CHAPTER -I

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CHAPTER - I

INTRODUCTION

1.1 TEXTILE INDUSTRY IN INDIA :

Cotton textile is the largest single industry of the country and Indian Cotton Textile Industry is the third largest in the world in terms of installed capacity of production of yarn and cloth.

The Indian textile industry is nearly 175 years old. Starting of the textile industry in India begins with establishing the first cotton mill in Calcutta in 1818. But the real begining of the industry was made by establishing the first mill in Bombay in 1854, which was known as 'Bombay Spinning & Weaving Company'. As a result, a large number of textile mills were launched in Ahemdabad, Kanpur, Coimbtore, Madurai, Solapur and Nagpur etc. The Swadeshi Movement organised by the staunch nationalist during the 1920 enabled the industry to make rapid progress. During the Second World War period (Sept.1939 to May 1944), the industry reached the hights of prosperity. The main cause of the prosperity, however had been the totally cut off the supplies of Japanies cloth as a result of which a large number of orders for cloth were received by the Indian Cotton Textile Industry from allied countries to cloth their army.

In 1947, the whole of India was divided into cotton growing tracks to Pakistan. As a consequence Indian Cotton Textile Industry confronted with severe problem of shortages

of raw cotton. Later on both domestic supply of cotton and imports were stepped up. As a result, the production of cloth increased substantially. After independence, Government recognised the cotton textile industry as such all facilities were made available for it's developments. The industrial policy resolutions of 1948 and 1956 left the textile industry for private enterprise. Morever during the planning period of high priority was given for the development of the industry.

In India, there are 285 composit mills and 777 spinning mills. India is on third rank of cloth production. India is second only to Japan in terms of total quantity of exports and supplies. The industry provided direct employment to 706 lakh workers accounting for 16% of all factory labour. Food, clothing and shelter are basic needs of living. Textile industry provide the second need and industry fulfils the need of food and shelter by creating employment apportunities. Out of world-textile-export, India exports 12% to 15%. Textile industry in India occupies a predomenant role in the economy[1].

Broadly the cotton textile industry in India is divided into two major sectors viz. organised or mill sector and unorganised sector which is also known as decentralised sector. The organised sector includes spinning mills (producing yarn only) and composite mills (producing both yarn & cloth). The unorganised sector consist of handlooms, powerlooms, processing industries, Hosiery and Khadi industries.

1.2 ROLE OF CO-OPERATIVE SPINNING MILLS IN INDIA :

Spinning of yarn means the conversion of raw cotton into yarn. Spinning of cotton is a part of cotton textile industry which is today a highly sophisticated and competitive.

Spinning mills produce yarn from cotton. Yarn is of two types i.e. weft and warp. Weft means parallel and warp means horizontal. yarn is designated with a count which is a measure of it's coarseness or fineness. The higher the count finer the yarn and vice-versa.

The establishment of spinning mill in co-operative sector in India is relatively of recent origion. In 1951, a co-operative spinning mill was established at Guntakal which is sponsered by Madras State Handloom Weavers Federal Co-operative Society. Another co-operative spinning was registered in the state of Madras in 1978, which had special objective of providing employment mainly to Indian repatriorates from Shrilanka and Burma. 21 co-operative spinning mills have been organised in the country by the end of Second five-year plan. During the third five year plan period, the programme for established of co-operative spinning mills classed as processing co-operative was launched with the help of the National Development Corporation of India. As a result, 24 co-operative spinning mills of growers were registered in the country by 1973. Besides the co-operative spinning mills of weavers and cotton growers, a third categary came intc existance during 1961-62 in

which both the growers and the weavers were enrolled as members. Such mills were classified as mixed mills are as follows. :

1. Co-operative Spinning mills organised by the cotton growers.
2. Co-operative spinning mill organised by the weavers
3. Mixed mills i.e. Organised by both the cotton growers and weavers.

