CHAPTER - IV

PRESENTATION, ANALYSIS AND INTERPRETATION OF THE DATA

PART-I - ALL PROBLEMS

4.A Problems of Yarn of Powerloom industry in Ichalkaranji.

4.B Problems of Accomodation of looms.

4.C Problems of old looms.

4.D Problems of electricity.

4.E Increasing prices of Mill-stores,

4.F Labour problems.

4.G Exploitation by Master-weavers.

4.H Problems relting to marketing the grey cloth.

4.I Problems in implementation of minimum wages Act for powerloom workers in Ichalkaranji.

4.J Adverse Effects of New Textile Policy in Ichalkaranji.

PART-II - FINANCIAL PROBEMS

4.II-A Financial requirement of powerloom industry in Ichalkaranji.

4.II.B Financing the powerloom industry in Ichalkaranji.

4.II.C Financing policies of -

1) Co-operative and commercial banks,
2) Maharashtra State Financial Corporation, Kolhapur Region,
3) Master-weavers,
4) Bhishi-Mandals, Friends and Relatives,

4.II.D Financing methods of loom-holders.

4.II.E Main Financial Problems.

CHAPTER - IV

PART-I - ALL PROBLEMS

4.A PROBLEMS OF YARN OF POWERLOOM INDUSTRY IN ICHALKARANJI :-

Yarn is the basic raw material of powerloom weaving industry. It forms 70% of cost of manufactured cloth. Therefore, the regular supply of yarn in right quantity of right quality at right time and at right prices assumes the greatest importance in the economy of powerloom industry. It is estimated that about 60,000 powerlooms exist at present in Ichalkaranji. Spread over at each and every nook and hook of the area.

The decentralised powerloom industry of Ichalkaranji is engaged mainly in the production of Dhoty and Cambric. The other fabrics viz mulmul, khadi,poplin,voile,polyster etc.are also produced on a very small number of looms. For this purpose it uses the yarns of different qualities viz.medium,higher-medium, fine and superfine of different counts ranging from 34 cs to 120 cs depending upon the quality of cloth to be manufactured. The production of various types of fabrics can be shows as under :-

Table No.4.I-1: Percentage of various cloth in total prodn.[1]:

S.No.	Variety of cloth	Percentage in Total production
1)	Dhoti ..	40%
2)	Cambric,Khadi,poplin, Polynosic etc.	55%
3)	Mulmul,lawn and voile	5%

1) Sudheer A.Patil "Problems of Procurement of Yarn to powerloom industries in Ichalkaranji" Kolhapur,1985 P-115.

This table reveals that the production of dhoti accounts 40% of the total production for which Ichalkaranji has got its name. The second important fabric is the cambric followed by Khadi,Poplin,Polynosic etc.accounting for 55%. Of this 55% cambric fabric has the largest share. Mulmul, lawn and voiles are produced on a very small scale i.e. only 5%. Thus, it is clear that the main fabrics manufactured here are Dhoti and Cambric.

Thetable No.4-A-2 gives the detailed picture of the powerloom industry of Ichalkaranji.

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The above table leads to the following conclusions :-

1) There are two types of weavers namely: (a) Kharchiwala and (b) Satwalla/Beam Walla/Pedhiwala.

2) The majority of loom owners hold four or less number of looms.[1]

3) Powerlooms are operated in three shifts of 8 hours each.

4) Friday is the weekly holiday.

5) There exist a co-relationship between quality and quantity of production.

6) The average production is 26 mtrs. of cloth per shift per loom.

Taking into account this fact, of average production of 26 metres per loom per shift, then the production of cloth per loom per day of 3 shifts comes to 78 metres. (i.e. 26 x 3). Accordingly, the total production of cloth of all 60,000 powerlooms is about 1,40,40,00,000 metres. (i.e. 78 x 60,000 x 300)

Now, we will see the requirement of yarn per metre of cloth with the help of the following table :

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1 Due to the Factory Act, powerloom owners show their looms as four or less number on record. But in reality most of the owners have more than four looms operating in the same shed in the names of their family members and other relatives.

Table No.4.I-3 : Per Metre requirement of yarn in grams.[1]

Sr. No.	Variety of cloth	Panna	Pick Numbers	Count of Yarn	Requirement of Yarn per metre in Grams
1)	Grey poplin	33	64 x 52	34 x 34	94
2)	Polynosic	39	72 x 72	40 x 40	87
3)	Grey Khadi	44	64 x 64	34 x 34	57
4)	Cambric	48	56 x 48	60 x 60	56
5)	Dhoti 7 mtr.	51	64 x 56	60 x 80	46
6)	Grey Cambrics	49	68 x60	80 x 100	44
				Total	384
				Average	64

The above table indicates that for the manufacture of a particular variety of cloth, the yarn required per metre of cloth depends upon the panna, pick and count of yarn.

The average requirement of yarn per metre of cloth is 64 grams. We have seen that per loom per day production of cloth is 78 mtrs. Therefore, yarn required for a loom for a day will be 5.00 kgs. approximately and for a year 1500 kgs. (i.e. 5 kgs x 300 days). Hence the total requirement of yarn for all 60,000 powerlooms for a year will be about 9,00,00,000 kgs.at present (i.e. 60,000 powerlooms x 1500 kgs for a loom a year)

Procurement of Yarn

Due to the continuous increase in the number of power looms in Ichalkaranji, the requirement of yarn is also increasing. Formerly, the industry was entirely dependent upon outside sources like mills in Bombay,etc. for the supply of yarn. In fact, the yarn market was completely in

1 Sudheer A.Patil "Problems of Procurement of yarn to powerloom industres in Ichalkaranji" P-122

the hands few traders who always tempted to exploit the weavers recklessly. To overcome this exploitation and to provide sufficient quantity of yarn to the weavers three spinning mills have been established namely Deccan Co-op. Spinning MillsLtd., Kolhapur Zilha Shetkari,Vinkari Sahakari Soot Girani Ltd and Ichalkaranji Co-operative Spinning Mills Ltd. in the year 1962, 1968 and 1977 respectively. However, these existing three spinning mills do not hope to fulfil the yarn requirement due to :-

(a) low production capacity,

(b) Sale of part of their production in the outside markets.

(c) Export of high quality yarn.

Therefore, even today the powerloom industry depends largely upon outside sources. Tableno. 4-I-4 illustrate to what extent the industry has procured the yarn from local spinning mills and that of outside spinning mills. Local spinning mills for the purpose include :-

(1) The Deccan Co-operative Spinning Mills Ltd.Ichalkaranji,

(2) Kolhapur Zilha Shetkari Vinkari Sahakari Soot Girani Ltd., Ichalkaranji, and

(3) The Ichalkaranji Co-operative Spinning Mills Ltd., Ichalkaranji.

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Table No. 4.I.4 :- Total Requirement and procurement of yarn from local and outside spinning mills :-

Sr. No.	Co-op. year	Number of powerlooms	Break-up of total Requirement and Procurement					
			in Lakh Kgs.			In percentage		
			Total Requirement	Local Procurement	Outside Procurement	Total Requirement	Local Procurement	Outside Procurement
1)	1982-83	45,000	675.00	87.63	587.37	100	12.98	87.02
2)	1983-84	50,000	750.00	81.65	668.35	100	10.87	89.13
3)	1984-85	53,000	795.00	108.09	686.91	100	13.60	86.40
4)	1985-86	56,000	840.00	103.79	- 368.10 - 368.10	100	12.36	43.82 - 43.82
5)	1986-87	60,000	900.00	99.37	320.25 - 480.38	100	11.04	35.58 - 53.48

Total Requirement	100%
Average local Procurement	12.17%
Average outside Procurement	68.39%
Average shortage	19.44%

* Note: 50% and 60% of looms were stopped operating during the last two years respectively. The same is taken as a shortage of yarn.

The columns in the table No.4.I.4 indicates the following Facts :-

Column No. 1 : Serial numbers,

Column No. 2 : Co-operative Year,

Column No. 3 : Number of powerlooms yearwise.

Column No. 4 : Total requirement of yarn to the corresponding powerlooms yerwise.

Column No.5&6: Local and outside procurement of yarn to the corresponding total requirement yearwise.

Column 7 to 9: Gives the percentage of local and outside procurement to the total requirement.

At the end, the average percentage of requirement of yarn and its procurement from local andoutside spinning mills is given.

In the light of the above information the following conclusions can be derived :-

(1) Of the total requirement of yarn by the Ichalkarqnji powerloom industry, only an average of 12.17% is procured from the local spinning mills and the remaining 82.83% of yarn is to be procured from outside spinning mills, but there is a shortage of yarn to the extent of 19.44%.

2) It can be stated that the local spinning mills are not in a position to supply the required yarn in sufficient quantities to the increasing number of powerlooms. It is also due to the fact that the local spinning mills sell their yarn in outside markets and also export a part of their production.

3) This leads to the conclusion that the powerloom industry in Ichalkaranji has to depend to a great extent upon the outside spinning mills for the supply of yarn.

4) The problem of procurement of yarn arises due to the fact that outside spinning mills sell their yarn to the handful of traders but not directly to the weavers. These few traders thus having monopoly in the yarn market exploits the weavers recklessly in many ways.

From the point of view of purchase of yarn weavers in Ichalkaranji can be classified into the following groups :-

A) Kharchiwala: This type of weaver do not purchase the yarn since they depend upon pedhi-walla (i.e. master weaver) who supply them the sized beamsand the required weft yarn.

B) Pedhiwala : (Master weaver) This type of weaver purchase yarn either directly from the local and/or outside mills or from the yarn traders in daily soot bazaar.

C) Satwalla : This type ofweaver purchase the required yarn from the local spinning mills and also from yarn traders in daily soot bazaar.

MAIN PROBLEMS :

The various problems faced by the industry can be outlined as under :-

1) Difficulties in the supply of yarn :

One of the most vexing problems faced by the powerloom industry is the accute shortage in the supply of yarn. The shortage arises on account of the following reasons namely :-

(a) Since the local spinning mills only cater to the extent of 12.17% of the total yarn requirement of the industry, and that the industry depends mostly upon outside sources. Due to strikes and lack-outs in the outside mills, difficulties of transport, natural calamities or the state Government policy regarding yarn will badly affect the supply of yarn.

(b) A very few number of traders purchase yarn from outside sources. This results into the fact that these handful traders create artificial shortage of yarn with a view to getting higher prices in the local market by the sale of yarn so purchased from outside sources. Thus, having monopoly over the supply of yarn these traders utterly exploite theweavers by creating deliberate shortage of yarn.

2) Wide fluctuations in rates and high prices of yarn :

It occurs due to the following :-

(a) The shortage of supply naturally leads to the wide fluctuations in the rates of yarn and consequently high prices. It is so because the prices are mainly controlled by the few traders in the market. The prices go up due to the artificial shortages created by such traders who will then exploite the weavers by selling the yarn at higher prices.

(b) The prices are also high because the yarn passes through many hands, adding profit at each hand, till it reaches the hands of final weavers.

3) Improper quality of yarn and counts :-

Since a few traders have the monopoly in the yarn market they always dictate the market to their best advantage.

They induldge in all sorts of mal-practices,not keeping even the minimum business morals. It is opined by many weavers that many a time there exist a difference between the count number of yarn mentioned and the actual number of the count. The low number count of yarn reduces the output. e.g. if the count of yarn is lowby 2 counts than what it to be the weaver having 4 looms has to suffer a loss about Rs 175/-per month. Even knowing such facts the weavers have to purchase the yarn from these dishonest traders due to the lack of alternative arrangements.

4) Difficulties in knowing the standard rates of yarn :

In this regard the difficulties can be attributed to the following aspects namely :-

(a) The yarn rates fluctuate widely and are unpredictable.

(b) The weavers can not depend upon the rates given in the local news papers because the rates in morning do not correspondwith the rates in afternoon and evening.

(c) The statistical information in regard to the rates of yarn are obtained from various dealers and not from one single source. Thus, the weavers lack accurate and adequate market information which is an essential criteria of successful purchasing.

4.B PROBLEMS OF ACCOMODATION OF LOOMS :

Land and building forms an important factor in industrial establishments. The factory building is the primary tool with which production is carried on with the help of workers and into which plant and machinery are installed and other tools are fitted. As such, factory building must ensure the housing

of manufacturing and other business activities. Therefore, building should provide proper shelter for laying out the plant and allied equipments, adequate space for material storage and employee movements while performing the work. Hence building of suitable size has to be constructed or hired for installation of powerlooms intended to carry out the weaving work.

In Ichalkaranji, there are about 60,000 powerlooms spread over at each and every corner of city and in its vicinity. Seeing the rapidgrowth of powerlooms two industrial estates have been constructed on co-operative basis to accomodate the looms. But the growth is so fast that it became rather impossible to provide accomodation to all the increasing number of powerlooms under the scheme of industrial estate. As a result, a large percentage of powerlooms have been accomodated at other places other than industrial estates.

It is estimated that of the total number of loom owners about 30% are satwallas and 70% are Kharchiwallas. Assumingthat of these weavers 30% of satwallas and 20% of Kharchiwallas have their own loom shed in which they have installed their looms. Thus, remaining 50% of loom holders do not have their own loom shed but installed their looms on hired loom sheds of others. This 50% loom holders actually face many difficulties in accomodating their looms in rented loom-sheds. The problem becomes more acute when they have to find a suitable and convenient loom-shed. These loom sheds belong to private individuals. Generally a contract takes place between the loom-owner and shed-owner,for a period of 11 months. Negotiations depends upon the personal relations of the parties and the market conditions. Generally the loom-holders

have to pay cash deposits in addition to the agreed amount of monthly rent. Usually some loom-owners takethe loom shed on hire by paying only building rent to the owner and bears themselves theelectricity charges, whileothers pay a fixed lumpsome as monthly rent towards both building rent and electricity charges to the shed-owner in which case shed-owner reimburse the electricity charges. The following table show the various details of loom-shed and also pin points the exact nature of the problem of loom-shed.

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Table No.4.I.5 : VARIOUS DETAILS OF LOOM-SHED :

Sr. No.	Name of the Powerloom owner	No. of looms	Date and period of entering the contract	Deposits kept Rs.	Rent agreed per month Rs.	Actual Rent paid last month	Whether rent is paid when looms were not workng		Working days lost due to change in loom-shed	Additional cost reqrd. for reinstalling the looms. Rs.
							Period	Amount		
1	2	3	4	5	6	7	8	9	10	11
1)	Shri Mukund Textiles, Shantinath Mallappa Muragande S.S. Kole Shed, Near Nahar Sizing, Ichalkaranji.	4	11-1-1987 for 11 months	4000	460 plus Ele. Charges	460 & Ele. Chrgs.	2 months	920 Building rent	8 days	800
2)	Shri Bhagvati Textiles, Prakash Gunavantrao Jadhav Barge Shed, Kabnoor, New Colony Bhone Maal, Ichalkaranji.	4	29-10-87 for 11 months	4000	450 -"-	450 -"-	-	-	15 days	800
3)	Shri Jinendra Textiles, Subhash Jinnappa Molekar, Mulla Jobber Shed, 9/507 B-4 Vikramnagar, Ich.	4	1-4-1987 for 11 months	4600	1100	1100	2 months	800 Bldg.rent	10 days	800
4)	Shri padmavati Textiles, Bharmu Mallappa Murgande Gondhali Galli, Ich.	4	1-4-1987 for 11 months	4000	1000	1000	-	-	13 days	900
5)	Shri Mahadev G.Shivkale G.S. Kole Shed, Near Nahar Sizing, Ich.	4	8-8-87 for 11 months (Oral contract)	-	1050	1050	-	-	15 days	900

The above table pinpoints that the loom-holders generally enters the contract with the shed owner. The period of contract is 11 months. The loom-holders have to keep deposits about Rs 4000/- for 4 looms, with the shed owner and have to pay agreed amount of rent monthly. The rent varies according to the agreement. In some cases, the loom-owners agree to pay only building rent to the shed-owner and borne themselves the electricity charges. The building rent varies between Rs 450 to Rs 460 per month for 4 looms whereas the average electricity charges varies from Rs 600 to Rs 650 per month depending upon the utilisation of electricity. In other cases, the loom-owners agrees to pay to the shed-owner a fixed amount that varies from Rs 1,000 to Rs 1,100 towards both rent and electricity charges in which case the shed-owner bears electricity charges.

