

CHAPTER - I

INTRODUCTION

- 1.1 History of India's Textile Industry.
- 1.2 A) Importance of Textile Industry In The Indian Economy.  
B) Structure of Indian Textile Industry.
- 1.3 A) History of Powerlooms.  
B) Powerlooms In India And Their Growth.  
C) Importance Of Powerloom Industry In The Indian Economy.
- 1.4 Synopsis and Statement Of Research Subject.
- 1.5 Objectives, Scope And Limitations Of The Research Study.
- 1.6 Methodology.

--- --

CHAPTER- I.INTRODUCTION.

Cotton Textile Industry is the premier national industry and it represents the single largest enterprise in organised sector in our country. It is so because it employs the largest number of workers and that it constitutes the second largest exporter of traditional items, next only to tea and jute manufactures. In terms of capital investment, it occupied, till recently the top position. It contributes to the Government treasury several hundreds of crores of rupees annually in the form of taxes and other benefits. It must be remembered that clothing is next only to fooding.

Now-a-days our textile industry is becoming more and more complex and complicated that a common man can not understand thoroughly the various aspects of the industry and the implications involved in it. It is so because the industry is divided and sub-divided into so many sectors and sub-sectors. Besides, the methods of purchasing different types of raw materials, different methods of manufacturing different varieties of cloth and their marketing, the number of producers and traders involved in it all have made the industry further complicated.

It is even more surprising that it becomes very difficult to the Govt. to devise a national level policy for the industry keeping in view the interests of all those who are concerned to it directly

and indirectly. Every sector of the industry is confronted with many problems by the reason of one or the other. Amongst the sectors of the industry, at present, the decentralised powerloom weaving sector is facing innumerable, varied and complex problems ~~an~~ all requiring urgent solutions for its very survival. It is mainly because of the "Minimum Wages Act" of Maharashtra Government (in Maharashtra State) for powerloom workers without considering the several problems of powerloom owners, reservation of certain textile products for handloom sector by the Central Government and restricting such products from manufacturing by powerloom sector, "New Textile Policy" of Central Govt. favouring the mill sector but discarding the rightful claims of powerloom owners, etc., have all made the powerloom sector to stand still. Moreover, the monopolistic power of some traders dealing in the supply of yarn, marketing of the woven cloth, etc., all rests in the hands of such a few people. Due to the monopolistic practices of these few traders, the powerloom owners have no choice for buying and selling but to act merely according to these few people. In fact, the poor powerloom owners have become the prey to these monopolistic practices. Apart from this, the powerloom holders are called upon to face a large number of financial problems involved in the modernisation and expansion schemes, purchasing of raw materials, marketing of finished cloth, rising prices of mill-stores, increasing electricity charges, etc., are still worsening the situation.

In view of these problems and difficulties in these days, powerloom owners are coming to a sad conclusion to stop their industries. If the same situation continues for a longer period, the powerloom

Sector will definitely collapse. Hence it is the need of the hour to set right the situation so as to uplift the powerloom industry from its slum to the light of prosperity. This necessitate an indepth study of relevent facts and figures made available from the detailed investigations in the field. The present study takes into account the conditions prevailing in the powerloom textile industry in Ichalkaranji and the vardoous problems faced by the industry with a special reference to financial problems. For the purpose the powerloom industry is studied with reference to Problems of yarn, Problems in accomodating the looms problems of old looms, Problems of increasing electricity charges, Increasing prices of Mill stores, Labour Problems, Exploitation by Master Weavers, Problems relating to Marketing the grey Cloth, Problems in the implementation of Minimum Wages Act, for powerloom Workers, Adverse Effects of New Textile Policy, and All the financial problems, faced by the loom holder in purchasing the looms, constructing the loom shed, Making beam set and other Financial difficulties in meeting the current working capital needs. Thus the study offers a frame of reference for analysis and interpretation with a view to arriving at proper solution for the problems of the industry. Besides, the study provides a new outlook towards the future prospects and prosperity of the industry.

In this regard, it is worthwhile to take into consideration the history and growth of India's Textile Industry.

## 1.1 HISTORY OF INDIA'S TEXTILE INDUSTRY:

### THE BEGINNING :

In the beginning of human civilization man used to eat fruits and stay in the hallows of the trees. Naturally leaves of the trees were used to cover the body. When man learnt the art of hunting- he killed .....

the animal; ate the flesh; used the skin of the animal to cover his body to protect it from the cold climate because the hair on his body had disappeared. Thus, first of all leaves of the trees and skin of the animals were used as clothing.

Gradually, man learnt the art of tanning of leather from animal skin, which seemed to be the first textile process invented by man in the textile history. As days passed on, clothing ceased to be a mere matter of necessity and became a sign of comfort and status. Even in those good old days a lady wearing a lion's or tiger's skin must have looked down on her sister with a deer's or goat's skin in the same way as a lady wearing imported nylon georgette today might look askance at one wearing a cotton saree. This simple feeling of failing- has had a great impact on the fortune of the textile industry throughout the ages.<sup>1</sup>

From the tanning of leather from animal skins to the arts of spinning and weaving, it must have taken thousands of years. Wool was probably spun into yarn before cotton. Because spinning of cotton involves a knowledge of ginning. But sheep skin was the natural clothing of nomadic man and spinning of sheep's skin was logically the next stage.

It is not known with certainty when weaving was first adopted by our ancestors. However, it is established that weaving was known about 8000 years B.C. It was more than 6000 years ago that the Egyptians wove their fabrics. ~~There is evidence that the Egyptians made woven fabrics~~

1. Kasthuri Shreenivasan India's Textile Industry Coimbatore, The South India Textile Research Association-1984, P-2.

~~over 6000 years~~, and it is believed that in the pre-historic times lake-dwellers in Europe made nets from twisted threads.