'At present, there are 118 co-operative spinning mills in production in the country having a total spindleage of 29.89 lakhs. Out of the 118 installed mills, 55 mills are of growers and 63 of weavers.' [2]

The state-wise position of the mill is given in the following table :

TABLE NO.1.1

TABLE SHOWING CO-OPERATIVE SPINNING SECTOR IN THE COUNTRY

(Spindles in lakhs)

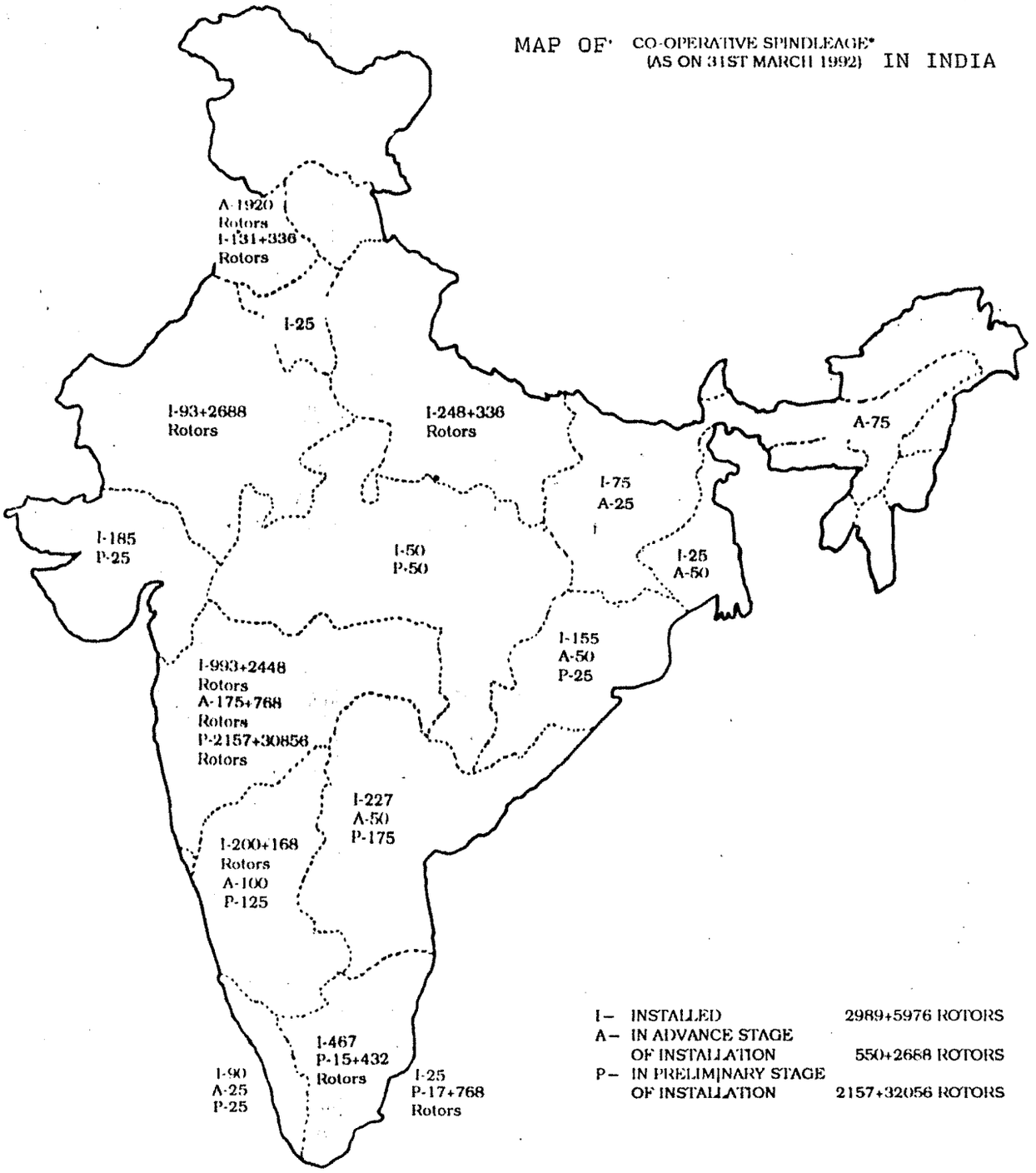
Sr. No.	State	Mills Installed			Under Installation			In Prelim Stage		
		No.	Spin-dles	Rot-ors	No.	Spin-dles	Rot-ors	No.	Spin-dles	Rot-ors
01.	Andhra Pradesh	9	2.27	-	2	0.50	-	7	1.75	-
02..	Assam	-	-	-	3	0.75	-	-	-	-
03.	Bihar	3	0.75	-	1	0.25	-	-	-	-
04.	Gujrat	5	1.85	-	-	-	-	1	0.25	-
05.	Haryana	1	0.25	-	-	-	-	-	-	-
06.	Karnataka	8	2.00	168	4	1.00	-	5	1-25	-
07.	Kerala	4	0.90	-	1	0.25	-	1	0.25	-
08.	Madhya Pradesh	2	0.50	-	-	-	-	2	0.50	-
09.	Maharashtra	40	9.93	2428	8	1.75	768	114	17.00	30856
10.	Orissa	6	1.55	-	2	0.50	-	1	0.25	-
11.	Pondicherry	1	0.25	-	-	-	-	1	0.17	768
12.	Punjab	6	1.31	336	1	-	1920	-	-	-
13.	Rajastan	4	0.93	2688	-	-	-	-	-	-
14.	Tamil Nadu	17	4.67	-	-	-	-	1	0.15	432
15.	Uttar Pradesh	11	2.48	336	-	-	-	-	-	-
16.	West Bengal	1	0.20	-	2	0.50	-	-	-	-
	Total	118	29.89	5976	24	5.50	2688	133	21.57	32056