It may happen that after the completion of contract period generally with the consent of both the parties a fresh contract may be entered with necessary changes for the next 11 months. If this is not done, the loom-owners have to shift their looms to another Shed. Under suchcases the loom-owners have to loose 8 to 15 working days and incur additional installation cost about Rs 800 to Rs 1,000/-.

Main problems :

1) Heavy Deposits :

Generally, the loom-holders are compelled to keep high amounts of deposits with theshed-owner. Rs 4000 has become a common figure for4 looms. This is indeed a high amount. Particularly, the loom-holders of 4 or less number of looms and those who just entered this industry feels the payment of deposits as burdensome unnecessarily put upon them.

2) High Rents :

Really, the amount of rent to be payable is also very high. The loom-holders have to pay about Rs 460 for 4 looms per ½ month. Towards building rent and incure electricity-charges. Alternatively,they have to pay a fixed amount say Rs 1,100 for 4 looms towards rent and electricity charges. In both the cases, the rent payable is very high and unjust.

3) Exploitation by shed-owners :

Many powerloom owners opined that in the middle of contract period particularly during busy seasons the shed-owner ask for more deposits and tries to increase the rent without obeying the contract contents. The loom-holders having no alternative simply obey the shed-owner otherwise he may ask to vacate the shed or give unnecessary disturbances. If at all the loom-owner decides to vacate the shed,he finds it difficult to get suitable shed and have to incure additional installation cost to theextent of Rs 800 to Rs 1,000. On the contrary, in slack seasons the shed owner rigidly follow the contract. Due to slack season, evenif looms are stopped operating the shed owner demands the rent on the ground of contract but does not show sympathy towards loom-holders. Thus, shed-owners exploit the helpless-shedless loom-owners mercelessly.

4) Loss due to change in shed :

Soon after the contract period is over the loom holders have to vacate the shed and shift their looms to another sheds. In doing so they have to incur heavy losses in the form of cartage charges, installation cost,additional mill-storesetc. apart from loss of production of 8 days. All this puts the loom-holders in the state of great difficulties.

5) Even they pay high deposits and high rents loom-holders do not get suitable loom-shed. They experience many inconveniences viz. inadequate windows, and wall-cuboards, improper roof, unstoned earth, inadequate varanda, inadequate space within the shed, lack of oher essential facilities etc. Many a time, they have a to install their looms in shed that are far away from their residential houses.

4.C : PROBLEMS OF OLD LOOMS :

Powerlooms forms the basic plant and machinery in the powerloom industry. In the beginning, the looms discarded by Mills in Bombay and Ahmedabad were installed in Ichalkaranji and made them fit for weaving. Those good old looms are still found operating. It is estimated that about 30,000 powerlooms in Ichalkaranji are old These old looms retard the overall productivity of the industry. Workers get bored due to frequent break-downs and that their working efficiency diminish considerably, resulting into low output low income etc. The following Statement will show the output of old and new looms under normal conditions :-

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Table No.4.I.6 : Comparative Statement showing Production on Old looms and New Looms.

Per pair per shift production in metres.

Sr. No.	Name of the power-loom owner	Total number of looms	Old Looms			New Looms			Variances in Qnty.	Variance in qlty.	Total prodn.
			Number	prodn.	Defective cloth	Number	prodn.	Defective cloth			
1)	Shri Jinendra Textiles, Subhas J. Molekar, 9/507-B-4,Mulla Jobber Shed Vikram Nagar,Ichalkaranji	4	2	54	3	2	58	2	4	1	112
2)	Shri Bhagvati Textiles, Prakash G. Jadhav, Barge Shed,New Kabnoor Colony,Bhone Malla,Ich.	4	2	42	2	2	46	1	4	1	88
3)	Shri Kallappa Lagamanna Alase,Near Mangalmurti Cinema,Ichalkaranji	4	2	40	2	2	42	1	2	1	82
4)	Shri D.R. Bongale, 9/670/11,Vikramnagar, Ichalkaranji.	4	2	36	4	2	40	2	4	2	76
5)	Shri Mahadev G.Shivkale, G.S. Kole Shed, Near Nahar Sizing,Ich.	4	2	45	3	2	53	2	8	1	98
	Total	20	10	217	14	10	239	8	22	6	456
	Average per pair	4	2	43.4	28	2	47.8	1.6	4.4	1.2	45.6

The above table reveals that the new powerlooms show high production with less defective cloth (i.e. second grade cloth) whereas the old powerlooms show low production with more defective cloth. The average production per shift per pair of old looms is 43.4 mtrs. of cloth whereas the new pair looms show an average production of 47.8 mtrs. of cloth. Thus, average variance in output between old and new looms show 4.4 Mtrs.. Similarly, theaverage defective cloth on old looms is about 2-8 mtrs. while that of new looms is about 1.6 mtrs. resulting into average variance of 1.2 mtrs.of cloth between old and new looms.

There exist about 30,000 old powerlooms (i.e. 15,000 pairs). On this basis it can be said that the average cloth lost due to old looms in a day of 24 hours is about 1,98,000 mtrs. (i.e. 4.4 mtrs.x 3 shifts x 15,000 pairs) and for a year of 300 days the cloth lost accounts for about 5,94,00,000 mtrs. (i.e. 1,98,000 x 300). Similarly, on account of old looms the average defective cloth variance for a day of 24 hours comes to about 54,000 mtrs. (i.e. 1.2 mtrsx 3 shifts x 15,000 pairs) and for a year of 300 days it works out to 1,62,00,000 mtrs. (i.e. 54,000 x 300 days . Thus the above discussion leads tothe conclusion that the existence of old looms greately affects both quantity and quality of cloth manufactured.

Main problems :

1) Low Production - Low Income :

Naturally as compared to new looms, the production on old looms is low. The margin of profit/income greately depends upon the quantity of production. If production is more, profit/income will be more and vise-versa. Weavers having old looms suffers from low production resulting into low income.

Similarly, workers working on such loomsget low income and lead a low standard of living since they are remunerated by piece-rate basis.

2) More defectivecloth - more loss :

Not only low production but also old looms cause for more defective cloth. Due to the defective cloth weavers experience less bargaining power before the master weavers and adatiwallas as the case may be who recklessly makes huge cuts in payments of weavers. Naturally the loss arising out of defective cloth is sustained by weavers themselves and at certain times a part of itis passed on to workers.

3) Frequent break-downs - Kills efficiency :

The percentage of breakdowns is more with old looms as compared to new looms. Due to frequent break-downs workers get tired and bored. In case of very old looms with more frequency of break-downs workers have to pay much more attention Moreover, their energy isunnecessarily spent on correcting and repairing the looms. In all these cases their efficiency is marred.

4) Old looms also require heavy repairing cost.

4.D PROBLEMS OF ELECTRICITY :

Proximity to cheap power and fuel isan important consideration in industrial establishments. Electricity, coal, oil and natural gas are motive power or fuel essential for industries engaged in the production of goods and services. Availability of regular, reliable and cheaper electricity power of required voltage assumes greater importance in the industrial life.

In Ichalkaranji all powerlooms are driven with the help of electric power. At present Maharashtra State Electricity

Board supplies the required electricity to the powerloom industry. Let us consider first the rate of electricity charges to the industry. The rate per unit of electricity charges depends upon the horse-power of electric motor used in a particular Karkhana. Two distinctive rates prevails - one for electric motors up to 20 HP and other for electric motors above 20 HP. The following table show the different rates :

Table No.4.I.7 : Electricity Charges* :

Sr. No.	Co-op. year	Rate per Unit (in paise)			
		Upto 20 HP	Above 20 HP	Govt.Duty	Surcharge
1)	1980-81	0.42	0.55	0.01	0.02¼
2)	1981-82	0.42	0.55	0.01	0.02¼
3)	1982-83	0.42	0.55	0.01	0.02¼
4)	1983-84	0.42	0.55	0.01	0.02¼
5)	1984-85 (Oct.)	0.42	0.55	0.03½	-
6)	1985-86 (Nov.)	0.55	0.75	0.05	-
7)	1986-87 (March)	0.60	0.80	0.05	-

* obtained from M.S.E.B., Ichalkaranji

From the above table it is learnt that the rate per unit of electricity charges differs according to the horse-power of electric motrs used. For the period between 1980-81 to 1983-84 the rate per unit for motors upto 20 HP was 0.45¼ paise including the government duty and surcharge whereas the rate per unit 0.54¼ paise for motors above 20 HP including Government duty and surcharge. Howerver, in October 1985,the surcharge was removed but the same was included in Government

duty with an increase of 0.0½ paise. But the overall effect on per unit remained the same except on increase of 0.0¼ paise only. But in November 1985 the rates were increased by 0.13 paise in case of motors upto 20 HP and 0.20 paise in case of motors above 20 HP with corresponding increase in Government duty by $0.1\frac{1}{2}$ paise. Thus, the aggregate rates came to 0.60 paise and 0.80 paise respectively. Again in March 1987, the rates were increased by 0.05 paise in both the cases. Thus, the present aggregate rate per unit ofelecyricity comes to 0.65 paise and 0.85 paise in case of motors upto 20 HP and ~~per~~ motors above 20 HP respectively.

Upto September 1984 the rate of electricity charges were $0.45\frac{1}{2}$ paise and $0.58\frac{1}{2}$ paise but raised to 0.65 paise and 0.85 paise on increase about $0.19\frac{1}{2}$ paise and $0.26\frac{1}{2}$ paise respectively in two kinds of motors. Thus, it is evident that the electricity charges are continuously increasing which increases directly the cost of production. Powerloom holders expressed their dissatisfaction on this issue,but their agitation and efforts to reduce the rates were not successful.

Not only the rates are increasing but also the industry suffers from inadequate and irregular supply and frequent power-cuts in whichcase the loom-holders have to loose a larger amount of output otherwise would have been derived. The following tablewill show this aspect of electricity :-

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Table No.4.I.8 : Effects of power-shortage and power-cuts in a week :

Sr. No.	Name of the powerloom owner	No. of looms	Power-cuts in hours	prodn. lost due to power cuts (in mtr)	Quality affected by sudden power cuts (in mtrs.)
1)	ShriMahaveer Textiles, Shri Vardhaman M.Muragunde Ligade Mala,Kabnoor,Ich.	2	5	40	1 & hlf.
2)	Shri Shobana Textiles, Shri Mallu S. Magdum, 9/550-A-4,Near Hirakani Hotel,Ichalkaranji.	4	4	56	4
3)	Shri Kallappa L. Alase, Near Mangalmurti Cinema, Ichalkaranji.	4	6	62	4
4)	Shri Pandurang A.Gaikwad, 9/654, Bhone Mal, Ich.	4	5	40	6 to 8
5)	Shri Mukund Textiles, Shri Shantinath M.Muragunde, S.S.Kole Shed, Near Nahar Sizing,Ichalkaranji.	4	8	96	Negligible
6)	Shri R. G. Kokalki, 55 New Industrial Estate, Ichalkaranji.	4	4	60	-"-
7)	Mrs.Hira Sadashiv Lokare, 31,Old Indl.Estate,Ich.	4	6	70	Rarely happens.
8)	Shri Ramchndra A. Shinde, 9/495,Kumbhar Galli,Ich.	2	8	48	1
9)	Shri D. R. Bongale, 9/670/11 Vikram Nagar, Ichalkaranji.	4	4	36	3
10)	Shri Jinendra Textiles, Shri Subhas J.Molekar, Mulla Jobber Shed, Vikramnagar,Ichalkaranji.	4	6	84	3
	Total	36	-	592	-
	.: Average production lost			16.44 or 16 mtrs. approximately.	

The above table reveals that supply of electricity power is irregular and frequent power cuts takes place. This affects both quantity and quality of production. Industry as a whole loose production on account of irregular supply of electricity to the extent of 9,60,000 mtrs. in a week (i.e. 16 x 60,000) and 4,80,00,000 mtrs. in a year (i.e. 9,60,000 x 50 or 16 x 60,000 x $\frac{300}{6}$). Moreover, quality of cloth is also affected due to frequent power cuts.

Main problems :

In the light of the above discussion the following problems are pinpointed :-

1) Increasing rates of electricity charges :

This is also one of the most important problems with which the industry is presently suffering. We have seen that in 1984-85, the electricity charges per unit including Government duty was 0.45 & half paise in case of motors upto 20 HP and 0.58 & half paise in case of motors above 20 HP. But in the very next year the rate was increased to 0.60 paise and 0.80 paise and again in 1986-87 it was increased to 0.65 ps. and 0.85 paise respectively. In futue also the rates may go on increasing. Such kind of increase every year kills the initiativeness of industrial activity since it directly reduces the income of weavers.

2) Difficulties in making payments :

Due to increasing rates the total amounts so payable towards electricity charges becomes very high. Therefore, weavers find it difficult to make the payment in time. Particularly, Kharchiwallaweavers who depends upon Pedhiwallas find it more difficult to make the payment in time. So the delay causes for which they have to loose rebate provided for early

payment and also have to pay additional late charges. Even the charges may go on accumulating month to month due to non-payment leading to further consequences.

3) Irregular supply and frequent power-cuts :

The observations revealed that the supply of power is irregular. Some times, the supply is stopped to a particular area for hours together. Not only this greately affects production but also workers have to wait for longer hours till the electricity comes leading to wastage of their time. Similarly, frequent power-cuts affect the quality of cloth too.

4) Delays in getting the connections :

Weavers experience too much delays in getting the new connections even after completing all the papers requirements.

4.E INCREASING PRICES OF MILL-STORES :

Mill stores are the important materials used for power-looms to keep them operating. Some mill-stores viz.reed, healds,picker,buffer,picking stick,picking band,picking ball, loom spindle, loom stud, temple box, weft forke, latis patti etc. forms the parts of powerlooms. While other mill-stores viz. shuttles, bobbins etc. are used as an important tools of weaving. Grease, mobile oil etc.are used as consumable stores. Therefore, theavailability of these materials at right time, at right quanitity at right quality and at right prices assumes greatest importance in powerloom weaving and forms an important element of cost of prodution. The essence lies in the fact that they are required on and often.

Weavers puchase some of these mill-stores in stock while other mill-stores are purchased as and when they are needed. Any-how , these stores materials have to be keep in ready stock to ensure the smooth operating of looms. It is estimated

that a powerloom consumes mill-stores of Rs 600/- for a year at current prices. Hence, mill-stores consumption for all 60,000 powerlooms comes to about Rs 3,60,00,000/- a year.

It is observed that the prices of these mill-stores are continuously increasing since last few years. The following table will show the increase in prices of some of the important mill-stores.

