play. The findings of the study likely provided valuable insights into the specific vulnerabilities and stress points within the textile sector exacerbated by the global financial downturn. By uncovering the underlying factors contributing to reduced exports and highlighting the broader challenges faced by textile firms, the research may have contributed to informing policy interventions and strategic responses aimed at bolstering the resilience of the industry in the face of external shocks.

Yasir (2011) identified the deficiency in human resource management (HRM) as a significant factor contributing to the decline of Pakistan's textile industry. The study underscored the critical role of HRM practices in influencing worker performance and, consequently, the overall performance of the sector. To investigate this phenomenon, three HRM models—recruitment and selection, training, and appraisal—were employed. Through an examination of these HRM variables, Yasir (2011) demonstrated their interconnectedness with worker performance within the textile industry. The research findings underscored the importance of effective HRM practices in optimizing worker productivity and enhancing the operational efficiency of textile firms. Ultimately, the study concluded that the absence or inadequate implementation of HRM practices was adversely affecting the proper functioning and performance of the textile industry. By shedding light on the pivotal role of HRM in shaping organizational outcomes, the research likely provided valuable insights for industry stakeholders and policymakers seeking to address the challenges facing the textile sector in Pakistan. Shah et al. (2012) conducted a study to investigate the factors contributing to the decline of Pakistan's textile industry. They identified key indicators such as the energy crisis, deteriorating law and order situation, lack of new investments, and increased production costs as significant factors influencing the industry's downturn. The researchers employed personal observations and informal interviews to gain insights into these challenges. The findings underscored the urgent need for government intervention and policy reforms to address the pressing issues facing the textile sector. Specifically, Shah et al. recommended that the government focus on the textile industry by providing tax relief and revising import and export duties. Additionally, they emphasized the importance of taking corrective measures to alleviate the electricity crisis, which was identified as a major impediment to the industry's growth and competitiveness. The study warned of the dire consequences if these problems were left unaddressed, highlighting the risk of mass unemployment among textile workers and further deterioration of the sector's competitiveness. By shedding light on these critical challenges, Shah et al. aimed to inform policymakers and industry stakeholders about the urgent need for targeted interventions to revitalize Pakistan's textile industry.

Afzal (2012) conducted a study to examine the impact of the electricity crisis and interest rates on the production of the textile sector in Pakistan. The research revealed that due to the electricity crisis and high interest rates, textile producers

were forced to reduce their production levels, leading to a decrease in exports. This decline in production capacity adversely affected the competitiveness of the industry in the international market. To address this challenge and ensure the survival of the textile industry, the study recommended several measures. Firstly, the government should provide subsidies to support textile producers and alleviate the financial burden caused by high production costs. Additionally, there is a need for a reduction in electricity tariffs to make production more cost-effective and sustainable. Furthermore, improvements in textile production processes and efficiency are essential to enhance competitiveness. Finally, reducing the overall cost of doing business in Pakistan would create a more favorable environment for textile manufacturers, enabling them to thrive in the global market. By highlighting the detrimental effects of the electricity crisis and high interest rates on the textile sector, Afzal's study aimed to inform policymakers and stakeholders about the urgent need for targeted interventions to support the industry and ensure its long-term viability and competitiveness.

Ahmad et al. (2012) conducted an analysis of human resource management (HRM) issues in the textile sector of Pakistan, focusing on the relationship between job satisfaction, job stress, and turnover. The study underscored the importance of supporting employees amidst the challenging circumstances faced by the textile industry, particularly due to the energy crisis in Pakistan. The research highlighted the difficulties faced by the human resource department in retaining employees to ensure the success of the textile industry. By employing a specific scale for data collection, the study aimed to provide insights that would assist human resource managers in reducing organizational costs by minimizing the turnover rate. The findings of Ahmad et al.'s study contribute to the understanding of HRM challenges in the textile sector and offer practical implications for improving employee satisfaction, managing stress, and addressing turnover issues. By addressing these factors effectively, organizations can enhance their workforce stability and ultimately improve their overall performance and competitiveness in the industry.