(Source : 'aifcospin' Year-Book 1992.)

SUMMARY :

	No.	Spindles	Rotars
Mills installed	118	29.89	5976
New Mills	157	27.07	34744

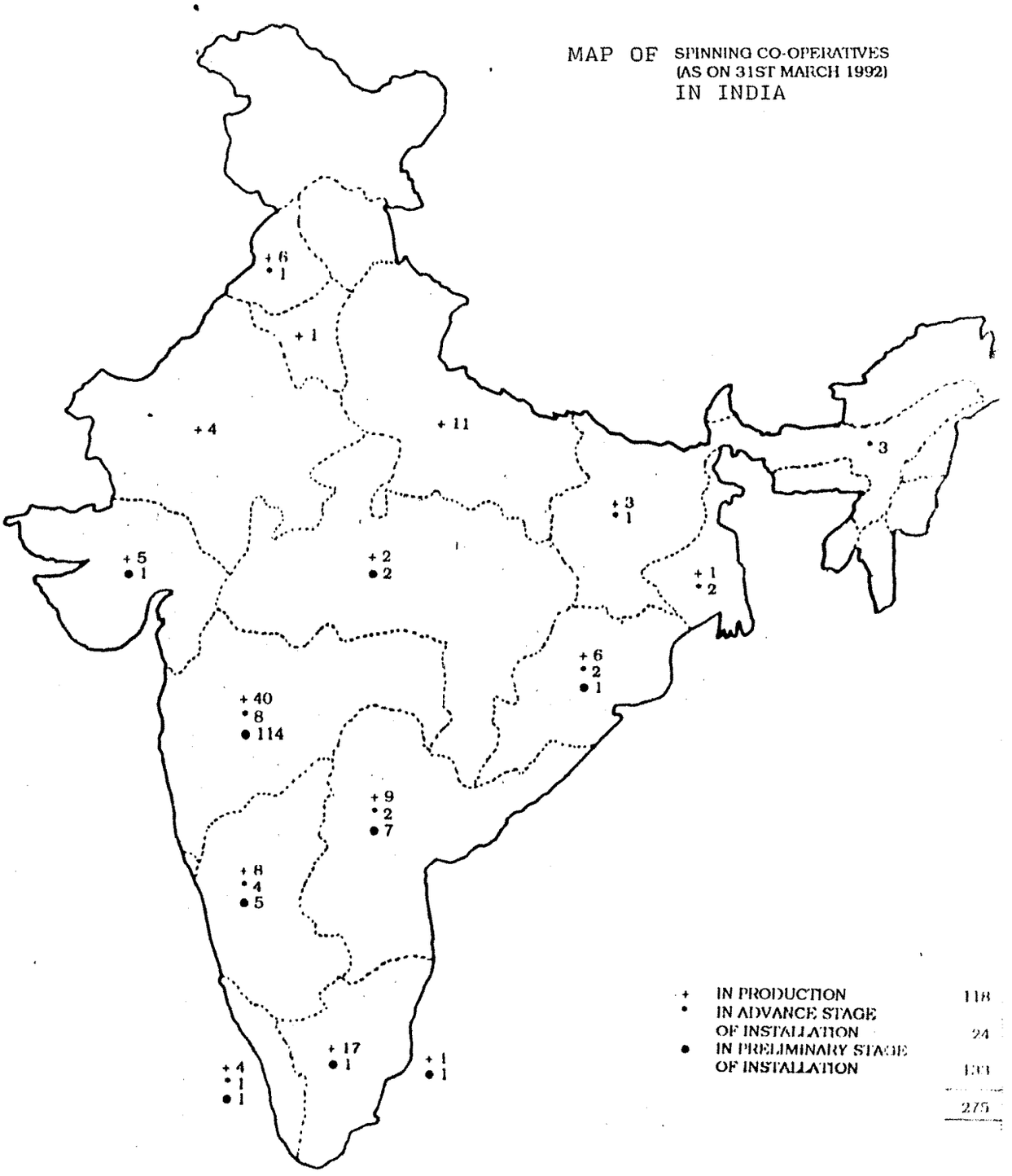
MAP OF CO-OPERATIVE SPINDLEAGE* (AS ON 31ST MARCH 1992) IN INDIA



I– INSTALLED 2989+5976 ROTORS
A– IN ADVANCE STAGE OF INSTALLATION 550+2688 ROTORS
P– IN PRELIMINARY STAGE OF INSTALLATION 2157+32056 ROTORS

*Spindles are in thousands and Rotors are actual

MAP OF SPINNING CO-OPERATIVES
(AS ON 31ST MARCH 1992)
IN INDIA



+	IN PRODUCTION	118
•	IN ADVANCE STAGE OF INSTALLATION	24
•	IN PRELIMINARY STAGE OF INSTALLATION	133
		275

1.3 TEXTILE INDUSTRY IN MAHARASHTRA :

Maharashtra possesses a large number of powerlooms and handlooms. "There are about 627 lakh powerlooms in Maharashtra which requires cotton yarn"[3]. Powerlooms have concetrated in sizable numbers around Bombay, Bhiwandi, Thana, Malegaon, Ichalkaranji, Solapur, Dhuley and Sangli. in the state of Maharashtra. Nearly half of powerlooms in India 'are located in Maharashtra. Handlooms and powerlooms get their supplies of raw materials i.e. cotton yarn from cotton mills and spinning mills. With a view of protect the interests of handloom and powerlooms, the Government of Maharashtra have adopted a number of measures relating to financial assistance, differential rates of excise duties, reservation of certain cloth varieties etc. for handloom and powerloom weavers in decentralised sector. A notable feature in the histroy of co-operative spinning mills is the year of 1960 in which first co-operative spinning mill was established in Maharashtra i.e. The Deccan Co-operative Spinning Mills Ltd., at Ichalkaranji in Kolhapur District.