Contd....

Columns in table No. 4.I-9 indicate the following :-

Column No. 1 : Serial Number of the varieties.

Column No. 2 : Varieties of mill stores,

Column No.3 to 17: Prices of Mill-stores year-wise according to varieties mentioned in Column No.2.

There are so many varieties in each item. Therefore, for the sake of simplicity all the varieties are broadly classified into three main groups. On the basis of their quality like low quality normal or medium quality and fine quality. It must be rembursed that due to the very nature of mill-stores and the existence of a large number of varieties it is rather impossible to make correct and clear classification. Therefore the above classification is arbitrarily made. However, it gives a rough idea about the prices of each quality. Apart from one variety mentioned in the table, there also exist a large number of mill-stores.

The above table shows that the prices of mill-stores are continuously increasing since 1982.

Main Problems :

1) Continuously increasing prices :

The important consideration regarding mill-stores is the continuous increase in their prices. The result is that thepoor weavers prefers to buy low quality mill-stores and whenever possible they purchase old or second-hand mill-stores preferably in the old material's market the quality of such mill-stores is not guaranteed.

2) Unnecessary idle stock :

Some items of mill-stores namely reeds and healds are used according to the quality of cloth to be woven. If the quality of cloth changes, the quality of reed and healds also change. Therefore, due to the frequent change in the quality

of cloth to be manufactured these reed and healds are also required to be changed. If the change is very frequent then at each time new reed and healds are to be purchased. As such, old reeds and helds so purchased will lie idle. This results into unnecessary investment. Moreover, the weaver is required to take much care in proper keeping of such idle mill-stores.

4.F LABOUR PROBLEMS :

Labour is an important factor of production. Therefore availability of skilled and unskilled labour in adequate proportion of normal wage rates is a crucial factor favouring industrial activity in the concerned areas. Decentralised powerloom industry is primarily labour oriented industry employing a large number of workers available at cheaper rates. However, not only the cheaper labour but also the efficiency of workers, workers attitude towards work and owners and above all labour laws governing the industry are of par importance.

Powerloom industry in Ichalkaranji with 60,000 powerlooms employs about 40,000 workers. Naturally many problems regarding workers arise. Some workers are skilled while others are semi-skilled and unskilled. As the industry provides ready job apportunities labour absentism and labour turnover are also found to be high. Table No. 4.F-1 illustrate the efficiency and other details of workers.

Contd.....

Note : Standard production is calculated by considering average production, loom condition, power revolution, power cuts etc..

The columns of table No.4.I-10 indicate the following :-

Column No.1 : Serial Number,

Column No.2 : Name of the powerloom industry.

Column No.3 : Number of looms in the industry.

Column No.4 : Number of workers employed on the above looms.

Column No.5 : Quality of cloth manufactured.

column No.6 : Standard production. It is calculated as an average of minimum and maximum production making due allowances for power-cuts, loom conditions, power revolution etc.

Column No.7 : Actual production.

Column No.8 : Variance in production. It is calculated by deducting the actual production from Standard production.

Column No.9 : Reasons for variances.

Column No.10: Deffective cloth due to workers inefficiency etc.

Column No.11: Workers absentism.

Column No.12: Labour Turnover in a month. It is calculated by using Flux method i.e. :

$$= \frac{\text{Number of seperations} + \text{No.of replacements}}{\text{Average No.of workers}} \times 100$$

Column No.13: Alternative arrangements made to continue the work in cases of labour absentism and labour turnover.

At the end total of standard production, actual prodn. and variances in production is made. On this basis average standard of production, average actualproduction and averge variances are calculated for the purposes of analysis.

In the light of the above information the following conclusions are drawn :-

1) Usually wokers do not attain the standard production. The average standard production for the Karkhana is 1954.8 mtrs. for a week whereas the actual average production is 17,246 mtrs. resulting into a variance of 230.2 mtrs. Similarly, the average standard production for a worker in aweek is 651.6 mtrs. while his output isabout 574.87. Thus, a variance of 76.73 mtrs. in a week. This shows that workers do not achieve thestandard production. Only a few workers are near the standard production.

2) It also means that workers are not encouraged to reach and exceed the standards.

3) It leads to the conclusion that standard production system is not in operation in the industry.

4) Reasons for variances show that workers are unskilled careless, inefficient and neglect the work.

5) Karkhana owners do not make special efforts to improve the productivity of workers and donot initiate the remedial measures to correct the causes of low output.

6) Naturally it follows that defective production is also bound to be high.

7) Labour absentism is seems to be normal. The reasons for labour absentism are mainly domestic problems of workers.

8) Labour turnover is very high. Workers work for some days or for a few months and leave it sooner and joins the other one.

9) It leds to the conclusion that the industry provides ready job opportunities and that no special efforts are made to prevent labour turnover to its minimum.

10) Under the circumstances, of labour absentism and labour turnover the worker who has worked for one shift may be asked to continue another shift in which case his productivity is reduced. Alternatively, a side-worker may be oppointed. If these are not possible the owner himself is required to operate the looms otherwise the looms will lie idle.

Main problems :

1) Lack of expert workers :

Very expert workers are rarely found in the industry. Existence of semi-skilled and unskilled workers in large number affects the production. Generally workers do not repair their looms in case of break-downs. Therefore it becomes compulsory to appoint an expert personnel known as jobber to deal with such situations. In theabsence of jobbers the production decreases considerably. Moreover, a loom owner having two or four looms can not appoint costly jobber.

2) Defective cloth :

The unskilled workers do not ensure the quality of cloth. The quality of cloth is also affected by carelessness and negligence of workers resulting into unnecessary loss to the owner.

3) High Labour turnover and labour absentism :

As the industry provides ready job opportunities,workers frequently leave the work. Workers also remain absent. This greately affect the production. In times of labour absentism and labour leaving the work the owner has to search for badali workers or himself work on the looms. If this is not possible the loomswill lie idle. Thus, even flow of production is disturbed. Many times it so happens that workers work for some days and afterwards takes certain amount of money from the

owner, but they never return to the owener. Therefore, the owners who have paid advances to such workers have to suffer a net loss to the extent of money so advanced. Due to this owners even hesitate to give advance to honest workers. The causes of high labour turnover can be enumerated as under :-

(a) dissatisfaction with remuneration,

(b) dissatisfaction with working conditions i.e. improper working conditions both internal and external.

(c) financial advantages viz high-wages, advance facility etc. in other industries.

(d) workers personal problems.

(e) move from locality

4) Indifferent attitude of workers :

It is seen that workers are developing an indifferent attitude towards the owners. They feel that the owners have become rich only because oftheir efforts and that owners always exploite them. Such kind of feelings of workers affects the industry in the long run.

4.6 : EXPLOITATION BY MASTER-WEAVERS :

Generally powerloom owners having 4 or less number of looms do not purchase the yarn in the open market and sell their cloth in the open market because of their weak financial position. Such weavers depend entirely upon some specialised type of weavers known as 'Master Weavers' or 'Pedhiwallas'. These master-weavers purchase the yarn on their own account and get it sized on weaver's beam. They supply such sized beams and the required weft yarn to the actual weavers known as 'Kharchiwalla' or 'Majooriwalla'. These Kharchiwalla weavers weave the cloth and return it to the same master-weavers for which they are paid

weaving charges known as 'job charges' or 'labour charges' or 'Majoori'. This system is known as job system or Kharchi system or Majoori system.

About 70% of weavers in Ichalkaranji are Kharchiwalas who depend entirely upon Master-weavers for the supply of sized beams and weft yarn. They weave the cloth and return it to the same master-weaver on majoori basis. The majoori i.e. labour charges so received constitute the gross income of loom holders out of which they have to pay all weaving expenses viz. wages, rent, electricity,mill-stores etc.[1]

The income of weaver is very low since they do not enjoy the real benefits of high prices in the market. Moreover, these loom owners depend upon master weavers for financial assistence. Naturally, the master weavers take undue advantage of the position and start utterly exploitating in many ways. It is surprising but true that the weavers who have invested Rs 20000 to Rs 40000 in their looms are exploited by master-weavers who invest on these looms only Rs 1500 to Rs 2000 in the form of sized beams and weft yarn. This is one of the reason why the loom-holders are not economically strong and as against this master-weavers are rich and built up fine bungalows within a short period of time, but definitely at the cost of poor weavers.

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1. In practice the Kharchiwalla actually purchases the sized beam and weft yarn for price and also sell the woven cloth for price. Pedhiwallas do not pay labour charges as such. The difference between the purchase and sale price is the gross income. Even then this income is called as labour charges. It is so because the income that remains to the weaver is so low that it just enables him to meet his weaving expenses and a small margin is left as a reward for organising and harnishing the factors of production into real production.

In this connection, let us consider the weaving charges paid to the Kharchiwalla weavers. In the year 1982-83 an agreement was made between the master-weavers association and powerloom weavers association in which some rates were agreed. But those rates are not paid now. The following table will reveal this fact :-

Table No.4.I.ii.: Rates of Weaving Charges for per metre of cloth: (in paise)

Sr. No.	p i c k	Rates agreed	Actual Rates paid at present *
1)	52	0.65	0.48
2)	56	0.67	0.50
3)	60	0.69	0.52
4)	64	0.71	0.54
5)	68	0.73	0.56
6)	72	0.75	0.58
7)	76	0.77	0.60
8)	80	0.79	0.62

* Some master-weavers pay even less than the above rates.

The above table indicates that for every 4 pick increase above 52 pick the corresponding increase in rate is 0.02 paise and so on.

Master-weavers paid the above rates for a month or so, but lateron they went on reducing the rates and at present they are paying very low rates - a direct way of exploitation. Apart from this they exploite the weavers in many ways. Table no. 4.I-12 explains the ways in which Kharchiwallas are exploited by master-weavers.

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The above table pinpoints that the rates of weaving charges as agreed upon previously is not paid at present. The decrease in rates varies from 13 paise to 20 paise less than what agreed. It means that pedhiwallas are not paying the rates agreed in the year 1982-83. Really the weaving charges must have to be increased in the eve of rising prices. But this is not done, instead the rates are reduced to the minimum. Thus the weaving charges now given are very low. Moreover, pedhiwallas treat a large quantity of cloth as defective and make huge cuts in payments at every week i.e. one taga of 80 mtrs, if it is treated as defective i.e. second-grade, normally Rs 10 to Ra 15 is deducted. Similarly for one pair of dhoti Rs 10 is deducted, on account of second grade cloth. This seems to be a bargaining trick. Apart from this in case of cambric cloth they actually take a taga of 81 or 82 mtrs. but bill is made for 80 mtrs-another method of exploitation.

On the basis of the above discussion, the following conclusions are made.

1) In actual practice Kharchiwalla purchase the sized beam and weft yarn from pedhiwalla for price and also sell the woven cloth to the same pedhiwalla for price.

2) Both the purchasing prices of beam and yarn and selling prices of cloth are exclusively determined by the pedhiwalla.

3) The difference between the purchse price and selling price constitute the gross income of Kharchiwala.

4) Pedhiwalla do not pay a fixed rate as weaving charges as such. Even then the difference between purchase price of beam and yarn and selling price of woven cloth

is treated as 'Weaving Charges' by Kharchiwalla. It is so because the difference so existis is so low that it just enables the Kharchiwalla to pay for weaving expenses viz. rent,wages,electricity,mill-stores etc.and remains a very small margin as a reward for risk taking.

5) Therefore, the margin is called as weaving charges is the gross income of Kharchiwalla.

6) The weaving charges as agreed previously is not paid at present.

7) The present weaving charges are very low as compared to the weaving charges agreed in 1982-83. Hence the income of Kharchiwalla is very low.

8) In other words, Pedhiwalla sell beam and yarn at higher prices but purchase the woven cloth at lower prices, thus the difference that remains to the Kharchiwalla is very low. Pedhiwala always tend to keep the margin to the possible minimum.

9) Pedhiwallas treat a large quantity of cloth as second grade (i.e. defective) at every time and makes huge cuts in payment.

10) Pedhiwalla supply sized beam and weft yarn of low quality but ask for fresh cloth (i.e. good quality), otherwise they make huge cuts in payment on account of second grade cloth.

11) It also happens that because of low quality of sized beam and weft yarn breakages are more leading to low production thus net loss to kharchiwalla.

12) In case of cambric cloth they take actual delivery of 81 or 82 mtrs. of taga but bill is made for 80 mtrs

13) The sized beam and weft yarn is not supplied regularly and even flow of production is affected.

14) Kharchiwalla withdraw only the minimum amount to meet the expenses of the week and leaves the balance accumulating.

15) The monthly expenses viz.rent,electricity bill etc is paid out of this accumulated income. But Pedhiwalla do not pay for such expenses regularly. The net income so remained is generally withdrawn at the year end i.e. on Deepavali.

16) Pedhiwallas being the monopolist do not treat well the Kharchiwalla weavers. The real grievances of Kharchiwallas is that they have been treated as if they are the slaves of Pedhiwallas

4.H : PROBLEMS RELATING TO MARKETING THE GREY CLOTH :

The law of demand and supply play a very important role in the textile market. If the powerloom industry is to flourish not only the supply of yarn is essential but also marketing of woven cloth at right time and at right prices assumes still greater importance. It is so because marketing has a great influence over production and distribution of textiles through which profit is generated - the main motto of business.

Marketing has not been mechanised to any great extent in our country. Because it requires the mass production before mass-distribution is undertaken. The sufficient knowledge of market and marketing is of immense value to the manufacturers and to all those who deals in market and marketing activities.

Even today the traditional channels of distribution are followed in marketing the woven cloth. The grey cloth manufactured on powerlooms usually passes through the following channels :-

Manufacturing Weaver ..... Wholesaler ..... Semi-wholesaller ..... Retailer ..... final consumer.

Generally the margin of profit depends upon the cost of production and cost of sales upon which the prices to consumers are determined.

Ichalkaranji humming with 60,000 powerlooms manufacture the cloth of different qualities and designs. Particularly it is famous for cambrics and dhoties. Kharchiwalla loom owners are not concerned with marketing as they sell their cloth in grey form to the master-weavers from whom they have obtained sized beams and weft yarn. Only satwalla loom-owners are concerned with marketing because they purchase yarn,get it sized on beams and manufacture the cloth on their own looms. These Satwallas manufacutre the cloth after considering the likely demand for the cloth. Sometimes they manufacture the cloth for stock and then sell it when they find good demand in market,while at other times they manufacture the cloth after receiving the order. However, in both the cases they sell their cloth in grey form without going to subsequent processes like bleaching,processing,printing etc..

Generally, they sell their greay cloth to the local wholesellers known as 'Adatiwallas' or 'Adatyas'. They also sell to the outside parties. They sell both on cash and credit basis. In all these cases they seek the help of commission agents known as 'Dalals' by paying him an agreed amount of

commission. The task of dalal is to establish the contact between the parties and to see that the transaction is finalised. However, the risk of payment is on the Satwallas. Naturally some problems crop into the matter of marketing viz. delay in payment,rejection of cloth sold.breach of contract, exploitation etc.. The following table will show how the Satwallas are exploited in marketing their grey cloth.

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TABLE No.4-I-13 SHOWING EXPLOITATION OF SATWALLA BY ADATIWALLA.