Shah et al. (2013) investigated the impact of the energy crisis on the textile industry of Pakistan. They observed that during the period of the energy crisis, key financial metrics such as return on assets (ROA) and return on equity (ROE) experienced a decline, while indicators like inventory turnover ratio and assets turnover ratio increased compared to the pre-energy crisis period. The study highlighted that the energy crisis significantly affected the liquidity, debt management, and profitability of the textile sector in Pakistan. Methodologically, the researchers employed horizontal analysis to analyze the financial data. The findings of this study offer valuable insights for policymakers and industry stakeholders to develop strategies aimed at improving the resilience and sustainability of the textile sector in the face of energy challenges. By addressing the issues identified, such as improving energy infrastructure and management, the textile industry can enhance its financial performance and overall competitiveness.

Tahir et al. (2014) examined the improvement prospects of the textile sector and the impact of taxation policies on this industry in Pakistan. Their study uncovered that direct taxes, excise duty, and sales duty exerted a negative influence on the textile sector. Additionally, custom duty also had a negative impact, although the coefficient was not statistically significant. The research highlighted that while taxation revenues are essential for the progress of any country, the taxation system in Pakistan has become burdensome due to incorrect policies and mismanagement. The authors recommended that taxation should be implemented through proper consultation methods, ensuring that the tax burden on the textile sector is alleviated. Furthermore, the study proposed that the Government of Pakistan should consider providing special incentives to the textile sector to stimulate its growth and enhance its competitiveness in both domestic and international markets. Such measures could potentially mitigate the adverse effects of taxation and contribute to the overall development of the textile industry in the country.

3. THE MODEL

Based on review of literature, the model for this study become as:

$$Y=a+b_1x_1+b_2x_2+b_3x_3+b_4x_4+....E$$

Dependent Variable

Growth rate of Textile (Y)

Independent Variable (X)

X1=Energy crisis

X2=Labor

X3=Global financial crisis

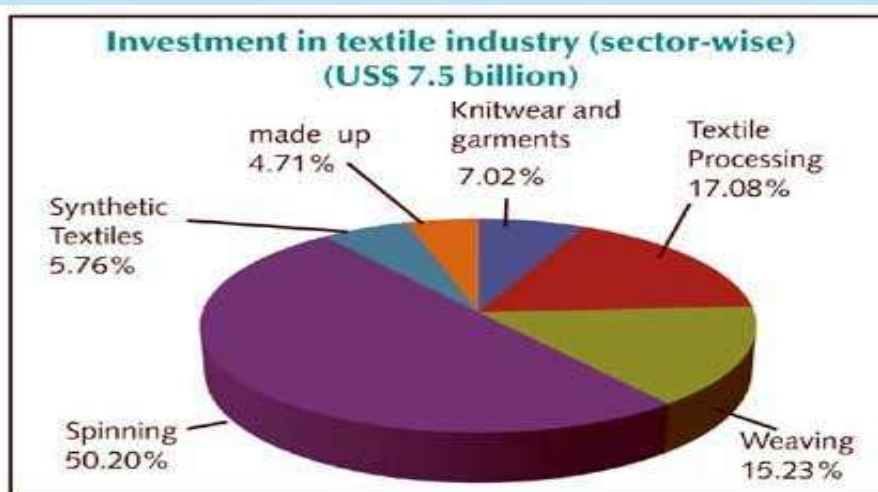
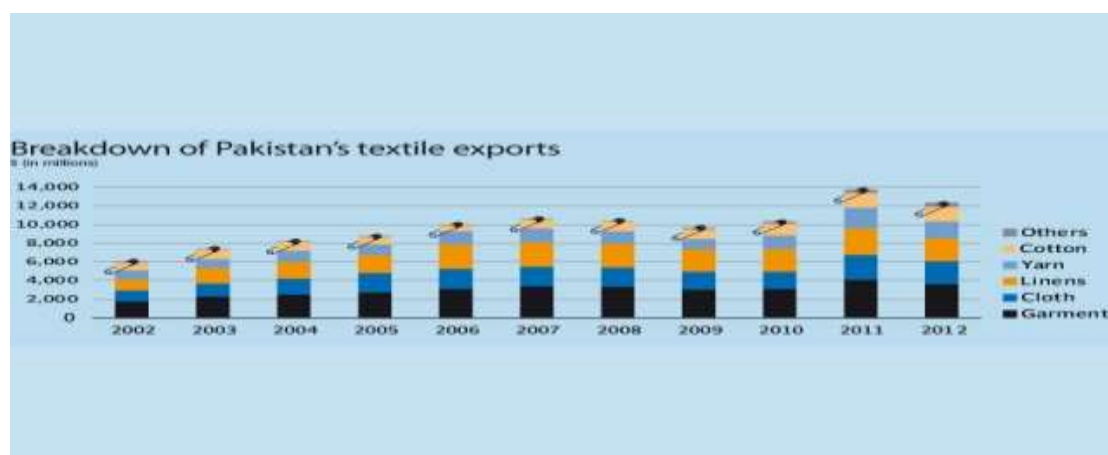
X4=Export

