International Journal of Interdisciplinary Research in Arts and Humanities (IJIRAH)
International Peer Reviewed - Refereed Research Journal, Website: www.dvpublication.com
Impact Factor: 5.225, ISSN (Online): 2456 - 3145, Volume 10, Issue 2, July - December, 2025

IMPACT OF PREVAILING OPPORTUNITIES IN THE GROWTH OF START-UP TEXTILE MANUFACTURING BUSINESS (SALEM, TAMIL NADU, INDIA)

P. Jayakumar* & R. Priya**
* Ph.D Research Scholar, Department of Management Studies, Thanthai Hans Roever College (Autonomous), (Affiliated to Bharathidasan University), Perambalur, Tamil Nadu, India
** Research Supervisor, Bharathidasan University & Director, Pune Institute of Business Management, Pune, India

Cite This Article: P. Jayakumar & R. Priya, "Impact of Prevailing Opportunities in the Growth of Start-Up Textile Manufacturing Business (Salem, Tamil Nadu, India)", International Journal of Interdisciplinary Research in Arts and Humanities, Volume 10, Issue 2, July - December, Page Number 66-70, 2025.

DOI: https://doi.org/10.5281/zenodo.16797619

Abstract:

Indian textile industry is one of the largest and oldest sectors in the country and among the most important in the economy in terms of output, investment and employment. It contributes about 10 percent to the manufacturing production and 13 percent to the country's export earnings. Major business restructuring is taking place across the textile manufacturing industry. The government is also considering measures to support either monetary or non-monetary the industry on which livelihood of millions of people is dependent especially for the start-up textile manufacturing business. This research paper explores the opportunity indicators for the growth of start-up textile manufacturing business in Salem District. The sample respondents are the people who are in start-up period of running the textile manufacturing business that is less than three years. This analytical study administer purposive sampling to induct74 sample respondent with a purpose to know the direct impact of prevailing opportunity on the growth of Start-up textile manufacturing business. The primary objective of this research paper to know the direct impact of opportunity factor on the growth of the start-up textile manufacturing business.

Key Words: Textile Manufacturing Business - Opportunity Indicators Growth Indicators - Direct Effect - Significant

Introduction:

The Textiles and clothing industry is the second most important economic activity in the country in terms of employment generation (after agriculture). It is also one of the major sources of export earnings for the country. Its share in manufacturing value added is estimated currently at about 13 percent. The textile industry is presently in a state of flux due to the severe contraction in export and domestic demand in the wake of global economic and financial crisis. Major business restructuring is taking place across the industry. The government is also considering measures to support the industry on which livelihood of millions of people is dependent. In addition to opportunities, the sector faces numerous challenges that particularly affect start-ups, such as institutional financing constraints, technology adoption issues, skilled labor shortages, and regulatory complexities.

Prospects of Textile Manufacturing:

Indian textile industry is one of the largest and oldest sectors in the country and among the most important in the economy in terms of output, investment and employment (Bhaskaran 2013). Textile industry is an important segment of Indian economy. It contributes about 10 percent to the manufacturing production and to 13 percent to the country's export earnings. India has also been a major player in the world textile markets. It is the third major producer of cotton, second largest producer of silk, the biggest producer of Jute and the fifth largest producer of manmade fibres and yarn (Noopur and Eswara Reddy, 2013) It is a self-reliant and independent industry and has great diversification and versatility in India. After agriculture this textile industry proves employment to maximum number of people in Indian employing 45 million people (Asiya et al., 2016) Empirical studies of diverse Indian regions indicate that entrepreneurs in India score rather low on risk-taking propensity measures (Rutten, 2006).

Leeuwen (2007), showed that India delayed behind in human capital during the 20th century, making it hard for entrepreneurs to adopt new technologies, and for politicians to support new technology- based entrepreneurship without causing social turbulence. However, recent data point out a fairly high level of human capital among men entrepreneurs in India, but only a low level among women entrepreneurs (Shivani et al. 2006) Textile industry was adversely affected due to manpower underdevelopment, high cost of production, competition both in the local and international markets, consumer preference for imported textiles and corruption (Maiyo and Imo 2012).