Sr. No.	Name of the Satwalla	To Whom the cloth is sold i.e. Adatiwalla.	Period in which contract is made.	Rate fixed at the time of contract	Duration of contract.	Date of cloth sold.	Quality of Cloth sold	Quantity of cloth sold Mtrs.	Actual Rate Given at Present & Total Amount	Dalali Paid. Rs	Remarks Made by purchasing Party regarding Qty & Qly.	Reasons for adverse remarks	Amount deducted on account of adverse report.
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1)	Kallappa Lagamanna Alase, Near Mangal Murti Cinema Talkies, Ichalkaranji.	Leela Shaha Textiles Ichalkaranji	-	-	-	29-10-87	50' 72x72 40x40 cambric	6033	5.41 Total Rs. 32638.43	50% 163.19	250 Mtrs. Second.	Weaving defect	Rs. 46/-
2)	Pandurang Annappa Gayakwad, 9/654, Shahunagar, Bhone Maal. Ichalkaranji.	Anuraj Kumar Textiles Ichalkaranji	-	-	-	4-10-87	7.3' 88x80 100x120 Dhoti	3708	8.22 Total Rs. 30480/-	50% 152-40	365 Mtrs Second	Weaving defect.	Rs. 650/-
3)	D.R.Bongale 9/670/11, Vikram Nagar Ichalkaranji.	M.S.Enterprises, Ichalkaranji.	-	-	-	7-11-87	48' 68x68 40x60 Cambric	3697-50	4.70 Total Rs. 17378-25	50% 87.00	37 Mtrs less and 250 Mtrs Second.	Weaving defect.	Rs. 174+40.
4)	Vasant Siddappa Pujari 10/1284, Behind A.S.C. college, Ichalkaranji.	Pankaj Textiles Ichalkaranji.	-	-	-	4-11-87	9Mx45 64x56 40x40 Dhoti	4500	3.89 Total Rs. 17500/-	50% 87.50	675Mtrs Second	Weaving defect	Rs. 350/-
5)	Suresh Patil 10/1281, Pujari Mala, Ichalkaranji.	M.P.Bros. Ichalkaranji.	10-9-87 for 50 Taga i.e. 4150 Mtrs.	Rs. 4.38	8days	18-9-87	48' 64x56 40x60	4150/-	Rejected	-	All Second	Weaving defect	--

The above table reveals that Satwallas generally do not enter into forward contracts due to changing prices in the market of yarn and cloth. Though some Satwallas enter into contracts for short periods they experience that purchasing party breaks the contract on the ground thatthe quality of cloth is not good, but the real reason is the falling prices in the market. At every time Satwallas are required to pay dalali @ 0.50%. The purchasing party treats a large quantity of cloth sold about 15% as defective i.e. second-grade and gives the reasons of weaving defect on account of which huge amounts are deducted - a way of exploitation. Similarly, particularly in case of cambric cloth the actual quantity of cloth sold is shown as less by some metres - again a way of exploitation.

Apart from this Satwallas experience delay in receiving the payment both in cash and credit sales. This can be explained with the help of following table :-

Contd....

Table No. 4.I.14 : Delay in payment as on 6-11-1987

Sr. No.	Name of the Satwalla	To whom the cloth is sold i.e. Adatiwalla	Value of cloth sold (in Rs.)	Date of selling	Mode and Terms of Payments	Actual date of receiving payment	Variance in payment	Discount if any
1)	Kallappa Lagammanna Alase Near Mangalmurti Cinema -Ichalkaranji-	Leela Shaha Textiles Ich.	32,638.43	29-10-87	Cash	2-11-87	4 days late	2% cash discount
2)	Pandurang Annappa Gaikwad, 9/654, Shahunagar, Bhone Mal Ichalkaranji.	Durga Sales Corpn. Madhavnagar	15,011.42	24-7-87	Credit 50 days	14-10-87 Rs 7000 & 17-10-87 Rs 8011	23 days late	-
3)	Govind Hari Mhakve 44,Old Indl.Estate, Ichalkaranji.	Janata Trdg. Co.M'nagar.	40,000.00	29-8-87	Credit 50 days	still not received	still not received	-
4)	Vasant Siddappa Pujari 10/1284,Behind A.S.C. College,Ichalkaranji.	Shriram Agency Madhavnagar	15,000.00	23-10-87	Cash	5-11-87 half payment received	halp payment is not recd.	-
5)	D.R. Bongale, 9/670-11, Vikramnagar, Ichalkaranji.	M.S.Enterprises, Ichalkaranji.	15,803.23	25-9-87	Credit 30 days.	3-11-87	8 days	-

The above table reveals that usually adatiwallas do not make the payment in time. Even in cash sales payment is received after 4 or 5 days late. In transaction No.4, though it is cash transaction half payment is received by 13 days late and half payment is not received even by 6-11-1987. Credit transaction No.2 show 23 days late,while in case of transaction No.3, the credit period was lapsed on 18-10-1987 but still payment is not received even after 6-11-1987. Thus, both cash and credit sales show much delays in payment in which case Satwallas always experience difficulties in getting the payment on right times.

Main problems in Marketing :

In the light of the above disucssion regarding marketing the following problems are pointed out :-

1) Absence of forward contracts :

It is learnt that generally both the parties do not enter into forward contracts. It is so because the prices of yarn and cloth always fluctuate widely resulting into losses to either party. Therefore, to avoid such consequences, Satwallas sell their cloth to the party who readily approach them. It must be remembered that in the absence of such forward contracts sale of cloth is not guaranteed to any great extent. Hence it is natural that the problem of stock is experienced in which unnecessarily capital is locked-up.

2) Breach of contracts :

In certain cases Satwallas enter into short-term contracts say for 8 days or 30 days or for the supply of fixed quantity of cloth in a given period of time. However, many Satwallas expressed their grivances for the breach of contracts by adatiwallas. In the periods of rising prices adatiwallas enter

the contracts but lateron when they come to know that the prices are continuously falling, at that time they reject the cloth so contracted on the plea that quality is not good. Thus Satwallas are put into heavy losses as they have manufactured the cloth by using the yarn of high prices.

3) Cuts in payment :

Usually cloth is sold subject to process report regarding quantity and quality. Always adatiwallas cuts huge amounts on the ground that process report is not good regarding quality. Sometimes quantity of cloth is also said less than actually sold. However, it is complained by many Satwallas that process report is not reliable as it is prepared by the processman with the conclusion of adatiwallas. Since processing units are owned and managed by the private individuals and are free from Government controls, such things are bound to happen. Therefore, in all these cases Satwallas have to simply accept what adatiwallas say and pay without any voice. Thus, Satwallas are exploited in many ways as they have little bargaining power.

4) No security of payment :

It is the most vex ing problem that there is no security of payment. Satwallas have to sell their cloth on their own risk. Dalal is not concerned with the repayment of the value of cloth sold. In the last few years many trading companies in Ichalkaranji have liquidated in which case Satwallas have incurred heavy losses who have sold their cloth to these trading companies. It is one of the reasons why the Satwallas hesitate to sell their cloth to the traders of long distances and prefers to sell to the local adtiwallas.

5) Payment of Dalali and discount :

At each and every time Satwallas are required to pay Dalali. Though the percentage of dalali (.50%) seems to be less but when compared to the value of cloth sold the amount of dalali seems to be very high. Really the Satwallas pay dalali but dalals generally works in favour of adatiwallas. Moreover, he does not give guarantee of repayment. Besides Satwallas have to pay cash discount @ 2% for cash sales.

6) Delay in payment :

The sale proceeds are not received in time. In case of credit sales cheques are received after the due date late by 15 to 25 days. Even in cash sales payment is delayed by four or more days. Such types of delays put the Satwallas into financial difficulties.

It must be noted that yarn is not available on credit for which Satwallas have to make ready cash payment but they have to sell their cloth on credit basis.

Yarn traders and cloth merchants generally have the collusion between them. On one side yarn traders and on the other side cloth merchants attack the weavers both ways. It is done in the following way :-

> Cloth merchants know from yarn traders the likely changes in yarn prices e.g. if in near future prices are likely to increase cloth merchants purchase more and more cloth and makes the stock of cloth. Afterwards Satwallas find it difficult for lack of demand for the cloth woven by using high priced yarn. On the contrary, if in the near future prices are likely to fall cloth merchants postpone their purchases untill the prices are considerably falls down and then start purchasing. At this time, the Satwallas have to sell their cloth at comparatively lower prices with the fear that the prices may further go down.

The main reason for such a situation seems that yarn traders and cloth merchants are better organised and economically strong. On the other hand, weavers are unorganised and economically poor and are exploited mercelessly.

4.I : PROBLEMS IN THE IMPLEMENTATION OF MINIMUM WAGES ACT FOR POWERLOOM WORKERS IN ICHALKARANJI :

Meaning of Minimum Wages :

Basically powerloom industry is the labour oriented employing a large number of workers. Workers constitute one of the most important foundations of the industry with whose efforts and co-operation the prosperity of the industry is guaranteed. Therefore, if the industry is to flourish in a real sense the workers must be fairly remunerated. At least, the earnings of the workers must enable them to satisfy their minimum basic needs - food, clothing and shelter. Thus, minimum wage is the minimum income to fulfil minimum needs of workers. Considering this fact, the Government of Maharashtra in pursuance of the provisions of clause (a) of Sub-section (1) of Section 5 of Minimum Wages Act 1948, revised the rates of Minimum wages payable to the various classes of workers employed in this industry with effect from 1-8-1984.

Contents of the Act applicable to Ichalkaranji :

Ichalkaranji falls in Zone-II of the Act and workers working on powerlooms are classified as 'Skilled-A' in the Schedule. The minimum wages for the purpose are considered taking into account the basic pay + Dearness Allowance. Basic pay is Rs 250 per month and the D.A. for the purpose must be calculated taking into account the index of 1971 as a base and the present index of Bombay i.e. Present Bombay

Index - Index of 1971 x Re 1/-. Therefore for the year 1984 the minimum wage payable to a worker worked out as follows :

Minimum Wages = Basic pay + Dearness Allowance (i.e. Present Bombay Index - Index of 1971 x Re 1/-)

= 250 + (586 - 184 x Re 1/-)

= 250 + 402

= Rs 652/-

Similarly, for the year 1986 it worked out to Rs 250 + (649-184 X Re 1/-)

= = 250 + 465

= Rs 715/-

At present the minimum wages works out to :

Rs 250 + (752-184 x Re 1/-)

= 250 + 568

= Rs 818.

Alternatively, if piece rate system is adopted the Act states that the piece rates must be so fixed that the wages payable to workers under this system shall not be less than the minimum time rate wages otherwise payable. For this purpose the efficiency of production is as stated below :

1) Grey plain weaving .. 80% of efficiency two looms

2) Grey Dhoti .. 75% --"--

3) Grey Sari .. 70% --"--

The recognised formulla for the above purpose is :

$$\frac{\text{Revolution per minute X 60 minuts X 8 hrs.}}{\text{Number of picks X 36 inches.}} = \text{Production in yrds at 100\% effi.}$$

Production at (1) 80%

(2) 75%

(3) 70%

Further, it is also stated where the ~~weavers~~ workers are asked to work on 3 or 4 powerlooms they shall be paid proportionate wages i.e. workers working on 3 looms shall be paid 1½ times wages (Basic + Special Allowance) and workers on 4 looms shall be paid double the normal wages (Basic + Special Allowance).

PROBLEMS IN THE IMPLEMENTATION OF THE ACT :

The said Act is not successfully implemented in Ichalkaranji. It is mainly because the loom-holders have strongly protested it. In fact, the stay was brought in which the High-Court ordered to pay 75% of minimum wages, even then this was also not implemented. The crux of the problem is that 70% of the loom-holders are the Kharchiwalla weavers who depends upon Pedhiwallas and Satwallas. As such, the weaving charges received by the Kharchiwalla is very low. If this Act is implemented the Kharchiwallas should also implement it which is rather impossible to them to do so under the present conditions. In a real sense Kharchiwallas are the workers of Pedhiwallas and Satwallas who are referred as "Master-Weavers'. The Pedhiwallas and Satwallas have the monopoly power in the industry. They are not interested to increase the weaving charges payable to Kharchiwallas as per Minimum Wages Act. Hence Kharchiwallas are unable to implement it even though they are willing.

We have to dare to say that the Minimum Wages Act is unjust. Because it is decided taking into consideration the opinions of various representatives of the powerloom textile industry. And afterall it is the Minimum Wages that satisfy the minimum needs of workers.

4.J : ADVERSE EFFECTS OF NEW TEXTILE POLICY IN ICHALKARANJI

At present the powerloom industry in Ichalkaranji is passing through a period of great depression. The weavers have expressed their view that they have never seen such a depression in the past. Due to the Government's Policy to export more and more of cotton and yarn made the powerlooms to starve of yarn. The yarn prices showed a wide fluctuations always with upward trends. But there is little demand for the cloth manufactured by using such high priced yarn. As a result,about 40,000 looms out of 60,000 have completely closed down. Consequently, the workers on these looms about 32,000 out of 50,000 have lost their work and became unemployed. Without any alternative way a large number of workers left the place. The remaining looms are operating just on a marginal lines. The small loom-owners whose looms are closed down are searching the work on the others looms.

The loom owners feels it difficult to make regular payment to the banks for the advances obtained in the past. In some cases the loan accounts have become overdue with accumulated interest. Being the main industry of the place, its closing down had brought about a decrease in the total banks turnover. The activities of anciallary industries viz. foundaries, processing, printing, sizing etc.have come to a halt. The workers in these industries are thrown out. The incomes of all people right from hamal to that of powerloom owners, workers, Kirana Merchants, commission agents,businessmen and even of a municipality of the city have come down considerably.

In brief, the industry is in a state of great confusion and uncertainty. Every individual is in a great fear of dark future. The powerloom owners are now coming to a sad conclusion to dispose off their looms and stop the industry permanently. Thus, the loom-owners, workers and many others who depend on this industry directly and indirectly are found in a disappointed mood - the problem that always lingers in their mind is what next ?

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P A R T - I I

FINANCIAL PROBLEMS

4.II-A : FINANCIAL REQUIREMENTS OF POWERLOOM INDUSTRY IN ICHALKARANJI :

Finance is the basic requirement of powerloom industry. If the powerloom industry is to flourish in any geographical area, the availability of adequate finance at cheaper rates for a period of years assumes greatest importance. The ability of the people to build up their own capital for installing the looms and constructing the loom-shed, their incomes and savings for future expansion is of par importance. Existence of money lenders, banks and other financial institutions, their financing policies, the attitude of the Government for financing the industry - all influence the process of development of power-loom industry to a great extent. Moreover, the knowledge of finance, its sources and their uses helps the industrialists to make betteruse of available scarce financial resources.

In Ichalkaranji, there exist about 60,000 powerlooms. Powerloom industry require both types of finance - long term and short term for fixed and working capital requirements. Fixed capital is required mainly for the purposes of purchasing the powerlooms, purchasing pirn winding machines, constructing loom sheds and erecting electric motors and shafting. Similarly working capital is also required for the purposes of purchasing yarn (i.e. for making own beam-set), purchasing mill-stores, for payment of wages to workers, pirn winders and reed, winders, salaries to jobbers and clerks, payment of rent to shed owner (in case if it is hired), payment of electricity charges etc. to keep the looms ever operating.