In the ages of Ramayana and Mahabharata, the art of weaving reached a high standard of perfection and beauty. In the vedic age too, we find a remarkable knowledge of spinning and weaving of wool, silk, cotton, and linen.

India has been the home of cotton for ages. There is a reason to believe that cotton was first grown and put to use in India before anywhere else in the world, as far back as 4000 years B.C. Excavations at Mohanjo-daro have unearthed bits of cotton cloth and twine. From those ancient days, India has been a manufacturing nation and an exporter of fine cotton fabrics to all the nations of the world.

Marco Polo who visited India in 13th Century, the Chinese Travellers and Tavernier in the 17th Century have all praised about the par excellence of India's cotton fabrics. Dacca Muslin fabrics had a great appeal in the European Countries. After the discovery of sea routes to India by Vasco-Da-Gama in 1498, countries viz. Portugal, Holland, Spain, France and Britain established trading companies for the purpose of purchasing textile goods and spices from India and selling them in Europe.

Before industrial revolution the organisation of textile industry in India was quite different to that of European countries. Spinners and Weavers in India no doubt attained a high excellence in their craft, but they never organised themselves into corporate bodies like guilds in Europe to protect their interest. Nevertheless, the production of textiles was essentially a household enterprise.

Production was for use in the village through barter rather than for commerce. The concept of modern trade unionism was wholly absent in those times. As a result, the earnings of the textile producers were very poor. However, in those days too, we find that the places like Dacca, Varanasi, Kanjeevaram and Madhurai were famous for producing and exporting fine fabrics.

The advent of industrial revolution in Britain and their coming to India brought an end to India's industrial prosperity. Because British came to India not for our good but for our goods. This led to the reduction in the Indian exports to Britain and then gradually the process was reversed. It is due to the fact that the raw cotton was exported to Britain and the manufactured textile goods were exported to India by the British. This made, in the later course, India a market for British goods. As a result our traditional textile industry was totally destroyed. As against this British textile industry was prospered, but definitely, at the cost of Indian Textile Industry. This situation made the country agricultural and poor one.

Therefore it seems that the once glorious textile industry of ours, which had grown along the civilisation of India itself, came to an end for a number of decades.

#### GROWTH OF THE INDUSTRY.

The idea of starting an organised factory production of yarn and cotton cloth in our country took shape during the first two decades of the 19th century. The first cotton mill was established in Calcutta

in 1818 by an Englishman-Bowreach. But it did not turn out to be a success. However, the real beginning of the industry was made by establishing the first mill in Bombay in 1854. This mill was known as "Bombay Spinning and Weaving Company", and set up by C.N.Davar. In the same year Oriental Spinning and Weaving Company, was set up by M.N.Petit in Bombay and two more mills in Ahmedabad. The establishment of these four mills laid down the strong foundation and gave a great stimulus to the development of textile industry in our country. As a result, a large number of textile mills were launched in Ahmedabad, ~~Cawnpore~~ Cawnpore, Coimbatore and Madhurai.

#### FREEDOM MOVEMENT.

In the beginning of the century Mahatma Gandhaji started "Swadeshi Movement", with a slogan, "Buy Indian goods and Burn British Goods". People all over the country responded him. As a result khadi and village industries gained a great momentum. During and after the World War Ist and IInd our textile industry made a remarkable progress. The industry was given protection in 1927. However, it was withdrawn in 1947, still the industry continued to grow by leaps and bounds.

The following tables show the growth of cotton textile industry in India.



TABLE NO.1.1

Showing Growth of Cotton Textile Industry In India.<sup>1</sup>

Year.	No.of Mills.	Spindles (in thousands)	Looms (in thou- sands)..	Labour. (in thousands)
1851	1	29	---	5.00
1856	13	309	3.4	7.7
1876	47	1100	9.1	---
1877	51	1244	10.3	---
1880	56	1461	13.5	44.4
1884	63	1610	14.0	51.00

TABLE NO.1.2

Showing the Rapid Growth of Cotton Textile Industry in India.<sup>2</sup>

Year.	No.of Mills.	No.of Spindles	No.of Looms.	Average of hand employed daily.
1890	137	32,74,196	23412	-----
1900	193	49,15,783	40124	161189
1910	263	61,95,671	82725	233624
1915	212	68,48,744	108009	265346
1920	253	67,63,076	119012	311018
1925	331	85,10,633	154292	367877
1930	348	91,24,768	179250	384082
1935	365	96,85,174	198867	414684
1939	388	1,00,59,370	202464	441949
1942	396	1,00,26,425	202388	480447
1945	417	1,02,38,131	202072	509778
1948	422	1,07,03,451	202408	476145

- 
1. S.C.Gupta, Institutional Financing and Industrial Growth, Adarsh Prakashan, Jaipur-1987, P-23.
  2. S.C.Gupta Institutional Financing and Industrial Growth, Adarsh Prakashan, Jaipur-1987, P-27.

POST INDEPENDENCE PERIOD

Soon after independence Government recognised the cotton textile industry as an industry of great national importance. As such all facilities were made available for its development. The industrial policy resolutions of 1948 and 1956 left the textile industry for private enterprise. Moreover, during the planning period a high priority was given for the development of the industry.

The following table high lights the rapid growth of textile industry after 1951 and onwards.

TABLE NO.1.3

Growth of Indian Cotton Textile Industry (Mill Sector)<sup>1</sup>.