In 1959 a typical attempt to run a mill on co-operative basis was made at Bhor. In 1943, Shri. Laxmi Textile Mill was established at Bhor as a private Company by state Government of Raja of Bhor. In 1953, Laxmi mill closed down. In 1959, the workers of closed unit formed a co-operative society i.e. Shri. Shivaji Textile Worker's Co-operative Spinning Mills Ltd. with the assistance of State

State Government. The concept of co-operative spinning mills ltd. was thus rooted in Maharashtra in 1959-60 in the form of two significant attempt of Bhor and Ichalkaranji. Both the attempt denoted the desire to step into a new field of individual activity. With a view to secure economic benefits for their members. Then the proposals for the establishment of co-operative spinning mills were received from weavers of Nagpur and Solapur on the lines of Deccan and the units were installed and went into production in 1968 (Nagpur) and 1967 (Solapur). In Third Five Year Plan period, Government of India decided to give preference to co-operative sector. In persuance of this policy 14 proposals were prepared with the help of National Co-operative Development Corporation. In 1964 Yeotmal District cotton Grovers co-operative spinning mill ltd. was established. Out of these 14 Co-operative spinning mills licenced in grower sector Kolhapur, Amaravati, Srirampur, Latur, Bhusawal, Nanded units were installed in 1969 while other units installed latter. Industrial Finance Corporation, Maharashtra Co-operative Bank Ltd. came forward to assist to needy units for installation while All India Federation of co-operative spinning Mills Ltd., Bombay provides technical aid for the installation of co-operative spinning mills.