Let us consider the financial requirements of the industry for various purposes. Taking into account the nature of industry, the financial requirements can be studied under three distinct phases :

PHASE-I

a) **Purchase of looms installed in hired loom-shed - operating on majoori basis :-**

In the first place capital is required for purchasing the powerlooms. The capital investment made in acquiring the powerlooms is in the nature of fixed capital. An individual may purchase 2 or 4 powerlooms in the beginning depending upon his capital. There are many foundaries manufacturing the powerlooms. An individual may purchase powerlooms from any foundry according to his likings. The price of powerlooms per pair depends upon so many factors viz. market conditions, quality of looms, reputation of the foundry and above all the general business conditions prevailing in the industry itself. In this connection it is necessary to consider the average price for one pair powerloom. Table No.4.II.1 will reveal the purchase prices of one pair powerloom of different powerloom manufacturers.

Table No.4.II-1: Average price for one pair powerlooms *

Sr. No.	Name of the Powerloom Manufactuerers	Price for one pair plm.Rs	Transprt or carr-iage exps.	Octroi Charges 2 %
1	2	3	4	5
1)	Ashok Engg.Works, Ichalkaranji Pandit Sutar.	14,000	80	-
2)	Datt Metal Works, Ichalkaranji Alase	16,000	80	-
3)	Janata Iron Works, Ich. Bapu Koli	14,000	80	-
4)	Narayan Plm.Ind.Ich. Mane Group	15,000	80	-

Obtained from local foundries and powerloom owners who have purchased the looms from the outside foundries through discussio

1	2	3	4	5
5)	Sadguru Prasad Industries, Ichalkaranji - Teke	14,000	80	-
6)	Siddeshwar Foundries,Ich. Patil	13,000	80	-
7)	Texas Industries,Ich. Kurkutte	15,000	80	-
8)	Bhide Powerloom Industries Sangli - Bhide & Sons	17,000	150	340
9)	Bawdekar Powerloom Foundry Belgaum - P.R.Bawdekar & Sons	16,000	200	320
10)	Simco Powerlooms-Gwalior	28,000	500	560
11)	Sunrise Powerlooms (Laxmi) Bangalore	14,000	500	280
12)	Umashankar Powerlooms. Bangalore	14,000	500	280
	Total	1,90,000	2330	1780
	Average	15,833	194	148
	Add: Transport & Octroi (194+148)	342		
	∴ Avg.purchase price of one pair powerlooms	16,175		

In Ichalkaranji there exist about 60,000 powerlooms that are manufactured by different foundries local as well as outside. Engligh pattern powerlooms discarded by Bombay and Ahmedabad Mills, also exist. Similarly Cooper looms are also found. These two types of looms are however excluded from the table. Because purchase of discarded looms is not familiar now and Cooper looms production is also stopped.

The above table show that the average purchase price of one pair powerloom is about Rs 16,175 (i.e. average price + transport expenses + octroi charges). It also means that an individual desirous to install two looms,he must have to make an average investment of Rs 16,175/- for the purchase of two looms. (i.e. one pair).

b) Pirn winding machine is also very important with the help of which bobbins are sized with weft yarn that are used for inserting the weft yarn. The price of pirn winding machine is about Rs 1,800/-.

c) Thirdly, finance is also required for acquiring the accessories viz.initial mill-stores,dobby,pulley,patta etc. The cost of these accessories comes to about Rs 3,000/- per pair loom in the beginning.

d) Now, the most important task before the loom-holder is to see for loom-shed to install his looms. Normally,he has to install his looms in hired loom-shed. For this purpose he has to pay deposit money to the shed-owner. We have seen that the deposit for one pair powerloom is Rs 2,000/-.

e) Finally, finance is required to make the payment for expenses like fitting charges, foundationary expenses etc. For this purpose expenses to be incurred is about Rs 500/- for one pair loom.

On the basis of the above information fixed capital requirement for two looms can be worked as follows :-

Table No.4.II.2: Total amount of fixed capital requirement for one pair powerloom (i.e. two looms)

S.No.	Particulars	Amount Rs.
1)	Purchase price of looms ..	16,175
2)	purchase price of pirn winding m/c.	1,800
3)	Accessories ..	3,000
4)	Deposit for loom-shed ..	2,000
5)	Fitting charges & foundationary exps.	500
	Total.	23,475

Thus, the total amount of fixed capital required for installing two looms comes to Rs 23,475/-.

f) Working Capital requirements : for a month :

i) Yarn :

We have seen that the daily production of cloth is 78 mtrs the daily requirement of yarn is 5 kgs.and 130 kgs per loom for a month. Therefore for two looms yarn required is 260 kgs. per month.

Yarn prices depends upon the quality of yarn. Yarn prices also depends upon the market conditions of demand and supply. Average price for average quality of yarn is Rs 64.83 per kg.* then the value of yarn required for two looms for one month is Rs 26,856/- (i.e. 260 kgs. x Rs.64.83)

It must be noted that a loom holder having 2084 looms do not make purchase of yarn in the open market. It is also not practicable due to many factors. Therefore he prefers to operate his looms on majoori basis.

If we assume that the loom holder obtains the sized beams and weft yarn from master-weavers, then it can be stated that the need for working capital for purchase of yarn is said to be nil. It is practically true to assume like this. Because in the beginning loom-holder do not make direct purchase of yarn in the open market due to lack of finance and also due to lack of market knowledge. Therefore, he prefers to operate his looms on majoori basis under master-weavers.

However, the yarn requirement and the various aspects associated with is seperately dealt in phase III.

ii) Labour Charges : Labour wages depends upon the production. Because labour is paid at piece-rates. The piece rate depends upon the pick and panna. The normal rate

* See table no: 4-II-5

that prevails in Ichalkaranji for a normal quality cloth is 25 paise per metre. We have seen that daily production of cloth is 78 metres per loom. Therefore, the production of cloth is 78 metres per loom. Therefore, the production of cloth per loom per month of 26 days comes to 2028 mtrs and for two looms it is 4056 metres.

Hence, labour charges for two looms' production in a month works out to Rs 1014/- (i.e. 4056 metres x 25 paise per metre).

iii) Rent of loomshed including electricity charges :

We have seen that for 4 looms rent payable is Rs 1100 per month including electricity charges. Therefore, for two looms it is Rs 550/- per month.

iv) Mills-stores :

We have also seen that a loom consumes mill-stores worth Rs 600/- a year. Therefore, for a month it is Rs 50/- for a loom and Rs 100 for two looms.

v) Payment to Jobber :

Jobber is a mechanic repairing the looms at break downs. He keeps the loom always in good condition and thus ensures even flow of production. He is paid weekly on the basis of number of looms to be served by him. The normal rates to be served by him. The normal rates are Rs 25/- for two looms in a week. Therefore, monthly payments to jobber comes to Rs 100/- for two looms.

vi) Payment to clerk (Divanjee)

In bigger organisations clerks are paid at fixed lump-sum as agreed upon, taking into account the number of looms. Therefore it will be reasonable to assume Rs 100/- as payment to clerk for two looms in a month.

vii) Payment to pirn winders and reed winders :

The amount required to be paid for this purpose is about Rs 150/- per month for two looms.

viii) Cash balance :

The need for holding ready cash balance depends upon the type of weaver. Kharchiwalla weaver need less amount of ready cash balance whereas Satwalla weaver need more ready cash balance with him. Reasonably Kharchiwalla weaver need Rs 1000/- as ready cash balance with.

From the discussion made above a table can be worked out showing the details of working capital requirements for a month :-

Table No.4.II-3: Amount of Working Capital Requirements for a month for one pair-powerloom :

S.No.	Particulars	Amount
1)	Yarn .. (Rs 26856)* ..	--
2)	Labour charges	1,014/-
3)	Rent of loom-shed including electricity charges ** ..	550/-
4)	Mill-stores	100/-
5)	Payment to Jobber	100/-
6)	Payment to clerk (Divanjee) ..	100/-
7)	Payment to pirn winders & reed winders	150/-
8)	Cash Balance ***	1,000/-
	Total ..	2,964/-

Note: * It is assumed that weaver is Kharchiwalla, Hence he is not required to make investment in purchase of yarn. He obtains sized beams and weft yarn from master weaver. However, cost of yarn is considered separately in Phase-III

** It is assumed that loom holder has installed his looms on hired loom-shed. Cost of loom shed is considered in Phase-II.

*** Cash balance for Kharchiwalla is very low because he is not purchasing the yarn. Satwalla require large amount ready cash balance. Satwalla's requirement for ready cash is considered in phase-III.

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P H A S E - I I

CONSTRUCTION OF LOOM-SHED AND MOTOR SHAFTING

Construction of loom-shed involves huge fixed capital investment. The investment cost for construction of loom-shed depends upon the following factors :-

1) Location of the plot.

2) Size of the plot required.

3) Price per square feet (Sq.Ft.)

4) Size of the loom-shed to be constructed : This is determined taking into account the number of looms to be accomodated. For two looms shed is not constructed. Normally,shed is constructed so as to accomodate 6,8,12,16 20 or even more number of looms.

5) Nature of type of construction :
   i) Simple construction, or
   ii) R.C.C. type construction.

6) Construction charges : Varies according to the type of construction.

The price per sq.ft.in Ichalkaranji generally varies between Rs 10 to Rs 150 depending upon the location of the plot. Normally a shed should accomodate 12 looms. Following is the table that shows size of plot, price at which it is acquired, size of loom shed,construction cost of shed with R.C.C. frame structure and cost of erecting motor-shafting.

Table No.4.II-4 : Cost of construction of loom-shed motor shafting for 12 looms :-

S.No.	Particulars	Amo
1)	Size of plot required 1782 sq.ft.	
2)	Price per sq.ft. Rs 30/-	
3)	.'. Total cost of purchasing the plot (1782 x 30/-)	53
4)	Area under construction 1233 sq.ft.	
5)	Rate of construction Rs 100/- per sq.ft.	
6)	.'. Total cost of construction	1,23
7)	Cost of erecting motor-shafting	15
8)	Other expenses viz.colouring etc.	
	Total	1,92
.'.	Cost of construction of loom-shed per pair loom.	32

1) Cost of erecting motor-shafting :

Motor means electric motor that can suppl power to drive the looms. To drive 12 looms 7½ H.P is needed.

Shafting means the arrangement made to app electric power to each wheel of powerlooms so as t them to drive. This arrangement consist of iron sha pillers,iron bigger size pulley, main belts (i.e. m etc..

Therefore, motor and shafting are called b composite word as "motor-shafting". The cost of mot shafting for 12 looms comes to Rs 15,000/-.

The above table indicates the size of the per sq.ft. total cost of purchasing the plot,area u truction,rate of construction per sq.ft. and the to of construction,cost of erecting motor shafting an expenses.

Res :
2623
R981

shivprasad m. oza, B. ARCH.
ARCHITECTS, ENGINEERS & INTERIOR DESIGNERS,

150 Chandrabhaga Niwas, ICHALKARANJI
ANCH - Shaniwar Peth, MIRAJ.

No _____ Date 7th Dec.87.

SPACE REQUIREMENT FOR SHED OF 12-LOOMS, OFFICE, ETC., AND COST OF CONSTRUCTION.

As per drawing attached space required to accomodate 12 power-looms, pirn winding machine, office, storage for yarn comes out to 1,233 Sq.Ft.

The cost of construction comes out to Rs.100/- per Sq.Ft.for shed with R.C.C. frame structure, 9" B.B. wall with C.M. plaster on both side, rough shahabad tile flooring, M.J. ventilator, T.W. door, window for office. Thus total investment on building comes out to Rs.1,23,300/- (Rs.One lakh twenty-three thousand three hundred only).

(S.M. OZA)
Architect.

At ~~prese~~ end the total cost of loom-shed is obtained. With the help of this total figure the cost of construction of loom-shed for one pair powerloom is derived for further study.

For the purpose of clear understanding of the cost of construction and the exact nature of loom-shed a certificate showing the cost of construction and the blue-print of loom-shed issued by Shri Shivprasad M.Oza, Architector and engineer in Ichalkaranji is enclosed herewith.

P H A S E - I I I

MAKING BEAM SET (PERMANENT WORKING CAPITAL)

Making beam set means purchasing the required yarn warp and weft in the open market,getting the yarn sized on weaver's beam in sizing units,getting the sized beams and weft yarn woven on own looms and selling the woven cloth in the open market. In other words, a weaver himself purchase the yarn from market,prepares the weaving beams from the yarn so purchased, weave the cloth on his looms and finally sell the cloth in the open market. Therefore,the investment made right from purchase of yarn till the cloth is sold is known as a set and the person who makes investment in set is known as Setwalla. Thus Setwalla is a self dependent weaver.

While making beam set the following factors are required to be considered :

1) The number of looms owned.

2) Free beams required according to the number of looms - normally double the number of looms.

3) The quality of cloth to be manufactured i.e. width, reed,warp and weft (i.e. pick,fani,panna,warp and weft yarn)

4) Quality of yarn - warp and weft required to manufacture the above quality of cloth - quality of cloth can be understood by referring to its count.

5) Quantity of yarn required - determined taking into account the factors 3) and 4) as above.

6) The prices of yarn - warp and weft.

7) Sizing, warping and hamali expenses.

8) Space for accomodating yarn, finished cloth, free and sized beams.

9) Turn over rate.

10) Market conditions.

In other words, the amount of investment in beam set depends upon the above factors.

Thus, beam set involves making investment in the following elements :

1) Free beams,

2) Yarn - warp and weft.

3) Sizing, warping and hamali expenses,

4) All weaving expenses as discussed in Phase-I.

Sized beams are prepared according to the number of looms. One beam is required for one loom and generally it lasts for 20 days. In case of a weaver who owns 12 looms he has to prepare 12 sized beams at an instance. These 12 beams are installed on all 12 looms and last for 20 days. To ensure even flow of production another 12 sized beams are required to keep ready when the sized beams are covered into cloth - it is known as Ist Set. Similarly, the beams installed on looms - is known as IInd Set and the beams kept ready for weaving - is known as IIIrd Set. This can be shown as follows :-

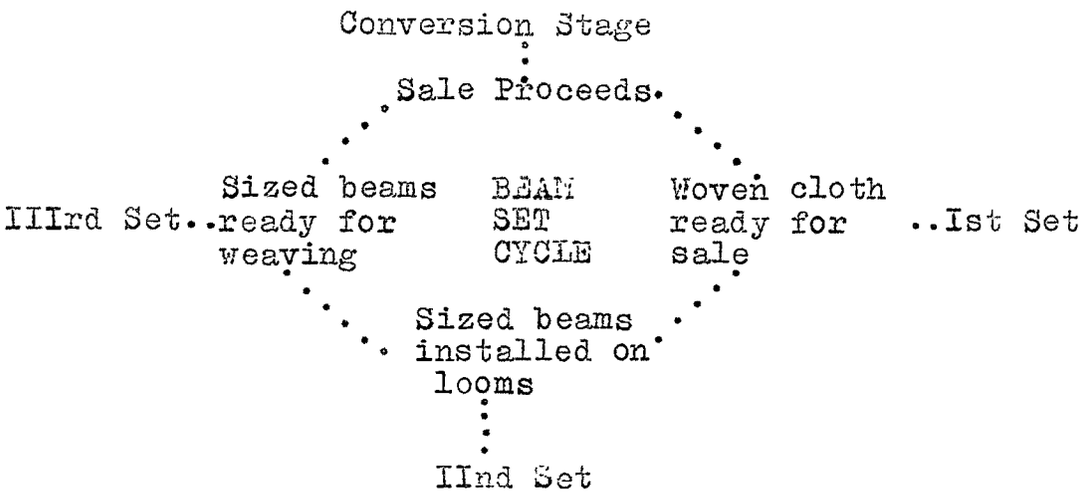
IIIrd Set	IInd Set	Ist Set
Sized beams ready for weaving	___sized beams installed on looms	___ Finished cloth ready for sale.