Year	Number Of Mills.			Installed Spindles (Millions).			Installed Looms. (Thousands).		
	Spinn- -ing.	Compo- -site.	Total.	Spinn- -ing.	Compo- -site.	Total.	Spinn- -ing.	Compo- -site.	Total.
1951	103	275	378	1.84	9.16	11.00	Not Available.		
1956	121	291	412	1.86	10.19	12.05	191	12	203
1961	192	287	479	3.05	10.61	13.66	183	16	199
1966	283	292	575	4.36	11.76	16.12	179	30	209
1971	373	291	664	5.67	12.21	17.88	170	38	208
1976	330	288	618	7.04	12.32	19.36	165	42	207
1977	338	289	627	7.41	12.48	19.89	164	44	208
1978	347	290	637	7.40	12.30	19.70	162	44	206
1979	357	291	648	7.68	12.40	20.08	161	46	207
1980	370	291	661	8.16	12.52	20.68	158	48	208
1981	400	291	691	8.47	12.61	21.08	159	49	208
1982	442	281*	723	9.35	12.43	21.78	158	52	210
1983	525	280	805	10.13	12.40	22.53	158	52	211

1. S.C.Gupta "Institutional Financing and Industrial Growth", Adarsh Prakashan, Jaipur-1987, P-182.

- \* The reduction in the number of composite mills is due to reclassification of 10 composite mills into spinning mills.

It is seen from the above table that the number of composite mills has not increased but the number of looms especially the powerlooms has increased considerably. Other interesting factors of this growth are about 63% of cotton mills are located in Tamil Nadu, Gujarat and Maharashtra. But it must be admitted that the growth of textile industry spread to other parts of the country which had no textile industry in the past.

However, our cotton textile industry is facing the following problems :

- 1) The supply of cotton is not regular due to irregular mansoons. Moreover the quality of the cotton is poor and that the price to be paid for it is very high. This resulted into high cost of production and high prices for textiles.
- 2) The ~~se~~ labour productivity is also very low in India e.g. in India a worker can manage two to four ordinary looms whereas in Japan a worker can manage ~~us~~ automatic looms and in America 60 Automatic Looms. This is due to old machinery with which our worker has to work. This situation led to the high labour cost resulting into low profits for the industry.
- 3) Our textile mills have old machinery which has reduced the productivity and increased the cost of production. Therefore, these old plant and machinery must be urgently replaced with modern machineries.
- 4) Another problem which retards the growth is the existence of about 300 uneconomic and inefficient units which are ~~sike~~ sick now. Many

of them are incurring heavy losses. Therefore, the Government should help these sick mills.

5) Our textile industry is also facing foreign competition and competition from synthetic fibres like rayon, nylon, poly-fibre, etc.

6) Moreover, the industry has suffered from heavy taxation Government imposed many controls and restrictions in respect of production, prices and distribution. This became a great hurdle for its expansion.

In view of the importance of textile industry in our economy. The Government ~~take~~ must <sup>take</sup> necessary steps to remedy the various problems of the industry and to ensure the orderly growth and prosperity for the industry.

#### 1.2.A) IMPORTANCE OF TEXTILE INDUSTRY IN THE INDIAN ECONOMY.

In 1948, late Prime Minister Pandit Jawaharlal Nehru said "The history of Cotton and Textiles is not only the history of the growth of Modern Industry in India, but in a sense it might be considered the history of India during the past one hundred years: When I think of Textiles my mind runs back some thousands of years to the period when India perhaps ~~was~~ the only country producing these textiles and exporting them to distant lands. The early beginnings of civilisation are tied up with the manufacture of textiles and history might well be written with this as the leading motif".<sup>1</sup>

-----

1. R.D.Mohota, Textiles Industry and Modernisation Current Book House, Bombay-First Edition-1976, P-7.

These words highlight the importance of textile industry in the economic development of India. It is so because textile industry caters to the second most important need of mankind. It must be remembered that clothing is only next to fooding.

The importance of any industry can be judged with reference to the following factors :

- 1) The position of the industry to satisfy human needs.
- 2) The capacity of the industry to create and provide employment opportunities.
- 3) The home based strength of the industry for the economic use of national resources.
- 4) The potential for creation of ancilliary industries.
- 5) The scope for continued development to fulfil the economic needs of the people.

Indian Textile Industry satisfies all the above factors to a great extent and occupies a top position in our economy. As such, it is aptly been described as the torch bearer of industrialisation of our country.

Textile Industry is one of the oldest and largest industries in India. It is the premier national industry. It has provided employment to about 12 lakhs people. But 1.5 crores people depend upon this industry for their livelihood. Textiles is the fourth important earner of foreign exchange. India is the second largest producer of cotton textiles in the world.<sup>1</sup>

