

The Profile of Textile and Wearing Apparel Industry in Sri Lanka

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1. Introduction

The Textile and Apparel industry occupies a prominent position in Sri Lanka's industrial structure. It is the biggest employer in manufacturing sector and it is considered as Sri Lanka's number one foreign exchange earner.

The Textile and Apparel industry is not merely a type of industry in Sri Lanka but it represents the major economic, political and social changes that took place in the country. After the independence the governments held the rein of the country made attempts to initiate industrial activities. The local industries were protected by the government intervention under the industrial policy in 1950s. However, Textile and Wearing Apparel industry was not even included as a category of exports in national accounts in early 1950s (Central Bank Reports). In the 1960s and early 1970s the existence of a well-run Textile industry was evident that was underpinned by the government intervention following an import substitution strategy. After the introduction of open economic policies in 1977 the outlook of the industry was totally changed within an export-oriented strategy. Since the late 1970s the industry gradually acquired the relative importance of traditional agricultural exports and became the highest export earner by the mid 1980s (Tennakoon 1999). The total industrial exports account for approximately 77% of the total exports while textile and Wearing Apparel industry solely accounts for 67% of industrial exports.

2. Sub divisions of the Textile and Wearing Apparel Industry

All industrial activities are categorised under three major industry divisions namely, Mining and Quarrying, Manufacturing and Generation and distribution of

electricity, gas and water. Three major industry divisions are then divided into sub groups of two digits, three digits and four digits levels of International Standard Industrial Classification (ISIC)(- Revision 3) of the United Nations. There are 26 industrial groups according to the two digit level classification. Manufacturing of Textile (ISIC 17) and Manufacturing of Wearing Apparel, dressing and dyeing of fur (ISIC 18) consist of several sub groups as follows.

17 Manufacturing of Textiles

171 Spinning, weaving and finishing of textiles

1711 Preparing and spinning of textiles fibres, weaving of textiles

1712 Finishing of textiles

172 Manufacturing of other textiles

1721 Manufacturing of made-up textile article except apparel

1722 Manufacturing of carpets and rugs

1723 Manufacturing of cordage, rope, twine and netting

1724 Manufacturing of sanitary towels and pampers

1726 Manufacturing of laces and embroidered cloths

1727 Manufacturing of Labels, badges (cloth based)

173 Manufacturing of Knitted and crocheted fabrics and articles

1731 Manufacturing of knitted garments

1732 Manufacturing of knitted socks, purses and hand glouses

1739 Elastomeri Yarn and other rubber thread based products

18 Manufacturing of Wearing Apparel, dressing and dyeing of fur

181 Manufacturing of Wearing Apparel except fur apparels

1810 Manufacturing of Wearing Apparel except fur apparels

The objective of this article is to highlight the importance of Manufacturing of Textiles (ISIC 17) and Manufacturing of Wearing Apparel, dressing and dyeing of fur (ISIC 18) in Sri Lankan economy using different indicators.

The main source of data is the latest Annual Survey of Industries (Final Report) conducted by the Department of Census and Statistics in 2007. This report

contains the important industrial indicators relevant to all industrial establishments with five or more persons engaged. Data for Textile and Wearing Apparel industry were calculated by the author using this report. In this article, the term textile and Apparel industry is equivalent to ISIC 17 and ISIC 18 including all sub groups in 3 digits and 4 digits levels.

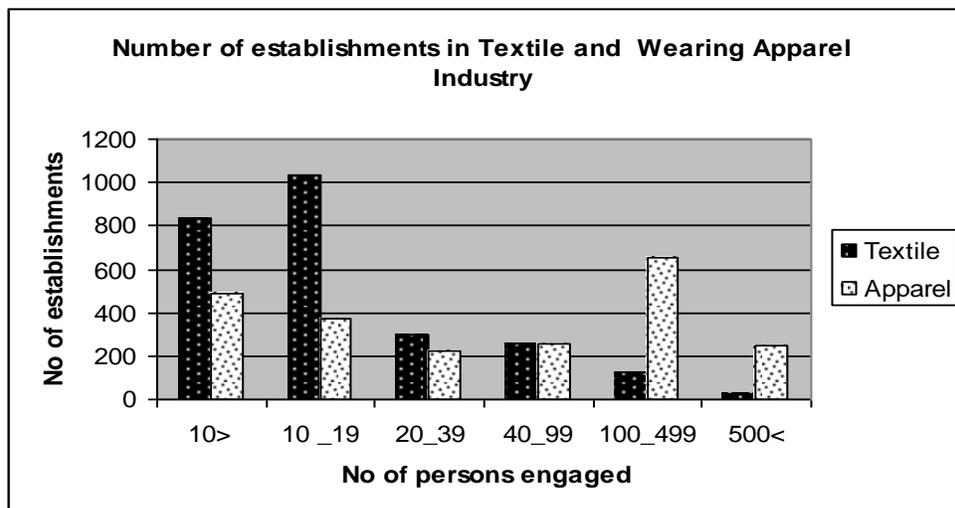
3. Scale of Textile and Wearing Apparel Industry