X5=Taxes

The financial crisis of 2008 in the United States and Europe had a profound impact on countries like Pakistan, which heavily depend on exports to these developed markets. As major destinations for Pakistani exports, the slowdown in economic activity in the USA and Europe resulted in reduced demand for Pakistani goods, leading to a decline in exports and economic instability within Pakistan. The decline in Pakistan's textile exports, historically a substantial portion of its total exports, signals a prolonged trend that has persisted over time, reaching from 67% in 1997 to 55% in 2008. This decline, exacerbated by the global financial crisis, has had far-reaching implications, particularly in terms of heightened unemployment within the Pakistani textile industry. Furthermore, the scarcity of energy presents a formidable challenge to the textile sector in Pakistan. Persistent energy shortages, characterized by frequent electricity and gas load shedding, disrupt textile production processes at every level, from spinning and weaving to fabric processing and finishing. The textile industry's reliance on consistent energy supply cannot be overstated, as electricity and gas are vital inputs for powering machinery and facilitating production operations. However, the chronic energy deficit in Pakistan has severely constrained the industry's capacity to operate efficiently and meet production targets. The erratic availability of electricity

and gas disrupts production schedules, leads to downtime, and hampers overall productivity. Consequently, textile manufacturers face increased costs, reduced output, and heightened operational uncertainty, which ultimately undermine their competitiveness in both domestic and international markets. Moreover, the energy crisis has wider implications beyond the confines of the textile industry. It reverberates throughout the economy, impacting various sectors and exacerbating socio-economic challenges. Unemployment rates rise as textile factories operate below capacity or shut down altogether due to insufficient power supply. This not only deprives individuals of livelihoods but also constrains economic growth and development at the national level.

Indeed, addressing the energy crisis in Pakistan's textile industry necessitates a comprehensive approach that encompasses policy reforms, infrastructure enhancements, and strategic investments. To effectively mitigate the energy shortfall, government initiatives must be targeted at several key areas. Firstly, enhancing energy infrastructure is paramount to ensure reliable and uninterrupted power supply to textile manufacturers. This involves modernizing existing power plants, investing in new generation capacity, and upgrading transmission and distribution networks. By strengthening the energy infrastructure, the government can alleviate bottlenecks in the supply chain and minimize disruptions to textile production. Expanding power generation capacity is another critical step in overcoming the energy crisis. This may involve diversifying the energy mix to include a greater proportion of renewable sources such as solar, wind, and hydroelectric power. Investing in renewable energy projects not only reduces reliance on fossil fuels but also promotes sustainability and environmental stewardship. Improving distribution networks is equally essential to optimize energy delivery to textile factories. This entails upgrading transmission lines, substations, and grid infrastructure to minimize transmission losses and ensure efficient distribution of electricity. By enhancing distribution networks, the government can enhance the reliability and stability of the energy supply, thereby reducing downtime and productivity losses for textile manufacturers. Furthermore, incentivizing the adoption of energy-efficient technologies is crucial for reducing energy consumption and enhancing the resilience of the textile industry to energy disruptions. Government incentives, such as tax breaks, subsidies, and grants, can encourage textile manufacturers to invest in energy-efficient equipment, processes, and practices. This not only reduces operating costs for manufacturers but also conserves energy resources and mitigates the impact of energy shortages. Addressing the energy crisis in Pakistan's textile industry requires a holistic approach that integrates policy interventions, infrastructure upgrades, and investment incentives. By prioritizing energy sector reforms and implementing sustainable solutions, the government can bolster the resilience and competitiveness of the textile industry, thereby fostering economic growth, job creation, and sustainable development.