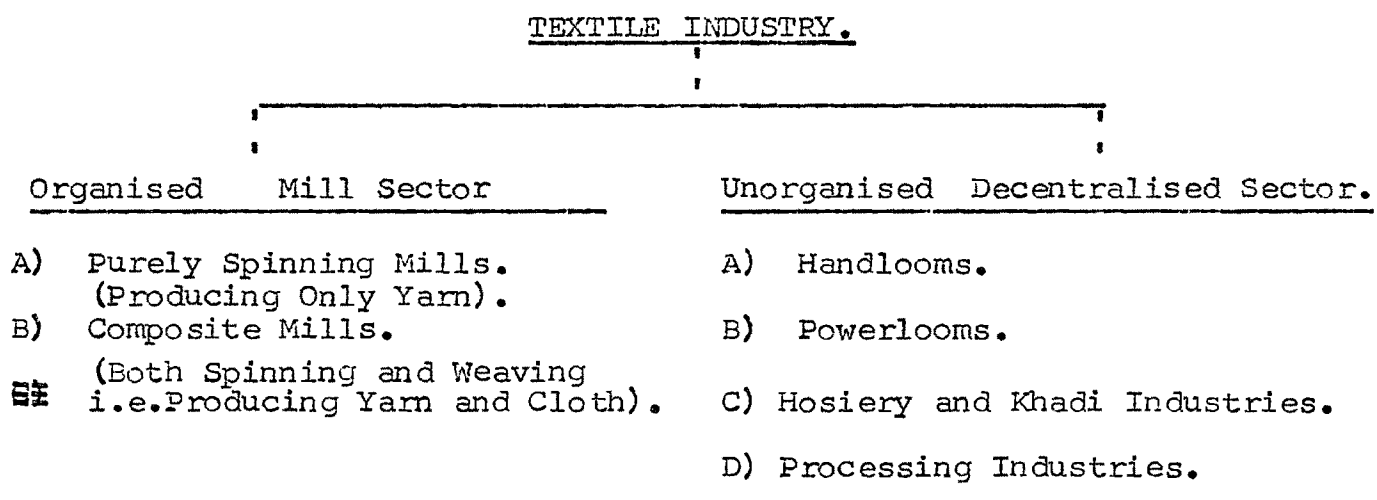
---

1. Dr.N.R.Aparanji "Elements of Indian Economics", Vijaya Book Depot, Gadag-1979, P-139.

The Industry has stood at the apex of industrialisation in respect of investment Rs.675 crores capital is invested in this industry. The contribution of the output by the industry to the total industrial output is 21%.<sup>1</sup> It contributes to the Government treasury several hundred crores of rupees annually in the form of various taxes and other benefits. Thus we can conclude that textile industry in India occupies a predominant place in the economy and serves <sup>as</sup> a starting point of industrialisation of our country. It is so because it is an agro based industry and has roots in the native soil.

1.2 B) STRUCTURE OF INDIAN TEXTILE INDUSTRY.

Textile Industry in India is divided into two main sectors, viz. well organised or mill sector and unorganised or decentralised sector.



The mill sector includes (A) Purely Spinning Mills : These mills produce only yarn by processing the cotton. (B) Composite Mills: Such mills are engaged in both spinning and weaving i.e.they produce yarn and also cloth.

1. A.A.Hegade, A.S.N.Kulkarni and A.B.Kalkundrikar, Indian Economy, Delhi, R.Chand & Co.1979, P-167.

The decentralised sector includes (A) Handlooms, (B) Powerlooms, (C) Hosiery and Khadi Industries and (D) Processing Industries.

At present the mill sector comprises 805 cotton mills (525 spinning and 280 composite mills). With a total installed capacity of 22,532 thousand spindles and 210729 thousand looms. There also exist 63 co-op mills with an installed capacity of 15.54 spindles. The decentralised handloom sector has 38.20 lakh handlooms and that of decentralised powerloom sector has 5.03 lakh looms.

Amongst the sectors the decentralised powerloom industry is growing at a very rapid rate. The Govt. made more efforts in regularising this sector rather than facilitating its growth. In recent years this sector is seriously affected. The act of the Central Govt. of reserving certain products for handlooms and restricting the same for manufacturing on powerlooms, New Textile Policy of 1985, ~~forw~~ favouring the mill sector and discarding the rightful claims of powerloom industry, Minimum Wages Act of Maharashtra Govt. have all put the industry in a State of great confusion and uncertainty.

The present dissertation deals with the problems and prospects of powerloom industry in Ichalkaranji city with a special reference to financial problems. It is, therefore, felt necessary to have a bird's eye-view of the history of powerloom industry.

### 1.3 A) HISTORY OF POWERLOOMS.

In the ancient days yarn was spun by ladies, simply by manipulating their fingers with the help of a very simple instrument known as "Takli". Gradually handloom, made up of wooden frame came into existence for weaving of cloth. In fact, before industrial revolution handlooms occupied a unique position in the production of textiles for mass consumption.

The Industrial revolution in Great Britain had brought about many changes and inventions in the field of weaving. In 1733 John Kay invented the 'flying shuttle'. This was very important event in the history of weaving. Because before the invention of flying shuttle, handloom weavers could insert 20 picks a minute or less. Kay's invention actually doubled the production. For this progress, Kay was so furnished that he left his home country. Fifty years later, in 1785 or 1786 Dr. Cartwright invented the powerloom driven i.e. the powerloom.<sup>1</sup> There existed 2400 powerlooms in England in 1813.

Ira Draper of America found out rotary temple in 1815, again a major gain, and made it possible for the weaver to operate two looms. By the end of 1830, the number of powerlooms in England and Scotland increased to 60,000. By this time the speed of the looms had increased considerably and that the speeds of 80 to 100 picks a minute had become a quite common matter. Another major gain of this time was the weft fork, made in 1834. This device for stopping the powerloom when the weft yarn broke or ran out, enabled the weaver to operate four powerlooms and consequently increased the production of the weaver.

---

1. J.B. Aitken, 'Automatic Weaving', Columbine Press Manchester and London-1964, P-1.



Of sturdy, heavy and iron construction, a powerloom gives an increased speed and production, two times more than that of a semi-automatic handloom, three times more than that of a fly shuttle<sup>loom</sup> and about six times than that of a primitive handloom.<sup>1</sup> In fact a powerloom weaver can produce on an average 30 or meters of cloth on one loom as against the handloom weaver who produces hardly 8 to 10 meters of cloth on his handloom. Moreover a powerloom weaver can operate four powerlooms easily as against a handloom weaver who can operate only a single handloom. Figure designs in powerlooms are produced by means of dobbies, jacquards, drop boxes, swivels and tappets whereas shedding tappets are used for plain and other finer fabrics.