Abraham and Sasikumar (2011) analyzed the implementation of the Agreement on Textile and Clothing (ATC) of the World Trade Organization (WTO), this agreement both threatens and provides opportunities to India's Textile and Clothing (T&C) industry in the wake of liberal international trade. Firms acquire greater international competitiveness through various cost cutting and efficiency enhancing strategies. It was concluded that increasing the share of low cost labour would improve the export performance of Indian textile industry. Shaikh et al., (2011) highlighted the impact of Global Financial Crisison textile industry clusters in Pakistan. It was revealed that the industry was in urgent need of financial and technological investments. It was also revealed that the Global financial crisis had negative impact on the export of textile industry in Pakistan. Rajesh (2001) found that on the ongoing debate on the enactment of labour laws in India on one hand, by reducing trade barriers and seeking the help of FDI, on the other hand, going to face competition induced growth and attract FDI. Polpi & Rao (2009) discussed the requirement in technological up gradation, financial support system, policy procedure and practices of Indian government. Short and long term financial institution provides credit to the Indian textile SME unit.

Figure 1: Direct effect of prevailing opportunity on Start-up textile manufacturing business

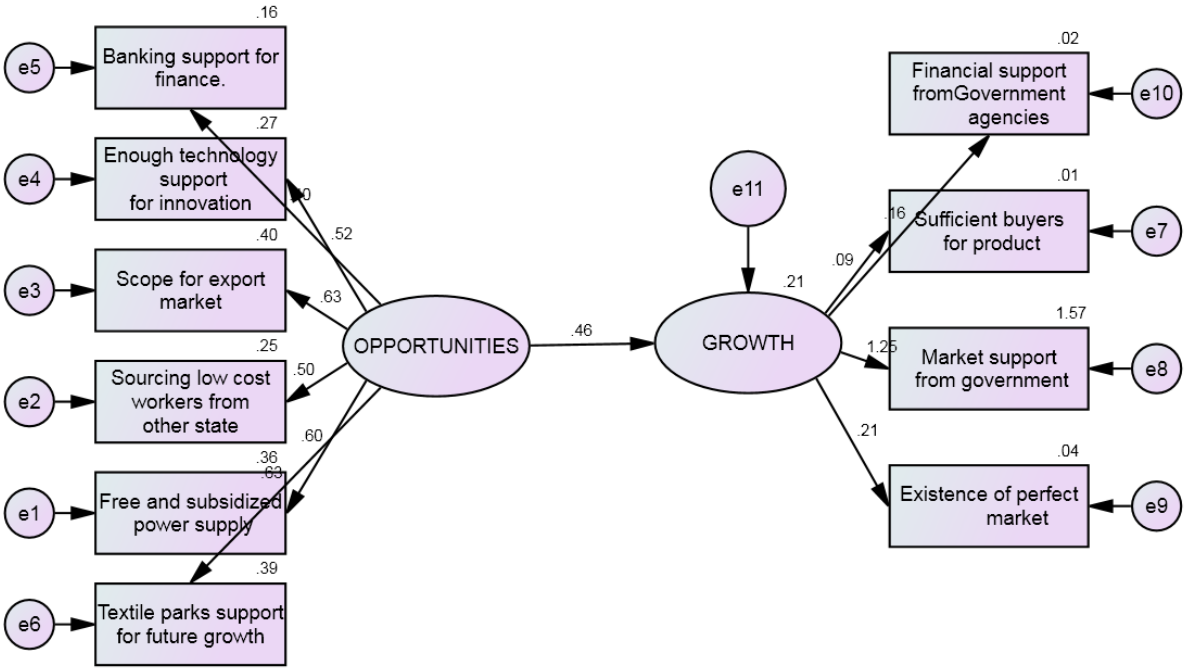

Figure 1 shows the direct effect of prevailing opportunity on growth of the start-up scale business. This direct effect was well defined with six opportunity indicators consider as a independent items emerged under opportunity factor. The growth factor emerged with four indicators. It is found that all the independent indicators significantly predicted the latent constructs at 0.001 significant levels. The opportunity factor consider as exogenous constructs and the prediction of overall growth of start-up textile manufacturing business consider as endogenous constructs. The hypothesis is constructed to know whether the prevailing opportunity is significantly predicted the overall growth of start-up textile manufacturing business.

The primary objective of this research paper to know the direct impact of opportunity factor on the growth of the start-up scale textile manufacturing business. Based on this the following objectives constructed to carry out the research.