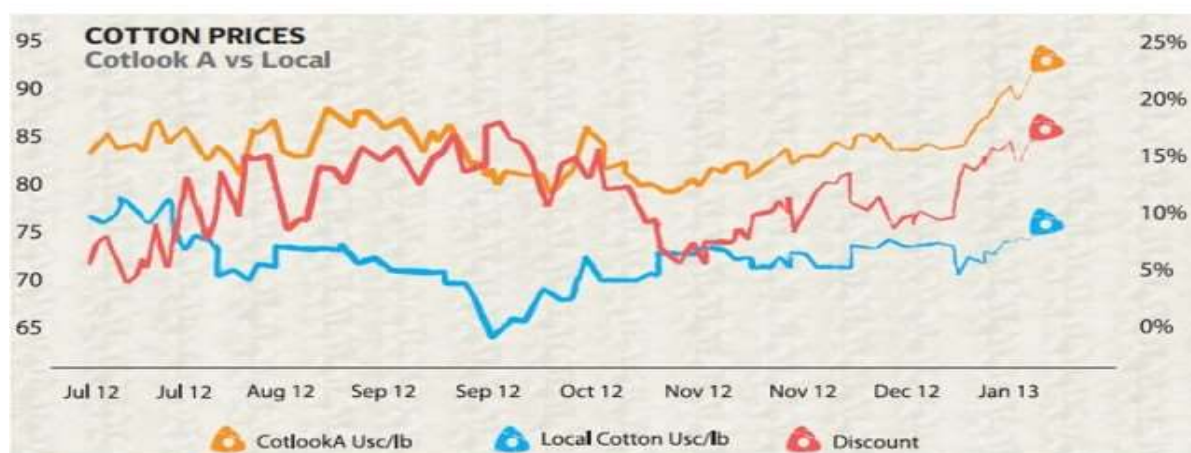


The adverse effects of electricity shortages on Pakistan's textile industry are evident from the Economic Survey of Pakistan 2011, which reported the closure of around 800 out of 2000 factories in Punjab due to electricity shortages. This

forced shutdown not only resulted in job losses but also significantly disrupted export activities, exacerbating the challenges faced by the textile sector. Furthermore, while taxation is essential for any economy, the high tax burden imposed on firms within Pakistan's textile industry has become a significant concern. Despite the substantial tax contribution of the textile sector, with an expected contribution of Rs. 20.5 billion in 2012-2013, the heavy tax burden has strained the profitability of textile firms. High taxes increase the cost of production, reducing the competitiveness of Pakistani textile products in the global market and limiting the industry's growth potential. Therefore, addressing the challenges posed by electricity shortages and taxation is crucial for the sustainability and growth of Pakistan's textile industry. Government interventions aimed at improving energy infrastructure, reducing tax burdens, and providing incentives for investment and innovation can help alleviate these challenges and foster a more conducive environment for the textile sector to thrive. By addressing these issues, Pakistan can unlock the full potential of its textile industry, spur economic growth, and create employment opportunities for its citizens.