### 1.3 B) POWERLOOMS IN INDIA AND THEIR GROWTH.

No reliable records are available to show exactly when and where powerlooms were first introduced in India. The fact finding committee reported that it was extremely difficult to get any records or accurate statistics of powerlooms and estimated that there might be about 15,000 powerlooms in the whole of India in 1942.

Powerlooms seem to have been first established in Ichalkaranji as early as 1904 when the Jagirdhar of the place gave encouragement to weavers to install powerlooms and improve their standards of living.<sup>2</sup> During the same period powerlooms were also set up in Sholapur, Bhivandi and Malegaon Districts. Since Bombay being the home of textile industry powerlooms might have been started there earlier than any other place.

- 
1. Prof.N.N.Banerjee "Weaving Mechanism"Volume-I, 'Textile Book House' Berhampore, West Bengal-1982, P-57.
  2. Kasthuri Shreenivasan India's Textile Industry Coimbatore, The South India Textile Research Association-1984, P-128.

By 1951 there existed 23,800 powerlooms throughout the country. In 1963 the numbers had raised rapidly to 1.45 lakhs. Since then powerlooms are increasing tremendously and as on 30th June-1982, there existed 5.03 lakh authorised powerlooms. Apart from this a large number of unauthorised powerlooms had also come into existence.

TABLE NO.1.4

State-Wise Distribution Of Authorised Powerlooms.<sup>1</sup>

Sr.No.	Name of the State.	Column A Figures of 1964. (In thousands).	Column B Figures as on 30-6-1982. (In lakhs)...
1.	Andra Pradesh	1208	0.15
2.	Assam	----	0.02
3.	Bihar	335	0.10
4.	Gujarat	25,028	0.80
5.	Haryana	---	0.02
6.	Karnataka	8,393	0.28
7.	Kerala	754	0.06
8.	Madhya Pradesh	4,001	0.15
9.	Maharashtra	66,392	1.81
10.	Orissa	381	0.04
11.	Punjab	9,704	0.22
12.	Rajasthan	145	0.07
13.	Tamil Nadu	6,341	0.88
14.	Uttar Pradesh	2,857	0.23
15.	West Bengal	3,915	0.15
16.	Other States and Union Territories-	1,800	0.05
Total Authorised Powerlooms		1,31,254	5.03
Total Unauthorised Powerlooms		14,549	Not Available.
1. Kasthuri Shreenivasan, India's Textile Industry, Coimbatore: The South India Textile Research Association-1984, For Column A P-250, For Column B-P-129.			

Note : Only total figures are extracted for Column A.

If we compare figures in Column A and Column B we see that the number of looms had actually increased more than three times during the period of 16 years. Other interesting factor is Bihar which had only 335 powerloom in 1964 had 10,000 powerlooms in 1981, an increase about 30 times. Karnataka, had only 8393 powerlooms in 1964 had 28,000 in 1981 an increase about 3 times. Maharashtra showed an increase from 66,392 to 1.81 lacks looms. Tamila Nadu progressed from 6,341 to 88,000 an increase about 14 times.

What are the reasons for this phenomenal growth of powerlooms from a mere 28,300 in 1951 to 5.03 lakhs in 1982 ? The main reason is that powerlooms have the advantage of productivity over handlooms and the benefit of excise and cost over the mills.

The following table high-lights the contribution of powerloom sector to the total textile production.

TABLE NO.1.5

Fabric Production (In Million Metres).<sup>1</sup>

Year.	Mills Sector.	Decentralised Sector		Total.
		Handloom.	Powerloom.	
1978-79	4,328	2,432	3,948	10,708
1979-80	4,085	2,462	3,835	10,382
1980-81	4,168	2,680	4,140	10,988
1981-82	3,808	2,626	4,547	10,981
1982-83	3,132	2,788	4,684	10,614
1983-84 (Estimated).	3,515	2,994	5,255	11,764

1. ATIRA, BTRA, SITRA & NITRA, Rehabilitation of the Textile Industry, ATIRA-1985, P-94.

The table reveals that the overall fabric production has increased by about 10% from 1978 to 1984, during this period the cloth production has increased by 23% in handloom sector and by 33% in powerloom sector. But the production in mill sector has declined by about 20%. It must be noted that the increase in production of powerloom sector is due to the mushroom growth of powerlooms particularly in Ichalkaranji City.

### 1.3 C) IMPORTANCE OF POWERLOOM INDUSTRY IN INDIAN ECONOMY.

Powerloom industry plays a very important role in our textile industry and ultimately in the overall economic development of the country. It occupies a definite and important place in our economic life and makes considerable amount of contribution to the national ~~about~~ income. At the end of 30th June-1982, there existed about 5.03 lakhs authorised powerlooms and a large number of unauthorised powerlooms spread all over the country.<sup>1</sup>

They provided employment to about 2.5 million workers and a large number of people depend upon it for their livelihood. The production of cloth by this sector for the year 1982-83 amounted to 4684 million metres, about 44% of the total cloth production in India. They have also a good share in the country's export trade. At present there exist about 9 lakhs powerlooms in India producing nearly 49% of the total cloth production in the country.<sup>2</sup>

- 
1. Arun Pandav; Yantramag (Magazine) Bombay: Udyog Publications, July-1981, P-33.
  2. Prabhakar Kulkarni "Yantramag Dhandyauaril Mandiche Sankat, " Sampada Marathi Monthly August-1987, "P-17.