Alternatively,

Yarn-in-stock ---- Work-in-progress --- Stock of finished cloth ready for sale.

Therefore, minimum three sets are required. This can also be shown with the help of working cycle :-

Working cycle of beam-set



FINANCIAL REQUIREMENT FOR MAKING BEAM SET

The requirement of finance depends upon requirement of yarn, its prices and sizing and warping expenses. Therefore, requirement of finance can be studied with reference to these aspects :-

I) Average yarn requirement for a month :

We have seen that a loom produces 78 metres of cloth a day. We have also seen that 64 grams of yarn is required for producing one metre of cloth. Thus a loom consumes 5 kgs. of yarn for manufacturing 78 metres of cloth a day. Thus yarn required to a loom in a month of 26 days :

= 5 kgs x 26 days
= 130 kgs.per loom per month.

∴ yarn required for 12 looms in a month :

= 130 kgs x 12 looms,

= 1560 kgs. for 12 looms per month.

Note : Yarn includes both Warp and Weft.

II) Average Yarn prices :

Yarn prices depends upon the counts of yarn. They also depends upon the yarn manufacturing mill. e.g. the price of 120^{cs} yarn is more than that of 60^{cs} yarn. Similarly the price of 60^{cs} yarn of Deccan Mills is different to that of ICO Mills and Shetkari Mills. Therefore, avg. prices are necessarily considered in the next table, With a view to arriving at investment to be made in beam-set.

Table No.4.II-5: Yarn Prices per 5 Kgs.:

Sr. No.	Count of Yarn	Nature of Yarn	Name of the Mill	Price Rs.
1)	34	Carded Warp	ICOSPIN	192
2)	36	Carded Warp	Deccan	196
3)	40	Combed Warp	Deccan	237
4)	44	Carded Warp	Kumargiri	236
5)	50	Carded Warp	Kaleshwar(B)	257
6)	55	High Twist	Don	284
7)	60	Carded Weft	Yellamma	285
8)	60	Combed Weft	Marathe	294
9)	60	Carded Warp	Sundrraja	308
10)	60	Combed Warp	Indira	314
11)	63	Carded Warp	Vardhalaxmi	296
12)	64	Combed Warp	Ashok	338
13)	70	Combed Warp	Super	358
14)	80	Carded Weft	Rajlaxmi	303
15)	80	Combed Weft	Ramnarayan	323

P.T.O.

1) The above prices have been extracted from "Daily Sent Bazaar" news paper Ichalkaranji dated 26-11-87 - P-2+3.

16)	80	Combed Warp	Kasturi	373
17)	84	Combed Warp	Sudarshan	389
18)	100	Combed Weft	B.P.F.	415
19)	120	--"--	Bhojraj	608
20)	120	--"--	Mahalaxmi	480
			Total of prices	6,483
			∴Average price per 5 kgs.	324.15
			" Average price per 1 kg.	64.83

The above table shows the count numbers of yarn, nature of yarn, name of the mills, and the respective prices of yarn.

At the end all prices are totalled with a view to ascertain average prices. Accordingly, average price per 5 kgs. and average price per 1 kg. are obtained.

With the help of the information regarding average monthly yarn consumption and average yarn prices, we can work-out a table indicating the working capital requirement for making beam-set as follows :-

Table No.4.II-6: Average Working Capital Requirement for the Beam Set : (in Rs.)

Sr. No.	Particulars	FOR ONE MONTH				For One Year.
		IIrd Set	IInd Set	Ist Set	Total	
1)	Average yarn requirement for 12 looms. (Warp & weft) = 1560 kgs. Average yarn prices = 64.83 per kg. ∴Yarn requrment in Rs. = 1560 x 64.83	101134.80	101134.80	101134.80	303404.40	3640852.80
2)	Sizing, warping & Hamali exps.	4400.00	4400.00	-	8800.00	105600.00
	Total	105534.80	105534.80	101134.80	312207.40	3746452.80
	Add: 24 free beams @ Rs 250/- each					6000.00
	Grand Total					3752452.80
	∴ Average cost of making beam set for two looms for one year					625408.80

Note : Though free beams are used for several number of years,it is considered in permanent working capital because they are not fixed at a place, but they always move from place to place. As such,they loose their usable value rapidly. Moreover,possibilities of theft etc.is also more in case of these free beams. From the very nature of the industry it is logical to treat free beams in permanent working capital requirement.

Columns in the above table indicate the following :

Column No.1 : Particulars containing requirement of yarn and their prices and sizing,warping and hamali-expenses incurred on getting the yarn sized on weaver's beam.

Column No.2,3 & 4: Investment required to be made in three beam sets respectively and the total amount for each set is also extracted.

Column No.5 : Total requirement for a month.

Column No.6 : Total requirement for a year.

At the end the cost of free beams are added to the total. Also the average cost of making beam set for two looms is obtained.

With this information the following conclusions are drawn :-

1) Usually beam-set is made for 12 or more looms.

2) Minimum three sets are required.

3) Yarn investment in each set is the same.

4) A large amount of investment is a necessary condition for making beam-set.

5) It also means that the investment in beam-set is many times more than that of investment in powerlooms and loom shed.

6) It is also suggestive that a set-walla is required to keep hard cash balance with him to the extent of atleast two sets money. In this case the minimum cash balance can be stated at Rs.2,11,069.60. It is so because a setwalla is a yarn purchaser,cloth manufactuere and also a cloth seller. As a seller he is required to sell on credit basis also. It naturally increases the requirement of ready cash balance.

So far we have discussed about the investment to be made in looms,construction of loom shed,making beam set and in other elements of working capital. On the basis of this information the following table can be worked-out :-

Table No.4.II-7: Consolidated Statement showing Financial Requirement for fixed and working capital for Two Looms :

Sr.No.	Particulars			Amount
1)	FIXED CAPITAL REQUIREMENTS :			
	a) i) Looms (purchase price)	16,175		
	ii) Pirn winding machine	1,800		
	iii) Accessories ..	3,000		
	iv) Fitting & foundationery exp.	500	21,475	
	b) Cost of loom-shed including the cost of land,bldg.& motor shafting		32,010	53,485
2)	WORKING CAPITAL REQUIREMENTS FOR ONE YEAR :			
	a) Permanent working capital in beam-set		6,25,409	
	b) Current working capital to cover the following expenses :-			
	i) Payment to workers	12,168		
	ii) -"- Pirn winder & reed winders	1,800		
	iii) -"- Jobber.	1,200		
	iv) -"- Clerk	1,200		
	v) Cost of ele.charges	3,300		
	vi) Cost of mill-stores	1,200		
	vii) Ready cash Balance	2,11,070	2,31,938	8,57,347
		Total	..	9,10,832

NOTEs :

1) Ordinarily one pirn-winding m/c.can serve about 12 looms.

2) Permanent working capital in beam set is applicable to only Setwalla weavers. Kharchiwalla weaver do not invest in beam-set because they depend upon master-weavers. However, when we consider the industry as a whole this fact must be considered. It is so because in the absence of master-weavers the Kharchiwalla weavers would have been required to invest the same.

3) Need for ready cash balance is assumed to be a constant figure because it remains the same at all times. This means that the need for ready cash balance for one year is the same as for one month. In case of setwalla weavers the need for ready cash balance is very high as shown in the above table. It is so because he is the purchaser of yarn, producer of cloth and seller of cloth. However, in case of Kharchiwalla-weavers they need very small amount of ready cash balance say about Rs 1000/- because they do not purchase yarn in open market but depend upon master-weavers for the supply of sized beams and weft yarn.

It must be noted that when we consider the industry as a whole this fact must be considered. It is so because in the absence of master-weavers the Kharchiwalla-weavers would have been required to hold the same amount of cash balance as stated in the above table.

Table No.4.II-7 explain that fixed capital requirement includes the investment to be made on the purchase of looms, accessories, pirn-winding machine, fitting and foundationary cost and the cost of constructing the loom-shed that includes the cost of land, building, and motor-shafting. Working capital requirements are of two types viz. permanent working capital for making beam-set and current working capital to meet operating expenses ~~and for making beam-set~~. A ready cash balance must be kept at all times to meet contigencies. The

investment in beam set is made by setwalla weavers. Kharchiwalla weavers depends upon master-weavers for the supply of sized beams and weft yarn. As such, the need for ready cash balance is more in case of set-walla weavers as compared to the Kharchiwalla weavers.

On the basis of the above information, we can interpret the following points :-

1) The financial requirement for constructing a loom-shed is comparatively more than that of the requirement of finance for purchasing the looms.
2) Loom-shed is not constructed for two looms but it is constructed usually for 8,10,12,16,20,24 or more numer of looms.
3) The financial requirement for constructing a loom-shed depends upon the price of land and the type of construction.
4) Beam set requires huge amount of investment.
5) The financial requirement for beam-set is so large that it is many times more than the requirement of finance for looms and loom-shed.
6) It means that beam-set is made by a few people and majority of weavers prefers to work on majoori basis under master-weavers.
7) It is also suggestive that why the Kharchiwalla weavers are exploited by master-weavers. Because, they depend entirely upon master-weavers for working capital requirements.
8) The amount of ready cash balance requirement is very high in case of setwalla weavers, because of the beam-set. Thus there is a close relationship between the beam-set and the need for ready cash balance.

9) Working capital requirement is comparatively higher than the requirement for fixed capital.

10) Last but not the least that the amount of investment in working capital depends upon the type of the weaver - setwalla or kharchiwalla.

To get a clear understanding of the powerloom industry in Ichalkaranji, as regards to the requirement of finance, it is necessary to study the financial figures for the last 5 years. The following table No.4.II-8 is worked for the purpose :-

Contd...

Table No.4.II-8 : Total Requirement of Fiannce to the Powerloom Industry in Ichalkaranji during the last five years (Rs. in crores)

Sr. No.	Co-operative Year.	No.of looms in pairs.	Total requirement of finace	Break-up of Total Requirement			
				Fixed Capital		Working Capital	
				Purchase of looms, pirn winding m/c. etc	Construction of loom-shed, motor-shafting.	Permanent working capital for Beam-set	Current working capital
1)	1982-83	22,500	1934.38	2.15	3.20	1407.17	521.86
2)	1983-84	25,000	2156.74	5.37	8.00	1563.52	579.85
3)	1984-85	26,500	2279.99	3.22	4.80	1657.33	614.64
4)	1985-86	28,000	2408.59	3.22	4.80	1751.14	649.43
5)	1986-87	30,000	2582.74	4.30	6.40	1876.23	695.81
	Total investment in fixed assets			18.26	27.20		

Note: 1) In the year 1982-83, the actual number of looms increased were 1000 pair looms.

2) Fixed capital requirement is considered only for the looms and loom-sheds that are actually increased over and above the existing ones in the respective years.

columns in the above table indicate the year, number of looms in pairs, total requirement of finance and its division into fixed capital and working capital.

At the end the total investment in fixed assets is shown.

4.II-B FINANCING THE POWERLOOM INDUSTRY IN ICHALKARANJI

Since the number of powerlooms in Ichalkaranji is continuously increasing, the requirement of finance is increasing too. The loom-holders were to depend entirely upon themselves for financing the purchase of looms, construction of loom-sheds and that they were to make payment of operating expenses out of their operating income. Whiele doing so they were to face many financial problems. To do away with such financial problems, first of all in Ichalkaranji "The Ichalkaranji Urban Co-operative Bank" was established in the year 1930. In the beginning this bank met the financial requirements of weavers to a great extent. In the later course of time particularly when the industry took rapid strides towards growth the need for finance increased in many folds. Again the need for establishing the banks was felt. As a result the local leaders took initiative in establishing banks. Perhaps they took more interest in establishing co-operative banks and co-op.credit banks to provide financial assistance to the members who are in fact, the loom-holders. Looking the propserity of these banks many commercial banks have also opened their branches in Ichalkaranji. The establishment of all these banks helped the loom-holders to raise the

required finance for financing their industry. Particular=ly these banks meet the working capital requirements to a great extent. However, financing the fixed capital requirements of powerloom industry by these banks is not so significant. Therefore now also the weavers have to depend themselves for financing their fixed capital requirements.

In the second chapter, we have seen that the majority of loom-owners at present were formerly the workers working on the looms of others. These workers worked hard,saved their income and finally invested their saving in purchasing the looms. As and when their income grew,they used the increased income for purchasing additional looms and for constructing the loom-shed. Thus these worker-owners financed their fixed capital requirements themselves out of their own savings. In doing so if they feel short of some finance they used to approach their friends and relatives for financial help for short periods and used to repay the same within short perdiods Even in case of weavers who enter the industry as owners, invested their own funds in fixed assets. They also used to seek the assistence of friends and relatives to a great extent. Thus it is evident that the industry is basically developed partly as a result of own funds and partly with the financial co-operation of friends and relatives. Friends are mainly the business associates. In many cases we find good number of examples of operating - powerlooms on partner-ship basis thus pooling their financial resources for mutual help.

Majority of loom holders are Kharchiwallas who depends upon the master-weavers. These master-weavers meet the working capital needs of Kharchiwalla weavers.

In recent years Maharashtra State Financial Corporation Kolhapur Branch has also financed the loom holders mainly for the purchase of looms by giving term-loans .

In fact, the sources of finance of powerloom-industry can be stated as follows :-

Table No.4.II-9 : Sources of Finance :

Sr.No.	Sources of Finance :
1)	Co-operative Banks :
	i) Shri Vardhaman Nagari Sahakari Pat Sanstha Ltd.,
	ii) The Ich.Urban Co-op.Bank Ltd.,Ichalkaranji
	iii) Ichalkaranji Janata Sah.Bank Ltd.,Ichalkaranji
	iv) The Peoples' Co-op.Bank Ltd.,Ichalkaranji,
	v) Shri Veershaiv Co-op.Bank Ltd. ,Ichalkaranji,
	vi) Shri Shivneri Sahakari Bank Ltd. ,Ich.
	vii) Nutan Nagari Sah.Bank Ltd.,Ichalkaranji.
2)	Commercial Banks (Scheduled & Nationalised)
	i) Ratnakar Bank Ltd. Br.Ichalkaranji,
	ii) Syndicate Bank, Br.Ichalkaranji,
	iii) Bank of Maharashtra,Br.Ichalkaranji,
	iv) Central Bank of India,Br.Ichalkaranji,
	v) Union Bank of India,Br.Ichalkaranji,
	vi) Bank of India,Br.Ichalkaranji,
	vii) The United Western Bank Ltd.Br.Ich.
	viii) Dena Bank, Br.Ichalkaranji,
	ix) Bank of Baroda,Br.Ichalkaranji.
3)	Maharashtra State Financial Corpn.Br.Kolhapur
4)	Master-weavers (Pedhiwallas)
5)	Friends and Relatives,
6)	Industrialists i.e. loom-holders own capital including his savings contributed towards local Bhishi Mandals.

Let us see now the financial assistance provided by all these agencies to the powerloom industry.

Financing by Co-operative and Commercial Banks :

Co-operative banks and commercial banks provde finance to the powerloom industry for various purposes viz.for purchasing looms,constructing loom-shed,making beam-set,meeting, working capital needs and for repairs and renewals. Table No. 4.II-10 will show the financial assistence provided by the banks.