'The present condition of the textile industry in Maharashtra is framed with the following information - Number of spinning mills 44 installed, 78 composite mills, total spindlage of the state 49,77,000 and rotors 5012."[4]

'At present, the textile industry in Maharashtra belongs to co-operative sector as 40 co-operative spinning mills, 613 powerloom co-operatives, 685 handloom co-operative, 3 co-operative processing houses.'[5]

Maharashtra state plays important role in respect of co-operative spinning mills in our country. At present, there are 118 co-operative spinning mills in India of which 40 co-operative spinning mills are installed in Maharashtra. And 9.93 lakh spindles and 2448 rotors are in co-operative sector of Maharashtra.

1.4 TEXTILE INDUSTRY IN KOLHAPUR DISTRICT :

Actually the textile industry of Ichalkaranji plays the important role in Kolhapur District as well as the textile industry is developed particalarly in Hatkanangale Taluka. Because the small scale textile centres in the taluka get the inflows and outflows of facilities from Ichalkaranji. These centres like Peth Vadgaon, Hupari, Rendal, 'Rangoli, Chandur etc. are dependent upon the market of Ichalkaranji.

In other part of the district, Ajara, Gadhinglaj, Shiradwad, kurundwad etc., there are some small units of powerlooms. There are two spinning mills in Kagal and Gadhinglaj.

In Kolhapur properly, the Shahu Chhatrapati Mill is a leading unit in Maharashtra in textile industry. The mill foundation was laid down in 1906 by the king of Kolhapur

State, Late Shri. Shahu Chhatrapati Maharaja. The mill started its actual production after 4 years of it's foundation. Now it is the commercial undertaking of the State Government and its management is transfered to Maharashtra State Textile Corporation Ltd. Now it is seak unit.

Approximately, one lakh powerlooms are in Kolhapur District.' Total 19 spinning mills are already registered but only 6 are in production and 4 are under installation. Total installed spindles are 2,89,304 in the district. The present need of spindlage is 14 lakh in the proportion of the yarn daily utilisation. The textile industry in Kolhapur district wants now the need of nearby 37 spinning mills for supply of yarn for daily utilisation in powerloom industry. Three private spinning mills are in Kolhapur District. All textile industry in Kolhapur District is mostly related to Ichalkaranji.

1.5 TEXTILE INDUSTRY IN ICHALKARANJI :

Ichalkaranji is popularly known as the Manchester of Maharashtra because of the decentralised textile industry. surrounding. The entrepreneurs at Ichalkaranji have active and positive interest in developing this industry. First and foremost entrepreneur is Late Shrimant Narayanrao Babasaheb Ghorpade of former 'Jahagir' of Ichalkaranji. Textile industry consists of the spinning of yarn, weaving on handloom and powerloom units, sizing, warping and

processing units. In Ichalkaranji there are 5 co-operative spinning mills, 80,000 powerlooms, 2000 autolooms, 175 sizing and warping units, 90 processing units, at present condition.

Location of Ichalkaranji :

'The biggest industrial centre producing cotton cloth, Ichalkaranji, is situated on latitude 16°-40' north and on longitude 74°-32' east'[6]. The town lies on the left bank of the river Panchganga about 1.6 km. to the north of the river. It is about 30 kms. to the South-east of Kolhapur city (District centre) and 27 kms. to the south-west of Sangli city. Three roads branching from Kolhapur-Sangli Road enter the town from the South, Ichalkaranji is approached by road running from Nipani and Chikodi, towns of Karnataka State. Hatkanangle is the nearest railway station to Ichalkaranji which becomes important aid of transportation of industrial goods. It is just 9.6 kms. away from this town.