The decentralised powerloom sector satisfy ~~for~~ <sup>all</sup> the essential investment criterias to be considered for the planned development of the country's economy. The economic advantage of this sector lies in its small capital, low cost of production, large production, high-quality of textiles and large employment potential.

The increasing importance of powerloom industry can be high-lighted by the following discussion.

1) Comparatively High Production :

A worker working on powerloom produces 30 or even more metres of cloth. On one loom in a day of 12 hours. Moreover a weaver can manage 4 powerlooms easily thus producing 120 metres of cloth in a day. Besides generally powerlooms are worked in double shifts of 24 hours. As against this a handloom ~~on-his-handloom. -- However,~~ weaver can produce hardly 8 to 10 metres of cloth on his handloom. However, he can operate only a single handloom.

Being sturdy, heavy and iron construction a powerloom gives an increased speed and production two times more than to that of a semi-automatic handloom, three times more than that of a fly-shuttleloom and about six times more than that of a primitive handloom.

2) Good Quality Cloth :

The cloth produced on powerlooms also seems to be more superior to that of handloom cloth due to low breakages rate in powerlooms. Handloom weaver will get more tired sooner because of physical strain arising out of manual operation of handloom. As a result, ~~the plays~~ <sup>he</sup> pays least attention to the quality of cloth he his producing. On the contrary, a worker on the powerloom will not get much tired even after working for 8 to 10 hours since the loom is driven by power. He pays,

therefore, more attention to the quality of cloth.

### 3) Low Cost Of Production :

The cost of production of cloth manufactured on powerlooms is very low as compared to the cloth manufactured in big composite mills. It is so because the owner of powerlooms having two or four looms can manage his unit by himself. He acts as the owner, accountant and manager. As such he is not required to pay for highly qualified personnel. Since there is a direct reward of profit to the owner he works day and night and always tries to use the resources most economically. He takes personal care in economising the cost and increasing the production which ultimately result into low cost of production.

On the contrary, in big composite mills highly paid personnels like managers, accountants, supervisors, foremans, jobbers, inspectors, etc. <sup>are appointed</sup> Besides, there is no direct relation between the work of these personael and the mills overall profit. As such they do not take much interest in the mill's prosperity. The rate of spoilages and breakages is also more. All these factors tend to higher cost of production of mill cloth.

### 4) Cheap and Best Cloth :

Due to the low cost of production, the sale price of the powerloom cloth is very low as compared to the mill cloth. Moreover as the owner pays personnel attention, good quality of cloth is ensured.

### 5) Small Capital :

To start powerloom industry in the decentralised sector it needs relatively smaller amount of capital than that required by big composite.

mills.e.g. to install two or four powerlooms,required capital will be Rs.15,000/- or 30,000/- in case of new looms and 10,000 or 20,000 in case of second handlooms. On the other hand to start a composite mill it requires crores of capital investment.

Ours is a developing country and is experiencing an acute scarcity of capital. Therefore, powerloom industry requiring less amount of capital is best suited to the undeveloped and developing countries like ours. Moreover, the industry provide enough scope for the economic use of capital and other resources.

#### 6) Skill Light :

To install and start powerlooms highly specialised type of skill and knowledge is not necessary. An ordinary person having some general business knowledge and management can start powerloom industry. Even a worker who had worked on powerlooms for some years and who posses some business knowledge can install his own powerlooms and manage them easily. There are good number of examples of workers becomming owners. Moreover the owner act himself as manager,accountant and worker. Big composite mills and large scale industries require highly specialised knowledge and skilled personnel like mechanics,engineers, managers,accountants,etc., involving a huge amount of investment cost. However,highly h~~h~~ skilled personnel is a factor scarcely found in our country. Therefore, if powerlooms are installed on a wide scale, the available skill is not wasted but is utilised fruitfully and profitably.

#### 7) No Import :

To start powerloom weaving industry there is no need to import machinery. It is so because all powerloom parts are now manufactured

in India. Composite Mills or any other large scale industries, on the other hand, require huge imports of machineries, equipments, parts and other raw materials. This requires a high amount of foreign exchange. But there is a shortage of foreign exchange in our country.

#### 8) Quick Yielding :

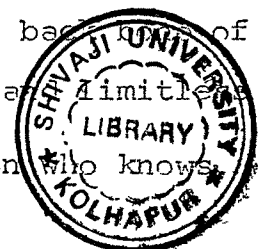
For establishing composite mills or to other big industries, it may usually take 2 to 3 years. Then production starts. In view of scarcity of capital it is indeed a lengthy period. This long waiting period inhibits the investment. On the contrary investment in powerloom yields quickly. For instance, an individual after purchasing the looms, install them easily. Soon after installation he may start weaving the cloth and it is all a matter of hardly 5 to 6 days.

#### 9) High Employment Potential :

Powerloom weaving industry is highly labour intensive. This means the industry has a great capacity to employ more workers than big industries as compared to capital invested. It is so because an investment of Rs.1,00,000 in plant and machinery in big industries can provide work for 4 persons on an average, whereas the same investment in powerlooms can provide employment to about 15 persons easily. There is a widespread unemployment in our country. To solve the problem of unemployment the best course is to set up more and more powerlooms. By doing this, the Government's Programme of "Garibi Hatao" will be achieved to a great extent.