- To know the opportunity prevailed in Textile manufacturing business
- To know the Growth indicators for start-up scale Textile manufacturing business
- To analyze the direct impact of opportunity on growth of Start-up scale Textile manufacturing business

Methodology:

- Purpose: This study indented to know the impact of prevailing opportunity on the growth of Start-up textile manufacturing business in Salem district. The sample respondents are the people who are in start-up period of running the textile manufacturing business that is less than three years. The monetary and non-monetary support for this period is more to stimulate the Start-up textile manufacturing business.
- Sampling: This analytical study administer purposive sampling to induct74 sample respondent with a purpose to know the direct impact of prevailing opportunity on the growth of Start-up textile manufacturing business.
- Data Collection: Both primary and secondary data were used for this study. This study mainly depend on the primary data to test the constructed research hypothesis. The primary data were collected through a structural questionnaire.
- Research Instrument: The study govern a structural questionnaire to collect the responses directly from the Start-up business scale people in Salem district. There are nine questions constructed based on the previous literature. Three questions were related to personal factors comprises with Gender, Age and levels of education. The remaining ten questions were core area of the research measured with five point likert's scale (1 as not helpful at all and 5 as extremely helpful). The mean score of the ten core indicators is shown in the below table.

Results:

Out of 74 sample respondents, 82.4 percentage of respondent are Male and remaining 17.6 percentage of respondents Female. Majority of male respondents participated in the study. The age of respondents classified in to four levels. 28.4 percentage of respondent's age were in between 31 - 40. Out of four level of classification of respondent age, 40.5 percent of respondent acquire an up to college level of education. The highest mean score of 4.51 happened on Growth indicator namely "Financial support from Government agencies" and lowest mean score of 3.39 happened on "Banking support for finance".

Table 1: Mean score for Opportunity and Growth indicators inducted in the model

S.No	Opportunity and Growth indicators	N	Mean	Std. Deviation
1	Financial support from Government agencies	74	4.51	0.667
2	Sufficient buyers for product	74	4.07	0.746
3	Market support from government	74	4.14	0.728
4	Existence of perfect market	74	3.77	0.930
5	Banking support for finance.	74	3.39	0.544
6	Enough technology support for innovation	74	3.89	0.694
7	Scope for export market	74	3.64	0.837
8	Sourcing low cost workers from other state	74	3.93	0.746
9	Free and subsidized power supply	74	3.57	0.704
10	Textile parks support for future growth	74	3.96	0.851

Hypothesis Test Result:

Ha1: The regression weight for overall opportunity in the prediction of six opportunity indicators are significant.

Ha2: The regression weight for growth of Start-up textile manufacturing business in the prediction of four growth indicators are significant.

Ha3: There is a direct impact of prevailing opportunity on the growth Start-up textile manufacturing business

Table 2: Regression weights for Opportunity indicators

Observed	Latent	Estimate Unstandardized	S.E.	C.R.	Standardized Regression Weights	P
Free and subsidized power supply	Opportunities	0.940	0.111	8.499	0.601	***
Sourcing low cost workers from other state		0.860	0.117	7.372	0.498	***
Scope for export market		1.000	Reference Point		0.633	***
Enough technology support for innovation		0.746	0.097	7.674	0.524	***
Banking support for finance.		0.662	0.108	6.105	0.398	***
Textile parks support for future growth		1.056	0.121	8.732	0.625	***

*** Significant at 0.001 level.

Table 2 showed the regression weights and significant value for each indicators measured under opportunity factor. All the opportunity indicators predicted the latent factor at 0.001 significant levels. The opportunity indicator "Scope for export market" taken as a reference point since its score high unstandardized regression weights and estimated the regression weights for remaining indicators. Though all the opportunity indicators significantly predicted the latent factor, the highest regression weights of 0.633 happened on "Scope for export market" and lowest regression weights of 0.398 happened on "Banking support for finance". The probability of getting a critical ratio as large as 8.732 in absolute value is less than 0.001. In other words, the regression weight for OPPORTUNITIES in the prediction of "Textile parks support for future growth" is significantly different from zero at the 0.001 level. It is revealed that when start-up textile manufacturing business OPPORTUNITIES goes up by 1 standard deviation, Textile parks support for future growth goes up by 0.625 standard deviations.

Table 3: Regression weights for Opportunity indicators

Observed	Latent	Estimate Unstandardized	S.E.	C.R.	Standardized Regression Weights	P
Sufficient buyer for product	Growth	0.058	0.028	2.050	0.085	0.040*
Market support from government		1.000	Reference Point		0.655	***
Existence of perfect market		0.194	0.039	4.978	0.211	***
Financial support from Government agencies		0.110	0.030	3.706	0.155	***

*** Significant at 0.001 level * Significant at 0.05 level

Table 3 showed the regression weights and significant value for each indicators entered under prospects of Start-up textile manufacturing business growth factor. All the growth indicators significantly predicted the latent factor at 0.05 & 0.001 significant levels. The growth indicator "Market support from government" taken as a reference point since its score high unstandardized regression weights and estimated the regression weights for remaining growth indicators. Though all the opportunity indicators significantly predicted the latent factor, the highest regression weights of 0.655 happened on "Market support from Government" and lowest regression weights of 0.085 happened on "Sufficient buyers for product". The probability of getting a critical ratio as large as 2.05 in absolute value is .040. In other words, the regression weight for GROWTH in the prediction of sufficient buyers for product is significantly different from zero at the 0.05 level. It is concluded that when the overall prediction of Start-up textile manufacturing business GROWTH goes up by 1 standard deviation, sufficient buyers for product goes up by 0.085 standard deviations and financial support from Government agencies goes up by 0.155 standard deviations.