'The town being situated in the rain shadow region and it is comparatively dry and has moderate rain fall. The range of temperature between the maximum and minimum is compatatively small. The maximum temperature in hot season is 40°c. and minimum temperature in cold season rarely falls down 10°c'[7]

History of Developments in Textile Industry at Ichalkaranji

At the begining of the current century, the first

powerloom unit was established as early as 1904 in Ichalkaranji The powerloom industry as such came to be firmly and securedly established in the 1930s. The location of powerloom industry at a town like Ichalkaranji appears to be rather mysterious. Because the town Ichalkaranji did not have had any advantages of the usual locational factors such as the availability of raw materials, transport facilities, power supply and even skilled labour, to some extents banking facilities, trading services etc. It was the initiative resource-fulness and entrepreneural skill of the local people assisted by the 'Marwari' (trading community) with their financial resources, business links and rich marketing experience and supported by the encouragement by the enlightened the ruler of the Ichalkaranji Jahagir, Shrimant Narayanrao Babasaheb Ghorpade. In the absence of the usual economic locational advantages, if any particular industry becomes localise the flourishes in a due course of time then the development of that particular industry could be attributed to a sheer historical accident or an early start in that particular place.

Changes in production structure :

The tradition bond and conservative minded operating and handlooms inspired by the desire to earn higher incomes purchased second hand powerlooms from organised mill sector during the great depression which began from the year 1929. These powerlooms were reconditioned by the

handloom weavers to suit the requirements of coloured sarees. The coloured sarees manufactured at Ichalkaranji became famous in due course of time and the demand for these sarees especially from the middle-income-group-people went on increasing. The powerloom industry, though on a very small scale becames specialised in the manufacture of coloured sarees with a distinct market for them by offering ever change in body pattern, border designs and coloured sheds. The light coloured sarees then known as fancy sarees were in high demand, and here exactly the shift in the production structure from the manufacture of 'lugdies'(a coarse of and dark coloured 9½ yard length sarees usually used by the lower strata of the society and especially of the farming community) to the production of sarees occured. In other words, the industry adjusted the production pattern according to the change in the demand pattern. Even the handloom industry in Ichalkaranji changed its traditional line of production. i.e. from the manufacturing of the old fashioned 'lugdies' by the changes that were gweeping the powerloom industry.

To protect, the interest of the handloom industry, the Central Government issued a notification reserving certain type of coloured sarees for the handloom industry in 1950. In 1952 the central Government imposed restrictions limiting the monthly production of Dhoties by mills to 60% of their average monthly packings in the variety not meant for export purpose during the 12 months ending March,1952.

These measures hit hard the powerloom industry at Ichalkaranji. The powerloom industry of Ichalkaranji was once, specialised in coloured sarees where varieties of the sarees was the most secret of sarees. The reservation in favour of the handloom industry had struck at the very roots of its success by severly restricting the varieties of sarees which the powerloom industry as such found to be in the firm grip of a major crises and the owners of the powerlooms expressed the doubts as to its survival in future. The resources had been exhuasted by the prolonged slump in the industry and the future seemed to be black and gloomy because of the difficulties encountered by the powerloom owners in switching over to the other lines of production. The difficulties experienced by the powerloom industry during the post reservation policy in favour of handloom industry could be lightened to birth-pangs which the industry could overcome during the later period.

The Central Government imposed excise duty on powerloom industry on 18th May,1955 which may be regarded as a turning point in the whole history of development of powerloom industry at Ichalkaranji. With the imposition of excise duty, its plight which was bad enough became worse. Besides the heavy and direct burden of the exicse duty, there was the problem of finding financial resourses to pay the excise duty in advance every month. The powerloom owners who had to sell their output (sarees) on a credit basis could not have the adequate financial resources for

meeting the advance claims of excise duty and for contribution of the production. It was during this period that some neighbouring spinning mills seized the apportunity of making profitable bargaining by farming out weaving work to the powerloom establishment at Ichalkaranji. A number of middlemen and merchants entered the business of purchasing yarn, preparing warp beams, supplying them to powerloom owners, undertaking the responsibilities of marketing the finished product and paying the powerloom owners a fixed rate per yard of woven cloth. Thus a new class of master weavers came into existance. The origin of the popularly currently known as 'Kharchiwalas' could be traced to the entry of middlemen having large financial resources in their possession. The system of middlemen ('Dalals' now known as 'Pedhiwalas') between the organisation of the industry. There was no trouble or risk involved in the purchase of raw material i.e. yarn and the marketing of goods nor was there any working capital required for running the industry. This simplification of the whole process of carrying on the industry attracted a large number of people into the industry. The result had been rapid and substantial growth of the industry. The number of powerlooms which was estimated to be about 1800 in 1957 has increased to a little over 6000 in 1962.