#### 10) Self Employment :

Self employed persons are regarded as the real backbone of the country. Powerloom industry provides a wide scope and opportunities for self employment. For example a person who knows





weaving can purchase two or four looms depending upon his capital and start earning his living. In the due course he can expand the number of powerlooms easily.

#### 11) Decentralisation And Regional Development :

In India all the big industries are situated only in states like Karnataka, Maharashtra, Tamil Nadu, Uttar Pradesh, West Bengal and Bihar. Other States remained industrially backward. This kind of unbalanced industrial development is not good in the national interest. Powerloom industry can be started in any part of the country without any difficulty. The development of powerloom weaving industry will therefore help to achieve the object of promoting balanced regional development-an urgent need of the country.

#### 12) Reduction Of Pressure On Land :

Ag Agriculture in India is overcrowded. Starting powerlooms in the rural area will absorb the excess population. Poor farmers and agricultural labourers having no work can find useful work on powerlooms and thus improve their standard of living.

#### 13) Even Distribution Of National Income And Wealth :

There is a large concentration of income and wealth in the hands of few rich industrialists and businessmen in our country. It is so because majority of big industries are owned and managed by such few rich people. This makes the the exploitation of mass poor people by few rich. This is an undesirable situation from the social point of view. The more development of big industries will further worsen, the situation. But the development of powerlooms on small scale beiss-

basis in the decentralised sector will curb the danger of concentration of income and wealth. Because the income and wealth is distributed over a large number of individuals running such powerlooms.

#### 14) No Evils Of Factory System :

Growth of factories, mills, etc., create problems of slum housing, health, sanitation, etc., leading to diseases, misery and squalor, etc. But the growth of powerloom industry is free from all these defects.

In spite of its increasing importance, the government did not give enough scope and encouragement to the powerloom sector thinking that it gave unhealthy competition to the handloom sector. Besides, Government took many steps of regularising the growth of unauthorised powerlooms.

The New Textile Policy of 1985 of Central Government seriously affected this sector. Again, the reservation of certain textiles to handloom sector inhibited the production capacity of powerlooms. In Maharashtra, the minimum wages Act for powerloom workers created a great fear in the industry. Apart from this the powerloom industry ~~in our country this the pe~~ suffers from many handicaps.

#### 1.4 SYNOPSIS AND STATEMENT OF RESEARCH SUBJECT :

##### (A) SYNOPSIS OF THE SUBJECT :

Powerloom Weaving is the Prime Industry of Ichalkaranji. It provides gainful employment and a source of livelihood for its owners, workers and many others. Hence its orderly growth assumes great importance. But at present the industry is facing innumerable, varied and complex problems viz.,

- 1) Problems of Procurement Of Yarn.
- 2) Problems of Old Looms.
- 3) Problems of Accommodation of Looms.
- 4) Financial Problems.
- 5) Problems Relating to Electricity.
- 6) Increasing Prices of Mill Stores.
- 7) Exploitation By Master-Weavers.
- 8) Problems Relating to Marketing the Grey Cloth.
- 9) Labor Problems.
- 10) Problems in the Implementation of Minimum Wages Act.
- 11) Adverse Effects Of New Textile Policy of 1985, etc., all requiring urgent solutions. In the eve of these problems the industry is itself in a State of great confusion and uncertainty.

The present study earnestly attempts to analyse the exact nature and extent of the various problems of the industry in Ichalkaranji with a special reference to financial problems and suggests remedies for the same. The study also willfully attempts into the prospects and potentialities for the future growth and prosperity of the industry. Thus, the dissertation is titled as "Problems and Prospects of Powerloom Industry in Ichalkaranji City With a Special Reference to

Financial Problems".

B) STATEMENT OF RESEARCH SUBJECT :

i) Title of the Dissertation :

"Problems and Prospects of powerloom industry in Ichalkaranji City with a Special Reference to Financial Problems."

ii) Problems :

"The Questions Proposed for Discussion and Solution".

iii) Prospects :

"The things expected to occur in future and the opportunities for the industry's prosperity".

iv) Power :

"Power is a force or energy generated by machines or electricity and is used for operating the various machines, not by hand labours".

v) Loom :

"Loom is a weaving machine used for the manufacture of Cloth" (Looms are of various types viz. handlooms, powerlooms, automatic looms, and shuttleless looms).

vi) Powerloom :

"Powerloom is a weaving machine used for manufacturing the cloth which is driven from mechanical or electrical power by means of flat belts". (It is developed on the basis of handlooms).

vii) Industry :

"Sum total of manufacturing activities".

viii) Powerloom Industry :

"Powerloom Industry means the industry that undertakes the activities of manufacturing the cloth with the help of powerlooms".

ix) Ichalkaranji City :

" A Powerloom City located in the Kolhapur District in Western Maharashtra and includes villages in the vicinity of the city (i.e. Chandur, Kabnoor, Korochi, A.Lat, Yadrav, Ganganagar, Shahapur, Shiradwad Takawade, etc) .".

x) Special Reference :

"Due emphasis or detailed study".

xi) Finance :

"Finance is the means with the help of which the required requisit<sup>s</sup> of business are acquired, organised and harnished for the production of goods and services. It is the science and art of money. It deals with principles, procedures and methods of planning, raising, administering and w<sup>i</sup> utilising of money for productive purposes. It has many concepts viz. Own Capital, Loan Capital, Long Term Finance, Medium Term Finance and Short Term Finance".

xii) Financial Problems :

"The difficulties encountered with finance".