Table 4: Direct effect of prevailing opportunity on Start-up textile manufacturing business growth

Endogenous Constructs	Exogenous Constructs	S.E.	C.R.	Standardized Regression Weights	P	Result
Predicting overall Growth of Start-up Textile manufacturing Business	Prevailing Opportunity	0.120	8.370	0.463	***	Accepted

*** Significant at 0.001 level

Table 4 showed the standardized regression weights and significant value to determine the accepting or rejecting framed hypothesis. The results clearly indicates that there the probability of getting a critical ratio as large as 8.37 in absolute value is less than 0.001. In other words, the regression weight for prevailing overall OPPORTUNITIES in textile manufacturing business in the prediction of GROWTH of start-up textile manufacturing business is significantly different from zero at the 0.001 level. It is revealed that when the overall OPPORTUNITIES goes up by 1 standard deviation, the GROWTH of start-up scale textile manufacturing business goes up by 0.463 standard deviations.

Challenges Hindering Start-Up Growth in the Textile Sector:

Despite the promising opportunity indicators, start-up textile businesses in Salem and beyond confront several critical challenges:

- Limited access to institutional finance: Start-ups often struggle to secure loans due to high collateral demands and complex approval processes from banks.
- Technological barriers: High costs and lack of awareness hinder adoption of modern textile machinery, lowering productivity.
- Labor shortages: A lack of locally available skilled labor forces reliance on untrained or migrant workers, which can reduce product quality.
- Volatile raw material prices: The unpredictability of cotton and yarn prices makes cost planning difficult for businesses with limited capital.
- Market access issues: New businesses often find it hard to connect with stable buyer networks and become dependent on intermediaries who reduce profit margins.
- Regulatory burdens: Compliance with environmental and labor laws adds financial and operational strain on start-ups.
- Overdependence on subsidies: Heavy reliance on government subsidies poses risk if policies change or funds are delayed.
- Lack of structured mentoring/incubation: The absence of advisory support results in poor decision-making and hampers sustained growth.

Discussion:

Ha1: The first hypothesis constructed to know whether the regression weight for overall opportunity in the prediction of six opportunity indicators is significant or not. The result clearly indicates that all the opportunity indicators significant at 0.001 levels. The highest standardized regression weights of 0.633 happened on “Scope for export market”. This opportunity indicator attains a highest beta score than others. The lowest s standardized regression weights of 0.398 happened on “Banking financial support”. The Start-up scale textile manufacturing business people felt that there is a large scope for export in their textile manufacturing business. However, the banking financial support for the textile manufacturing business is not so good for start-up textile manufacturing business concern. It is concluded that all the opportunity indicators significantly predicted the start-up scale textile manufacturing business. It is confirm that regression weight for overall opportunity in the prediction of six opportunity indicators are significant

Ha2: The second hypothesis constructed to know whether the regression weight for growth of Start-up textile manufacturing business in the prediction of four growth indicators is significant or not. It is found that out of four growth indicators, three were significant at 0.001 level and remaining significant at 0.05 levels. The highest standardized regression weights 0.655 happened on “Market support from government”. The lowest standardized regression weights happened on 0.155 on “Financial support from the government”. It is revealed the growth of Start-up scale textile manufacturing business predicted strong growth depend on the continuous support from the government to create a new market. However the remaining growth indicators not strongly predicted the Start-up scale textile manufacturing business growth. It is concluded that since all the growth indicators significantly emerged to predict the growth at 0.05 significant level. It is confirmed that the regression weight for growth of Start-up textile manufacturing business in the prediction of four growth indicators are significant.

Ha3: The Third hypothesis constructed to know whether there is a direct impact of prevailing opportunity on growth of Start-up textile manufacturing business. The regression weight for prevailing overall opportunities in textile manufacturing business in the prediction of growth of start-up textile manufacturing business is significantly different from zero at the 0.001 level. The growth of start-up scale textile manufacturing business goes up by 0.463 standard deviations. The results clearly indicates that there is a direct impact of prevailing opportunity on growth of Start-up textile manufacturing business.