Incidently, for the purpose of helping the small powerloom owners, in securing a better beams, a sales-purchases co-operative organisation (society) had been established in 1961 but it did not record much progress

because of the indecisive attitude of the Government authorities towards such organisation.

TABLE NO.1.2

TABLE SHOWING QUANTITATIVE GROWTH OF POWERLOOMS AT ICHALKARANJI

Year	No.of Powerlooms	Index
1950-51	2,000	100
1955-56	5,000	250
1960-61	8,000	400
1965-66	12,000	600
1970-71	15,000	750
1975-76	20,000	1000
1980-81	33,000	1650
1985-86	56,000	2800
1990-91	90,000	4500

(Source : The table is complied on the basis of data obtained from the office of the Ichalkaranji Powerloom Weaver's Co-operative Association Ltd. Ichalkaranji.)

The industry seems to have recorded an impressive quantitative growth during 1960s and 1980s the number of powerlooms a little less than doubled from 8,000 powerlooms (1960-61) to 15,000 powerlooms (1970-71). During the 1970s the number of powerlooms exactly doubled from 15,000 (1970-71)

to 30,000 (1979-80). During the 1980s the number of powerlooms a little more than tripled from 33,000 (1980-81) to 90,000 (1990-91).

Broadly speaking, powerloom industry is basically a small or cottage scale industry situated in the rural areas of the country. At Ichalkaranji, it consists of units having 4 or fewer number of looms. The most of the powerloom owners are the converts of the handloom owners and as such they run their looms as a way of their life rather than a commercial proposition. Because of the quantitative growth of powerloom industry, in the opinion of some thousands of new and small entrepreneurs have come up specially in the cotton textile industry in the rural sector of our economy.

1.6 CO-OPERATIVE SPINNING MILLS IN ICHALKARANJI :

The small powerloom owners although exploited by the master weavers were prepared to carry on their production activities under the master weavers, because it was the only alternative to close down their production activities. Some of the powerloom owners had started to think of dispensing with their dependence on the middlemen for the purchase of yarn requirements and for the marketing of the goods. It was under this heavy pressure of then existing circumstances that the ideas establishing a spinning mill on co-operative lines received and impetus and the result was the establishment of the present The Deccan

Co-operative Spinning Mill Ltd., whose shareholders are the local powerloom owners.

The second co-operative spinning mill established by weavers and growers was Kolhapur Zilla Shetkari Vinkari Sahakari Soot Girni Ltd. which is selected for study by the researcher. This mill registered on 17th August 1964 and comencing production on 6th July, 1968.

The Ichalkaranji Co-operative Spinning Mill Ltd was registered on 18th June 1974 and comencing production from 9th Sept.1977 and the present spindlage is 56432.

The Nav Maharashtra Sahakari Soot Girni Ltd was registered on 4th Oct. 1979 and comencing production from 19th June 1986 and the present spindlage is 25,200.

Hatkanangale Taluka Sahakari Soot Girni Ltd., Ichalkaranji was registered on 12th Sept. 1979 and comencing production from 6th Dec. 1990 and the present spindlage is 672

TABLE NO.1.3

THE TABLE SHOWING THE SPINDLES OF SPINNING MILLS ESTIMATED AT ICHALKARANJI

Sr. No.	Name of the Spinning mill	Registration & Year	Comencing date & Year	Spindles at present
1.	The Deccan Co-operative Spinning Mills Ltd	3.12.1960	18.12.1962	82,940
2.	Kolhapur Zilla Shetkari Vinkari Sahakari Soot Girni Ltd	17.8.1964	6.7.1968	75,240
3.	The Ichalkaranji Co-operative Spinning Mills Ltd.	18.6.1974	9.9.1977	56,432
4.	The Nav Maharashtra Sahakari Soot Girni Ltd	4.10.1979	19.6.1986	25,200
5.	Hatkanangale Taluka Sahakari Soot Girni Ltd., Ichalkaranji	12.9.1979	6.12.1990	672
			TOTAL :	2,40,484

(Source : Annual Reports of the respective Mills)

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