Mismanagement in tax policies has exacerbated the situation by increasing the costs of goods, ultimately reducing consumers' purchasing power. Consequently, addressing this issue requires government intervention to optimize taxation policies and provide incentives to the textile sector, thereby alleviating the burden and promoting growth. Moreover, Pakistan's textile industry faces challenges to its competitiveness, including labor migration to countries offering higher salaries and better training opportunities. This trend not only depletes the industry's skilled workforce but also hampers productivity and innovation. To counter this challenge, the government must focus on implementing policies that encourage skill development, retain talent within the country, and create an enabling environment for businesses to thrive. Investing in vocational training and education programs tailored to the needs of the textile industry can enhance the skills of the workforce, making them more competitive in the global market. Additionally, providing incentives for research and development initiatives within the textile sector can drive innovation and technological advancements, further bolstering competitiveness. Overall, a holistic approach that addresses taxation challenges, promotes skill development, and fosters innovation is essential to enhance the competitiveness of Pakistan's textile industry and ensure its long-term sustainability in the global market. Through strategic government interventions and industry collaborations, Pakistan can position its textile sector as a key driver of economic growth and prosperity.

In addition to addressing energy shortages and taxation issues, it is crucial for the Pakistani textile industry to tackle other obstacles hindering its growth. One such challenge is the prevalence of outdated equipment, which hampers production efficiency and competitiveness in the global market. Insufficient investment exacerbates this issue, limiting the industry's capacity for modernization and technological advancement. High taxes further strain profitability and deter potential investors, stifling innovation and hindering the industry's ability to adapt to changing market dynamics. Moreover, global economic downturns pose significant threats to the sector's stability, reducing demand for textile products and exacerbating existing challenges. A lack of emphasis on research and development (R&D) also undermines the industry's long-term competitiveness and sustainability. Without investment in innovation and technology, Pakistani textile firms struggle to differentiate themselves and remain relevant in a rapidly evolving market landscape. To address these challenges, government support is crucial. Subsidies and enhanced financing mechanisms can alleviate the financial burden on textile firms, enabling them to invest in modern equipment, research, and employee training. Additionally, targeted policies aimed at promoting innovation and R&D within the industry can foster a culture of creativity and entrepreneurship, driving long-term growth and competitiveness. By addressing these challenges holistically and implementing strategic interventions, Pakistan can unlock the full potential of its textile industry, driving economic growth, job creation, and sustainable development.



4. DISCUSSION AND CONCLUSIONS

The detailed review of literature and personal observations highlight several factors influencing the productivity of the textile industry in Pakistan. One significant challenge is the high inflation rate, coupled with increased input costs, which have substantially elevated the overall cost of production. This surge in production costs has placed considerable strain on textile industries, particularly in light of their limited profit margins and occasional losses. The utilization of outdated machinery and technology in the textile industry has rendered Pakistan's textile exports less competitive in the international market. Compounding this issue, the government's imposition of heavy import duties on machinery has exacerbated the cost of production. Consequently, the textile sector is grappling with financial challenges, with high interest rates discouraging new investments in modernizing equipment and technology. The textile industry in Pakistan is notably deficient in research and development (R&D) initiatives. There is a dearth of significant research work conducted within this sector, indicating a lack of investment and focus on innovation and development. The energy crisis emerges as a pivotal factor significantly impacting textile production in Pakistan. The insufficient supply of energy compels producers to curtail their production activities, consequently escalating their operational costs. This crisis has led to a surge in unemployment levels, attributable to the decline in the textile industry's performance exacerbated by the energy shortfall. Moreover, political unrest, inadequate law and order situations, and deficient infrastructure and transportation facilities further contribute to the decline of Pakistan's textile industry. These factors collectively escalate the cost of production, subsequently hampering exports and exacerbating unemployment levels. Indeed, there exists a positive relationship between Human Resource Management (HRM) practices and employee performance, growth rates, and investment facilities within the textile industry. Conversely, there is a negative correlation between factors such as energy crisis, productivity, financial downturns, export levels, taxes, and overall productivity within the sector.

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