While the results confirm a statistically significant direct impact of prevailing opportunities on start-up growth, these findings must be interpreted with an understanding of the multiple constraints that limit full realization of such opportunities. Limited financing, technological lag, labor availability, and regulatory complexities act as substantial barriers. These issues must be addressed simultaneously to translate potential into sustainable long-term success for start-ups.

Conclusion:

The textile industry occupies a pivotal role in the Indian economy, not only due to its substantial contribution to industrial output, employment generation, and foreign exchange earnings, but also because of its deep-rooted historical and cultural significance. It serves as one of the largest employment-generating sectors in both rural and urban areas, second only to agriculture, and plays a key role in uplifting the socio-economic conditions of millions. Recognizing the critical importance of the textile sector in shaping the country’s economic landscape, both the central and state governments have been taking strategic initiatives to attract domestic and foreign investment. These efforts include policy reforms, infrastructure development, and financial incentives aimed at fostering widespread and sustainable growth across the value chain from raw material production to finished goods and exports. For startups and entrepreneurs venturing into the textile industry, the environment offers numerous growth opportunities provided key enablers are in place. These include assured pricing mechanisms for product supply, access to abundant and cost-effective skilled labor, uninterrupted electricity, strict quality control mechanisms, and efficient maintenance

protocols. Additionally, security in export transactions, the integration of affordable and adaptive technologies, and the development of textile parks that eliminate the role of exploitative intermediaries are vital for the sector's growth. Supportive initiatives such as government-backed incubation centers, information dissemination platforms, and business advisory services can further encourage innovation and entrepreneurship within the sector. Despite facing a host of challenges such as volatile global demand, stiff international competition, raw material price fluctuations, regulatory hurdles, and environmental concerns, the textile industry continues to demonstrate remarkable resilience. The future prospects remain optimistic, buoyed by rising domestic consumption, expanding global market access, the shift toward sustainable and eco-friendly textiles, and the increasing adoption of smart and technical textiles. These positive trends provide a cushion against the adversities faced by entrepreneurs and strengthen the industry's potential to emerge as a global leader in textile manufacturing and innovation. However, this potential can only be harnessed if persistent bottlenecks are addressed. The success of start-ups hinges not only on government schemes and export potential but also on improved access to finance, modern technology adoption, consistent raw material pricing, better labor training mechanisms, and strategic mentoring. Without resolving these foundational issues, the growth of start-up textile businesses remains vulnerable and uneven.

References:

1. Abraham, V. and Sasikumar, S. K. 2011. Labor Cost and Export Behavior of Firms in Indian Textile and Clothing Industry. Economics, Management, and Financial Markets, 6(1), 258-282.
2. Asiya Chaudhary, Mohammed Pervej and Neshar Anjum, 2016, "Make in India and Productivity of Indian Textiles Industry: A Case Study Bombay Dyeing & Mfg. Co. Ltd." International Journal of Commerce, Business and Management Vol.5, No.1
3. Bhaskaran, E. 2013. The productivity and technical efficiency of textile industry clusters in india. Journal of the institution of engineers (India): series c, 94(3), 245-251.
4. Leeuwen, B. V. 2007. "Human Capital and Economic Growth in India, Indonesia, and Japan: A Quantitative Analysis, 1890-2000", PhD. Dissertation, Amsterdam, Netherlands: International Institute of Social History.
5. Maiyo, R.C. and Imo, B.E., 2012. The Kenyan Textile Industry in a Liberalized Economy: An Analysis of Performance and Challenges. Journal of Emerging Trends in Economics and Management Sciences, 3(1), 111-115.
6. Noopur T. and Eswara Reddy, E. 2013 "A study on emerging Trends in Textile Industry In India", AMET International Journal of Management, Vol.5, Issue 6 pp 81-88
7. Polpi G. S. and Rao, D. N. "Prospects and challenges for SMEs in Textile sector in the post WTO Era an empirical study in the Indian context", Social Science Research Network, 2009.
8. Rajesh, B. 2000. Productivity and Quality: Cornerstones of Apparel Manufacturing Apparel Online, 8-9
9. Rutten M. 2006. "The Study of Entrepreneurship in India: In Need of a Comparative Perspective", Oxford India Companion to Sociology and Social Anthropology, Oxford University Press, New Delhi.
10. Shaikh, F., Dorki, S., Gopang, N.A., and Shafiq, K. 2011. Global financial crisis and its impact on textile industry in pakistan. Journal Of Business Case Studies, 7 (3), 17-22