## 1.5 OBJECTIVES, SCOPE AND LIMITATIONS OF THE STUDY.

### A) OBJECTIVES OF THE STUDY :

The sole objective of the study is to understand and appreciate the various problems of the industry with a special reference to financial problems and to find out the ways, means and measures to remedy the present problems and to make valuable suggestions to ensure the future prosperity of the industry in the national interest. The prime objective of the study is also to explore the future growth potentialities and prospects of prosperity and development of the industry.

Other Objectives of the study are as follows :

- 1) To study the historical and industrial perspective of this industry.
- 2) To study the phenomenal growth of the industry and the reasons thereof.
- 3) To discuss the other textile industrial developments that developed along with this industry.
- 4) To analyse the various financial aspects of the industry, viz., types of finance used, their sources, reliability of these sources, their adequacy or otherwise and the difficulties in obtaining the required finance.
- 5) To review and appraise the proper utilisation of available financial resources.
- 6) To assess the functioning of master weavers, their monopolistic practices, exploitation of small powerloom owners etc.

- 7) To study -
- i) the difficulties in the implementation of Minimum Wages Act for powerloom workers and
  - ii) the adverse effects and consequences of New Textile Policy of 1985.
- 8) To study the history, growth and importance of textile industry in general and powerloom industry in particular.
- 9) To arouse the interest of various people for further study on the subject.

The present study will be helpful in improving upon the present practices and in the proper solution of problems. Besides, it gives some new directions to look into the matter in different ways<sup>s</sup> and make an outlook towards the future prosperity of the industry. Moreover, to its ~~fit~~ fortune, the industry comes ~~into~~ into contact a large number of different people. All these persons contribute their mite for the betterment of the industry. If the present study is ~~su~~ successful in creating the interest of all and sundry, the objectives are more than achieved.

#### B) SCOPE OF THE STUDY :

The scope of the study is constrained to the following aspects :

- 1) Existing structure of the textile industry of Ichalkaranji (i.e. powerloom weaving industry, trading companies, banks and other financial institutions, industrial estate, soot bazaar, sales depots of yarn, cloth market, spinning, sizing, processing and other units related to this industry.

- 2) Existing policies and practices of financing the various needs of powerloom industry.
- 3) Existing policies and practices of master weavers with regard to Kharchi-Walla, Powerloom Owners.
- 4) Existing policies and practices in the field of marketing the woven grey cloth by powerloom owners.
- 5) Prevailing conditions in the powerloom industry and that the existing policies and practices adopted by powerloom owners.
- 6) Existing policies and practices to solve the problems of present.

C) LIMITATIONS OF THE STUDY :

Indeed, this subject has a vast scope but this dissertation limits itself to the study of problems and prospects of powerloom industry in Ichalkaranji City with a special reference to financial problems.

There are many difficulties in making a detailed study of this decentralised industry. Of them, the major one is the <sup>availability of</sup> Statistics. Whether it is with regard to the number of powerlooms, the number of loom owners, the number of workers, the quantum of production, the number of hours worked, the quantum of yarn used, the quantum of finance used or the purposes for which it is used. Most of the available statistical information is based upon estimates of different people and associations made at different times for different purposes. The statistical information may differ and as such it is often difficult to know which is the more accurate for one's purpose.

However, this may not affect the broad and general conclusions, hence it should not be considered as <sup>a</sup> serious limitation to <sup>the</sup> study.



## 1.6 METHODOLOGY :

While conducting the research, most of the information have been collected through the review of related literature, observation field investigation, questionnaire, alongwith interviews and discussion method.

The study is divided into the following phases.

PHASE : I :

1) The required information and data have been collected by using set of questionnaires adopting sample method techniques and personal discussions are held with the powerloom owners, master-weavers, spinning mills managers, bank managers and with experts and other persons having long standing experience in the industry.

Questionnaires with restricted questions as well as open and free response type questions have been prepared for the purpose of research work. From the total population of the unit. 50 powerlooms owners, 16 banks, 10 trading companies, 3 spinning mills units and Maharashtra State Financial Corporation, Kolhapur Region, have been taken to study by proportionate sampling method Responds are drawn from each type of weavers, owners of trading companies (i.e. master weavers) and banks considering their respective role in the subject.

2) General information and statistical data have been gathered by the review of related literature published and other relevent sources viz. library books, magazines, news papers, annual reports, etc.

---

⊕ M.S.F.C : Maharashtra State Financial Corporation, Kolhapur Region, Kolhapur.

## PHASE : II :

While reaching the source of information observation method has been used to know the nature and functions of the various units and that the field visits are made for field study as below :

## 1) Observation :

Dealings of the master-weavers with small powerloom owners, of adatiwallas with satwallas for marketing the grey cloth, yarn traders with satwallas for supplying the yarn, powerloom owners with their workers have been carefully observed.

## 2) Field Visits :

1) Powerloom industries, powerloom weavers association, association of trading companies (i.e. master-weavers), Kamgar Union, Industrial Estates, Spinning, Sizing and Processing Units, Cloth Market, etc., have been visited.

2) In order to observe the dealings of buying and selling activities of powerloom owners yarn traders and cloth-merchants, local soot bazaar has been visited. Moreover to observe the dealings of master-weavers, mill stores owners, electricity house bankers etc., the respective places have been also visited.

## PHASE : III : (Reporting) :

1) The data so collected have been analysed by preparing various tables on the various aspects of the powerloom industry in-respect of its various problems. After locating the proportions through various tables, they have been analysed and attempts have been made to establish the relationship between the two variables.

Whenever possible statistical tests have been made to ascertain whether the relationship between the variables is significant.

2) Drafting of the final report has been carried on after detailed ~~mmmb~~ discussion with the guide teacher - Dr.C.S.Shresthi.