Table No.4.II-10: Purposewise assistance provided to the powerloom industry in Ichalkaranji by the co-operative and commercial banks during the last five years (Rs. in lacs)

S.No.	Purposes	Co-operative Banks ⊕					Commercial Banks ⊕				
		~~1982-83~~	~~1983-84~~	~~1984-85~~	~~1985-86~~	~~1986-87~~	~~1982-83~~	~~1983-84~~	~~1984-85~~	~~1985-86~~	~~1986-87~~
1	2	3	4	5	6	7	8	9	10	11	
		82-83	83-84	84-85	85-86	86-87	82-83	83-84	84-85	85-86	86-87
1)	Purchase of looms.	35.26	40.74	85.53	93.85	85.59	1.20	6.53	20.69	16.20	42.06
2)	Construction of loom-shed.	8.34	12.05	17.86	21.31	24.63	-	1.90	1.70	10/-	-
3)	Making beam-set/working capital.	350.79	471.96	644.59	715.08	834.09	50.84	92.43	121.68	120.73	255.58
4)	Repairs & Renewals	31.24	37.81	40.51	43.26	43.02	-	-	-	-	10-00
5)	Redemption of old debts.	0.21	0.45	0.49	1.71	2.72	-	-	-	-	-
	Total	425.84	563.01	788.98	875.21	990.05	52.04	100.86	144.07	146.93	307.64

⊕. Co-operative and Commercial banks include the banks as stated in table no. 4-II-9

Columns in table No.4.II-10 indicates the financial assistance provided by co-operative and commercial banks during the last 5 years for the purposes of purchase of looms, construction of loom-shed, making beam set/working capital and for repairs and renewals. At the end total figures of respective years are obtained for further study.

On the basis of the above information, we can State that :-

1) The co-operative banks have financed the industry for all purposes. However, the major financing is for making beam set/working capital requirements followed by purchase of looms, repairs and renewals construction of loom-shed and redemption of old debts.

2) Similarly, commercial banks have also financed for all purposes except redemption of old debts. However, their major financing is also for making beam set/working capital requirements followed by purchase of looms, construction of loom-shed and for repairs and renewals.

3) The table indicates that financing for construction of loom-shed and redemption of old debt is very small.

4) It is seen that the financing by co-operative banks is comparatively higher than that of commercial banks.

5) The total financial assistance for the respective years has been indicated in the table. It indicates that there is a continuous increase in the financial assistance rendered by all banks over the years.

FINANCING BY MAHARASHTRA STATE FINANCIAL CORPORATION KOLHAPUR DIVISION

We have seen that SFCs have been established mainly for the purpose of financing small scale industries. Power-loom industry is one of the small scale industries. So far as M.S.F.C. is concerned, it has financed for the purchase of looms only. It has not financed for construction of loom shed. Let us see the financial assistance provided by MSFC to the industry during the last 5 years :-

Table No.4.II-11, Financial Assistance provided by the Maharashtra State Financial Corporation for purchase of looms during the last 5 years (Rs in lacs)

Sr. No.	Financial year	No.of units	Amounts sanctioned & disbursd.	Rate of interest
1)	1982-83	-	-	-
2)	1983-84	119	34.91	8% p.a.
3)	1984-85	142	40.31	11% p.a.
4)	1985-86	6	1.55	13.5% p.a.
5)	1986-87	-	-	-
	Total	267	76.77	
	Average per unit		0.29	

The above table indicates that in the year 1982-83 corporation had not financed the industry. However, in the year 1983-84, it financed 199 units with Rs 34.91 lacs. Similarly, in the year 1984-85 it financed 142 new units with Rs 40.31 lacs. However in 1985-86, it financed only 6 new units with Rs 1.55 lacs - a great decrease in units as well as in amounts. In the year 1986-87 it completely stopped financing the industry. The rate of interest to the corresponding years was 8%, 11% and 13½%. This indicates that the rate of interest has increased over the years.

At the end total of number of units and the amounts is made for the 5 years. With the help of this, the average financial assistance provided per unit is calculated. The average financial assistance per unit is Rs 0.29 lacs i.e. Rs 28,753/-.

On the basis of the above information the following conclusions can be drawn :-

1) M.S.F.C. financed only for the purchase of looms.
2) Its financing was high in the year 1984-85 i.e. 142 units were financed with Rs 40.31 lacs.
3) The average financial assistance per unit is only Rs 0.29 lacs i.e. Rs 28,753/-.
4) The rate of interest has increased every year.
5) At present the corporation has completely stopped financing the industry.
6) As compared to the Industry's requirements, financing by M.S.F.C. is very small.

FINANCING BY MASTER-WEAVERS

Master weavers constitute the most important financiers. As has been stated earlier that about 70% of the weavers are Kharchiwallas who work under master-weavers on majoori basis and they entirely depends upon the master-weavers for working capital requirements. To the Kharchiwallas working capital here means sized beams and weft yarn supplied by master-weavers and the weekly withdrawals made from them to meet working expenses. Thus, the working capital needs of 70% weavers is entirely met by master-weavers.

The greatest difficulty in knowing the exact amount of financial assistance (in the form of sized beams and weft yarn) provided by master-weavers is the absence of data. There exist as many as 500 master_weavers in Ichalkaranji.

Though there exists their association,we do not find the data required for the present study. Then the problem is how to arrive at accurate financial figures in respect of financial assistance provided by master-weavers to Kharchiwalla-weavers? To over-come this difficulty the only alternative way available to us is to make as far as possible correct estimations based upon certain well-known facts and figures that are with us. For this purpose it is necessary to make certain assumptions.

The main assumptions in this respect are as follows :-

1) As we have seen that about 70% of weavers are Kharchi-wallas who depends upon master-weavers and only 30% of the rest are setwalla weavers. The first assumption is that of the total number of looms about 50% are owned by Kharchiwallas and the remaining 50% looms are held by Setwalls - the stronger group.

2) We have also seen that master-weavers supply sized beams and weft yarn to Kharchiwallas. Thus sized beams and weft yarn constitute the working capital of Kharchiwallas. The important assumption here is that the same permanent working capital requirement for making beam set of Setwalla is taken for Kharchiwalla. It is so because in the absence of master-weavers the said Kharchiwallas would have been required to make the same investment in beam set. The fact is that the master-weavers act on behalf of Kharchiwalla weavers.

3) The assumption in respect of ready cash balance of Rs 2,11,070 per pair loom per year (as a result of making beam set) is that the master weavers hold it for all Kharchi-walla-weavers to maintain the regular supply of sized beams. It is so because master-weavers make the beam set for all Kharchawallas.

4) It is known that Kharchiwalla weavers withdraws weekly the amount necessary to pay for current expenses from master-weavers. Thus, it is logical to assume that all the current expenses of Kharchiwallas are financed by master-weavers.

As 50% of looms are taken care by master-weavers, the working capital requirements of these looms are thus assumed to have been exclusively financed by master-weavers. Thus the remaining 50% of looms are taken care by Setwalla-weavers.

5) It is also assumed that the financial requirements for other purposes of all the looms are met by both Kharchiwalla and Setwalla Weavers.

6) Due to depression about 50% and 60% of looms are stopped operating during the last two years. It is assumed that looms so lying idle belong to Kharchiwalla and Setwalla Weavers in the proportion of their holdings i.e. 50:50.

On the basis of the above assumptions, we can now work out table No.4-II-11 to show the details of financing by master-weavers to the powerloom industry.

Table No.4.II-12: Financing by Master-weavers during the last 5 years (Rs.in crores)

S.No. Purposes	1982-83	1983-84	1984-85	1985-86	1986-87
Looms in pairs	11,250	12,500	13,250	7,000	6,000
1) Value of Sized beams and weft yarn	703.59	781.76	828.67	437.79	375.25
2) Working capital to meet working expenses.	260.93	289.92	307.32	162.36	139.16
Total	964.52	1071.68	1135.99	600.15	514.41

The above table indicates that master weavers financed the Kharchiwalla weavers for two purposes : 1) supply of sized beams and weft yarn and 2) working capital necessary to cover working expenses. Their financing show a continuous increase during

the first 3 years due to the increase in the number of looms in the respective years. However, their financing show a decrease in the subsequent two years because they were unable to supply the sized beams and weft yarn and working capital needs to the extent of 50% and 60% of 50% looms. It means that 50% and 60% of 50% of total looms in those years were stopped operating due to non-availability of sized beams and weft yarn.

On the basis of the above discussion, we can deduce the following conclusions :-

1) Master-weavers supply sized beams and weft yarn to Kharchiwalla weavers.
2) They meet the working capital needs of Kharchiwalla weavers to cover the working expenses.
3) Due to depression about 50% and 60% of 50% of total looms were remained idle during the last two years.

FINANCING BY LOOM-HOLDERS

Financing by loom-holders constitute the equity capital. Being the real owners of the industry they finance all their requirements. They finance for purchase of looms, construction of loom-shed and all working capital needs. They finance their fixed capital requirements out of their accumulated earnings and all working capital needs (it is in case of Setwalla weavers) Out of their operating income. In times of financial necessity they approach the different agencies supplying the finance.

The survey revealed that generally all loom holders makes weekly contributions towards local Bhishi Mandals according to their capacity, Say, Rs 25 to 50. Some weavers also operate saving bank accounts apart from making contributions to Bhishi Mandals. With the help of this accumulated income they purchase additional looms, construct their own

loom shed and invest in beam-set. In doing so if they feel short of some finance they approach banks,M.S.F.C.,master-weavers,Bhishi Mandal operators, Frieads and relatives. We have already discussed the financing by banks,M.S.F.C. and master-weavers.

There exist a large number of Bhishi Mandals. Bhishi Mandals give loans to the members at interest against the contributions in which case the loan account is set-off against the accumulated balance on contribution account at the year end and the balance if any is paid to the member. If the loan is not obtained then they are given the full amount of accumulated balance at the year end alongwith interest thereon. The weavers invest the same in their industry. In the former case it is known as financing by Bhishi Mandals and in the later case it becomes the financing by weavers out of their accumulated savings made in Bhishi Mandals.

From the survey it is learnt that the weavers seek assistance from their friends - business associates and other friends and from relatives. These people lend the weavers simply as an assistance and charge no interest. In many cases the Kharchiwalla weavers approach their master-weavers and ask for advance money. The advance so received are used for both business and personal purposes. The advance so received is adjusted to the operating income that goes on accumulating on their respective accounts. The balance if any is paid off generally at the year end. The money received (advance money or accumulated income) is used both for financing capital expenditures and personal expenditures.

The survey pinpoints that weavers in exceptional cases seek the assistance from money lenders, only when they unable to get the required finance from the above mentioned sources.

Generally, money lenders are not approached due to theirhigh interest charge, say 5% p.m. or even more. In other words, money lenders charge a very high interest at 60% p.a. or even more.

The most difficult problem is that how much loan is obtained from Bhishi Mandals, Savings from Bhishi Mandals, Savings from bank savings account, advance money from master-weavers, accumulated income from master-weavers, finance from money lenders, friends and relatives is very difficult to understand and analyse it. In what years how much is obtained from these sources and for what purposes it is used etc. again make the problem still difficult and this makes the analysis and interpretation a difficult and complicated process.

To do away with all these difficulties the best way is to make an assumption. This assumption will prove to be most logical one as it depends upon well-known facts and figures which we have discussed earlier. On one hand we have seen that the total requirement of finance for various purposes for different years. On the other hand we have also seen that finance made by co-operative banks, commercial banks, N.S.F.C. and master-weavers, for different years and for different purposes. The assumption is to treat the 'Balance' figures as the amount of finance made by loom-holders with the help of their savings in Bank account, savings in Bhishi Mandals, loans from Bhishi Mandals, advance received from master-weavers, money from money lenders, assistance provided by friends and relatives.

Thus, financing made by loom-holders for different purposes in different years can be stated to be an amount =

= Total requirement of finance for various purposes in different years - (financial assistance provided by co-op.banks + commercial banks + M.S.F.C. + master-weavers for various purposes in different years)

This figure is shown in table No.4.II.13 under the heading "Financing by loom-holders".

Total requirement of finance and its financing by various agencies :-

It is necessary to take into account the requirement of finance and its financing by co-op.banks, commercial banks, M.S.F.C. and master-weavers in order to investiagate the financing made by these agencies to the requirement of industry. We have to find out whether the financing by these agencies can meet the requirements of loom-holders

Table No.4.II-13 reveals the total requirement of fianance, the agencies from which it is financed and the extent to which it is financed.

Note : 1) The finance made by banks for repairs and renewals are included in the amounts of looms. Similarly the amounts of redemption of old debts are included in the amounts of loom-shed and motor-shafting on the assumption that the loans might have taken for construction of loom-shed and errecting motor-shafting.

2) 50% and 60% of looms were stopped operating during the last two years respectively. The same is considered as a shortage of finance.

The columns in the table No.4.II-13 explains as follows:

Column No.1 : Co-oerative year.

Column No.2 : The number of looms in pairs.

Column No.3 : The details of requirement of finance and the financing Agencies.

Column No.4 to 8 : The details of total requirement of finance and its financing by various agencies and it's

division into the purposes of looms, loom-shed, permanent working capital for beam-set and current working capital requirements.

Column No.9 to 13 : Requirement of finance for various purposes and its financing by various agencies is shown in percentages.

At the end of the corresponding figures the average percentage of requirement of finance and its financing by various agencies is shown.

In the light of the above information the following conclusions can be drawn :-

1) Of the total requirement of finance for powerloom industry, the co-operative banks, commercial banks and M.S.F.C. have financed only an average of 0.31%, 0.06% and 0.008% respectively, thus aggregating to 0.378%, where as about 38.84% has been financed by master-weavers and about 48.76% has been financed by loom-holders out of their savings and with the help of Bhishi Mandals, friends and relatives.

2) The aspect leads to the conclusion that the co-op. banks, commercial banks and M.S.F.C. are not in a position to adequately finance the financial requirements of the powerloom industry in Ichalkaranji.

3) This also means that the powerloom industry in Ichalkaranji is dependent mainly upon master-weavers and loom-holders for the supply of required finance. Loom-holders in turn depends largely upon their own savings Bhishi Mandals, friends and relatives.

4) So far as the financing to various purposes is concerned the co-op. banks, commercial banks and M.S.F.C. have financed for purchase of looms, construction of loom-shed, and for beam-set. The financing by co-op. banks is to the extent of 31.42%, 8.57%,

and 0.36% respectively, commercial banks at 5.07%,2,97% and 0.08% respectively and M.S.F.C. at 3.79% for purchase of looms only. Thus at present, these financial institutions are not meeting adequately thefinancial requirements of the industry.

5) In fact,it is clear that the powerloom-industry gets little benefit from the financial institutions as these institutions are unable to meet the increasing requirements of the industry.

6) Thus the figures in the table pinpoints the gravity of the problem in getting the finance from financial institutions. The powerloom industry in Ichalkaranji is main=ly depended upon master-weavers and loom-holders. Loom-holders in turn depends upon their inadequate savings,assistance from Bhishi Mandals,friends and relatives.

4.II-C FINANCING POLICIES OF :-

1) CO-OPERATIVE AND COMMERCIAL BANKS,

2) MAHARASHTRA STATE FINANCIAL CORPORATION,

3) MASTER-WEAVERS,

4) BHISHI MANDALS,FRIENDS AND RELATIVES...