The scale of the industry can be categorised according to several elements such as the number of employees and the amount of capital. Annual Survey of Industries 2007 mainly uses the number of employees in determining the scale of industries (Department of Census and Statistics, 2007).

The number of persons engaged is defined as the total number of persons who work in or for the establishment, including working proprietors, active partners, unpaid family workers, operatives and all other employees. . It is obvious that Textile and Wearing Apparel industry contributes for a considerable number of establishments in all size classes of number of persons engaged.

In terms of large scale industries the industrial activities are confined to the Textile and Wearing Apparel industry. The share of Textile and Wearing Apparel industries within the total number of industrial establishments with 500 and more persons engaged equivalent to 62%. The industry contributes for 31% of the total number of establishment in 100 – 499 persons engaged group. The share of Textile and Wearing Apparel industry in all other size classes exceeds 14% of the total industrial establishments. As shown in the figure 01, there is a contradiction between Textile and Wearing Apparel industries in this concern. The number of establishments in Textiles is concentrated in small scale industries (with 19 or less persons engaged) while the majority of the Wearing Apparel industry operates with larger scale establishments (with over 100 persons engaged).

Figure 01 :



Source of data: Department of Census and Statistics, 2007

4. Distribution of Textile and Wearing Apparel Industry

Textile and Wearing Apparel industry shows a dispersed pattern in location while concentrating in the Western Province, specially in the Colombo and Gampaha districts. Textile and Wearing Apparel industry contributes for 21.2% of the total number of all industrial establishments in the country. Thirty percent of the establishments in the Western province belong to Textile and Wearing Apparel Industry. The majority of the establishments in Textile and Wearing Apparel industry belongs to Textile industry in the whole country while there are more establishments in Wearing Apparel industry than in Textile in the Western province.

It is noticeable that the large scale establishments in Textile and Apparel industry are converged in the Colombo and Gampaha districts while the small and medium scale establishments represent a scattered pattern in distribution.

According to figure 02, the vast majority of the small and medium scale establishments (below 39 persons engaged) in Textile and Wearing Apparel industry shows a dispersed distribution among the districts other than Colombo and Gampaha. In contrast, a significant share of establishments with over 40 persons engaged is concentrated in the Colombo and Gampaha districts. (This figure includes manufacturing of Leather products since the former revision of ISIC was used for the particular study.)

Figure 02 :



Source of data: Perera, M.O. (2004) Output and Output Components

5. Output and Output Components

Information on output and output value has been collected on shipment basis, in the Annual Survey of Industries. The components include value of products moved out, stocks of finished goods and receipts from industrial services rendered to others. Textile and Wearing Apparel industry contributes for 21% of the total value of products shipped. From this proportion, the Wearing Apparel industry accounts for 84%. The value of industrial services includes contract and commission work done for others on materials owned by them, repairs and installation work done for others, sales of scraps and refuses and own account investment work. The industry accounts for 41% of the total value of industrial services done for others.