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1) Financing policies of co-op.and commercial Banks :

In Ichalkaranji co-op.banks have been established with a view to provide financial assistance to their members. Since majority of these members are the textile industrialists, these banks have amply financed to these member industrialists. A large number of commercial banks too have been opened their branches in Ichalkaranji with a view to carry on their banking business. Since the powerloom industry is the main occupation, of Ichalkaranji, these banks too shown keen interest in

financing the powerloom industry. While financing the power-loom industry these banks adopt certain policies as listed below :

1) Co-op.banks finance only to their members, However if a non-member approach them, they ask such person to become 'B' grade member. B-grade membership is given for temporary periods with a view to enable the non-member to obtain the loans. Under such circumstances,such B grade member will remain member for the purpose and period of loan only. After the loan is fully utilised and repaid, he ceases to be a member.

2) Commercial banks finance to all those who approach them. However, they insist to become their bank-customer by opening an account.

3) All co-op.and commercial banks provide financial assistance to the powerloom industry as a small scale industry and treat it as priority sector industry.

4) Some co-op.banks finance the industry not only under the scheme of small scale industries but they also finance under the Scheme of 17(2) BB of Reserve Bank of India. For this purpose Banks get refinance facility from R.B.I.

5) The rate of interest of co-op.banks is as follows :

Upto Rs 5,000	12% p.a.
Rs 5001 to Rs 25000	12½% p.a.
Rs 25001 to Rs 2,00,000	13½% p.a.
Rs 2,00,001 to Rs 25,00,000	15% p.a.
Above Rs 25,00,000	16½ %

However interest at 11% p.a. is charged for the loans given under R.B.I. (2) BB shcme, Some banks charge interest even at 18% p.a.

6) The rate of interest charged by commercial banks varies between 11% to 15½%.

7) Banks ask the borrower to give two guarantors, promissory note, valuation-certificate from powerloom association, no objection certificate (N.O.C.) of other banks and a bond of Rs 30/- for loans exceeding Rs 19,000/- alongwith the application for loan.

8) Generally all banks provide loans for working capital purpose i.e. for beam-set., but a few banks provide finance for all purposes.

9) Banks require the borrower to depsit with them the Texmark/permit of looms for financing the purchase of looms. The looms so financed are taken on hypothecation.

10) The amount of loan for purchase of looms is given upto 70% or 75% of the valuation subject to the maximum of Rs 15,000/- per pair loom. Some banks provide only to the extent of 50% of valuation.

11) Finance is provided for purchase of new looms for replacing the existing old looms. For this purpose the weaver is required to produce 'replacement certificate' from the Textile Commissioner.

12) The term-loans for purchase of looms and construction of loom-shed is given for a period of 36 months.

13) Loans for working capital are given under cash credit system against the security of physical property viz. looms, yarn and finished cloth.

14) The loans for working capital are given upto a maximum of Rs 15,000/- per pair loom.

15) The working capital loans are given for one year, but

can be renewed for subsequent years.

16) The loans for construction of loom-sheds are given to the extent of 70% of the cost of loom-shed.

2) Financing policies of Maharashtra State Financial Corpn:

1) M.S.F.C. provide term loans mainly for the purchase of looms.

2) It requires the weavers to deposit with it the Texmark/permit and the replacement certificate obtained from the Textile Commissioner alongwith loan application form.

3) The other documents viz.quotation of looms,registration certificate of the unit, partnership deed in case of partnership firm and electricity board's electric load sanctioned certificate are required to be enclosed alongwith loan application form.

4) Loan application form must bear identity size photo of the borrower.

5) Application is considered on the basis of profitability of the concern,experience of the borrower,his honesty and integrity

6) Loans are sanctioned upto 75% of cost of looms.

7) The borrower is required to deposit with the corpn. the remaining 25% of the amount.

8) In order to avoid mis-use of funds loan amount is paid directly to the vendor of looms on the basis of proforma invoice.

9) In exceptional cases loan amount is given to the borrower in case the borrower had paid the full price to the vendor.

10) Looms so financed are taken on hypothecation.

11) Period of loan varies from 8 to 10 years.

12) If the period of loan is 8 years,then the repayment of loan starts in the second year and if the loan period is 10 years the repayment of loans starts in the third year.

13) Loans are required to be repaid in half-yearly instalments. However the interest is required to be paid quarterly.

14) Corporation gets refinance facility from the Reserve Bank of India (RBI) under (2) b.b. scheme.

15) The present rate of interest is 13½% p.a.

3) Financing policies of master-weavers :

Master-weavers constitute as an important agency of supplying finance to the Kharchiwalla weavers. They finance the weavers both in cash and kind for meeting working capital needs. The general financing policies of master-weavers can be stated as follows :-

1) Master-weavers require the Kharchiwalla-weaver desiring to operate his looms on majoori basis to introduce him by a person known to them.

2) Kharchiwalla is required to produce 'No objection Letter' from the previous master-weaver with whom he had worked earlier.

3) Master-weavers supply the sized beams and weft yarn to the Kharchiwalla-weavers.

4) They require the Kharchiwallas to return the woven cloth twice in a week i.e. Tuesday/Friday.

5) On every Friday master-weavers pay certain amount of money to the Kharchiwallas to meet current expenses. The money payable is generally depends upon the quantity of cloth returned to them.

6) Under certain circumstances, they also give more amount of money on request.

7) In certain exceptional cases they also give money on other days other than Friday on request to meet extra-ordinary expenses of business as well as the personal expenses of weavers.

8) Similarly they provide finance to meet monthly fixed expenses viz.rent of loom-shed,electricity charges etc.

9) Particularly during boom periods they give some advance money to Kharchiwalla weavers. The amount of advance money payable depends upon the extent of competition among master-weavers themselves.

10) At the year end,generally on Deepavali, they close the accounts of weavers and pay off the accumulated balance standing to their respective credit accounts.

4) Financing policies of Bhishi Mandals,friends & relatives :

1) Bhishi Mandals give loans only to the members.
2) The member wanting the loan has to inform the co-ordinator of mandal a week earlier.
3) The member borrower is required to give an application in writing.
4) The loan is given on the personal security of borrowing member and additional two guarantor members given for the purpose.
5) The period of loan depends upon the date of obtaining the loan and the date of accounting year ending of Bhishi Mandal e.g. if Bhishi Mandals year is Deepavali to Deepavali,then the member obtaining the loan in first week of Deepavali starting year can enjoy the loan period of maximum of 11½ months prior to 15 days of next Deepavali. Similarly the member taking loan in January can enjoy the period of 10½ months ending on 15 days prior to next Deepavali and so on.
6) The amount of loan payable depends upon the members weekly contribution e.g. a member who contributes weekly Rs25/-, then his yearly contributions come to Rs 1,300/-. Therefore, a member is normally given a loan upto 75/-% of yearly contribution i.e. Rs 975/- or at the maximum of Rs 1,300/-.

7) The rate of interest is 3% p.m. i.e. 36% p.a.

8) The borrowing member is free to use the loan for any purposes.

9) Friends and relatives give loans simply as on assistance and charge interestor no interest.

10) The amount and period of assistance depends upon the ability of friends and relatives to finance.

4.II.D : FINANCING METHODS OF LOOM HOLDERS :

Due to the very nature of industry,the financing methods of loomholders can be well understood if we study their methods into some phases :-

Phase-I : Financing the purchase of looms

In Ichalkaranji, majority of loom-holders at present were formerly the workers working on the looms of others When their savings permitted they used to purchase cheaper second-hand looms either independently or in partnership. When they feel short of some finance they used to approach Banks,Bhishi mandals,friends and relatives for the purpose.

Phase-II: Payment of deposit for loom-shed

Generally the loom-holders install their looms inhired loom-shed. For this purpose they have to pay the deposits of Rs 2,000/- per pair loom. The amount of deposit is paid out of their own funds. If the funds are not sufficient to pay the deposit,then friends and relatives and also Bhishi Mandals are approached for the purpose.

Phase-III : Financing the working capital needs

In the beginning loom holder operates their looms on majoori basis under master-weavers. Master-weavers supply the sized beams and weft yarn an important form of working capital. Moreover, master weaver give weekly some amount necessary to meet the operating expenses and monthly expenses viz.rent of loom-shed,electricity charges etc.

Phase-IV : Financing the purchase of plot, construction of loom-shed and erection of motor-shafting

In a due course of time when a weaver holds 4 or 6 looms then they think of purchasing a plot of land for constructing a loom-shed. In one year they simply purchase a plot and

in second year or so, they begin to think of construction of loom-shed. For this purpose, they relies much upon their own funds. In times of necessity they approach banks, Bhishi mandals, friends and relatives. Normally they construct a simple loom-shed with bricks and clay to accomodate 8 or 12 looms. Construction of loom-shed involves a huge amount of investment. With many financial difficulties any how they complete the construction work.

When the loom-shed becomes ready then they go for erection of electric motors and shafting. This requires about Rs 15,000/-. For this the loom-holders have to seek the permission of their pocket. Generally, it may not be possible to them to construct the shed and errect the motor-shafting in the same year. They may postpone the errection of motor-shafting for 3 to 6 months or even more. Afterwords, when they get required finance, they will complete it also.

Phase-V : Letting the remaining part of shed and acquiring the additional looms.

The loom holders then install their looms in their own shed and normally let the remaining part of shed to other loom holders for rent. Thus on one hand they pay no rent as they have now their own shed and on the other hand they receive rent from letting a part of shed to others. Thus their aggregate income increases alongwith usual weaving income. With the help of increased income they finance for purchasing additional looms year after year. In the next 5 or 6 years or so they increase the number of looms to 12 or so (Generally units of 4 looms are created in the name of family members due to Factory Act).

Phase-VI: Financing the Beam-set

When the income of weavers increases considerably they proceed to make their own beam-set. We have seen that making beam-set involves huge amount of investment. Some weavers prefer to wait till they get sufficient finance for beam-set. Out of their own earnings, while other loom-holders approach the bank for loans for financing the beam-set. Similarly Bhishi mandals, friends and relatives are approached for getting the required finance.

Thus it is seen that atall phases financing is mainly done by ploughing back the profits in business and to some extent with the help of banks, M.S.F.C, master weavers, Bhishi mandals, friends & relatives.

4.II-D : MAIN FINANCIAL PROBLEMS :

1) Unavailability of Finance

Weavers at all phases always face the problem of unavailability of finance. To them external finance is not readily available. From the very beginning they have to depend upon their own resources to a great extent. It is so because banks and M.S.F.C. finance for the purchase of looms to replace the existing old looms, subject to the production of replacement certificate from the Textile-Commissioner. Banks can not finance for the purchase of additional new looms. The rule is that the possession of Texmark-Permit indicates the existence of looms and when there are looms under a particular tex-mark-permit how the new finance can be made to purchase additional looms? Thus for expansion of looms weaver's gets no finance from banks or other financial institutions. Therefore, they have to depend largely upon their own savings, Bhishi-Mandals, money lenders, friends and relatives. But, there is a great uncerntainty of getting finance from these people. Similarly only a few banks finance for construction of loom-shed, but before this the weavers have to purchase a plot for which bank do not finance. Working capital needs are also not fully met by the banks. Thus weavers always experience the shortage of finance.

2) Unreliable sources of finance :

We have seen that banks and M.S.F.C. have met only an average of 0.378% of total requirement of finance. This indicates that the weavers dependupon other sources viz.own savings, bhishi-mandals, master-weavers, money lenders, friends and relatives to a great extent. These sources seems to be very unreliable. It is so because savings depends upon the weaver's income. In case of Kharchiwallas their income depends upon production and the weaving charges paid by master weavers- If by one or the other reason production falls considerably and master weavers reduce the rates their earnings will go down considerably leading to low savings or no savings. Similarly, setwallas income depends upon production and the selling prices of cloth. If production falls their

income is reduced. Selling prices of cloth depends upon the market conditions which are always changing widely. If one or the other reasons elling prices go down they have to experience heavy losses.

Similarly, the financing by friends and relatives is very uncertain since it depends upon the financial standing of loom-holders, their ability to repay the loans in time. It also depends upon the financial standing of friends and relatives and their willingness to finance.

3) Inadequacy of Finance :

The most vexing problem is the inadequacy of finance. Loom-holders always face many difficulties in getting the required finance. The inadequacy of finance arises mainly because of low income and low savings. We have seen that banks finance only Rs 10,000/- to Rs 15,000/- per loom for working capital needs for making beam-set which require lacs of rupees Bhishi mandals financing is very low and is limited to the periodical contributions. Friends and relatives can not hope to finance the full requirement. Thus to build-up the required resources weavers have to approach too many friends and too many relatives. There is no certainty of getting the required fiannce. Moreover, their savings are very low. Thus weavers always experience the shortage of finance and are compelled to postpone their capital commitments at certain future date.

4) Procedural problems in getting institutional finance :

Majority of weavers are low educated Banks and M.S.F.C. require the borrowers to execute and submit too many documents from various offices e.g. quotation from the supplier of looms, stock valuation certificate and valuation certificate of looms from powerloom association, No Objection Certificate from municipality and from other banks, certificate of electric load sanctioned from electricity board, income statement for last 2 or 3 years, guarantee bond etc. Moreover, two guarantors are required. Thus the procedure seems to be very cumbersome and time consuming.

5) Delays in getting institutional finance :

It naturally follows that due to delay in furnishing the required documents weavers do not get finance in proper time. Not only this, even after the submission of these

documents financial institutions take their own time for scrutinising the application and the documents and finally sanctioning the loans. When the finance is needed urgent=ly the weavers can not hope to get the same in time and consequently experrience many difficulties.

6) High rates of interest :

The rates of interest is very high. Banks generally charge interest at 13% to 18% p.a., Bhishi mandals charge at 36% p.a. and money lenders at 60% p.a. These are indeed very high rates. Highrates of interest inhabits the weavers not to go for loans. Moreover, they feel it very difficult to make repayment of principal sum and the interest charge thereon. Thus the borrowers are compelled to postpone their capital commitments, otherwise a large portion of their income will go for the payment of huge interest sum.

7) Difficulties in repayment

Loom-holders find it very difficult to repay the loan. It is so because Kharchiwallas income is not only low but is also limited. Similar is the case with setwalls except that their income depends upon the market conditions - the prices of yarn and cloth. Generally friends and relatives advance for short periods. It means that the money taken from these people are required to be repaid in a short period. Similarly bank loans and loans of MSFC are to be paid in instalments regularly. The difficulties arise mainly on account of low income. Therefore they always struggle to obtain new loans to repay the old ones. This process of taking loan for loan is done several times and continues for a longer periods. In doing so their time and energy are unnecessarily wasted. This kind of situation is not good for healthy industrial development.

8) Difficulties in making routine payments :

We have seen that Kharchiwalla weavers depends entirely upon master-weavers for working capital needs. Master-weavers pay certain amount of money to meet current expenses. Many weavers expressed their grievances that Master-weavers pay very low amount and it becomes very difficult to adjust and allot the same for various expenses. Many a time it so happens that there remains no balance to the weaver in which case they find

it very difficult to maintain their families. Moreover master-weavers always tends to postpone payment of fixed monthly exps. like rent, electricity charges etc. This affects the mood of weavers and compells them to experience adverse situations.

In case of Setwalls too this problem exist more or less in the same degree. Because, they have to purchase yarn for cash but have to sell their cloth on credit. Thus there exist a wide time gap in the recovery of sale proceeds. Many times by one or the other reason credit sale proceeds are also not received in time. Thus during this time they find it difficult to make regular payment for expenses.

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