6. Input and input components

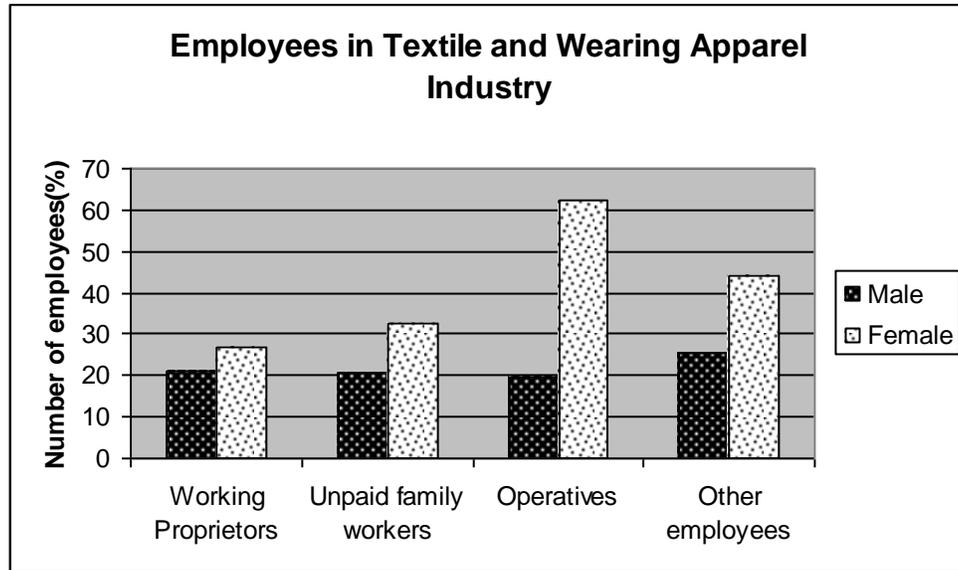
Information on inputs covers the costs of raw materials; parts and components and packing materials (imported and local) consumed; industrial

services done by others for the establishments; fuel, electricity and water consumed. Textile and Wearing Apparel industries use 17% of the total imported industrial raw materials. Manufacturing of Weaving apparel except fur apparels (ISIC 181) uses 16% alone, reporting as the second highest industry that uses imported raw materials. (The highest value is reported in manufacturing of other chemical products -ISIC 242). It is noteworthy that 70% of the total value of inputs in ISIC 181 is absorbed by imported raw materials. Textile and Wearing Apparel industry uses 14% of local raw materials used for all industrial activities in the country. The cost of industrial services done by others includes the total cost of contract and commission work done by others on materials supplied by the establishment and repairs and maintenance services provided by others. ISIC 181 accounts for 38% of the total cost of industrial services done by others representing the highest cost in a single industry. However, Textile and Apparel Industries consume only 11% of the total energy consumed by all industrial activities. The industry mainly uses electricity, fumes, diesel, petrol and L.P.gas.

7. Employment

The nature of employment includes several categories of workers. All individual proprietors and partners who are actively engaged in the work of the establishments have been included in working proprietors. All persons living in the household of the owners and working in the establishment without a regular pay and non household members who do work without pay were included in unpaid family workers. Operatives are defined as all paid employees who are directly engaged in the production related activities of the establishment including any clerical or working supervisory personal. All other paid employees excluding those covered as operatives such as managers, directors, laboratory and research workers, clerks and typists are reported as other employees.

Figure 03 :



Data source: Department of Census and Statistics, 2007

Figure 03 shows the number of employees in different categories as a percentage of the number of employees in all industrial sectors. The proportion of female operatives in the Textile and Wearing Apparel industry is very significant. Sixty two percent of the female operatives in the industrial sector work for the Textile and Wearing Apparel industry. It is obvious that the number of females in all employee categories exceeds the proportion of male employees in the industry. The gap between two sexes is much higher with operatives.

In terms of the nature of the employees, Textile and Wearing Apparel industry accounts for 47% of skilled labourers, 34% of un-skilled labourers, 31% administrative workers, 41 % of technical workers, 20% of clerical workers and 35% of other workers of the total employees in industrial sector.

8. Conclusion

Development of the Textile industry was encouraged by the Sri Lankan government during the 1960s and 1970s as a means of import substitutions. The Wearing Apparel industry, by contrast, developed as a dynamic and export oriented sector.

The Textile and Wearing Apparel industry is being carried out in every level in scale with reference to the number of persons engaged. A large number of establishments in Textile and Wearing Apparel industry are large scale industries. The industry is located in almost all the districts but in different scales. Establishments with a larger number of persons engaged are limited to the Colombo and Gampaha districts. The industry consists of second highest value of the industrial output. Apparel industry contributes for the vast majority of the value of output compared to the Textile industry. The Textile and Wearing Apparel industry uses a larger proportion of imported raw materials while the cost of services done by others is also high. A significant share of employees within the industrial sector work for the Textile and Wearing Apparel industry and the participation of female labour is significantly higher than of the males.

Over the last two decades, the Textile and Wearing Apparel industry's export growth record has been remarkable and growth is expected to continue. However, the industry is highly dependent on Western markets. Consequently it has been badly affected recently by weak economic conditions in its two major markets, USA and the European Union.

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