

CHAPTER –II

MULTI-SCENARIO OF COTTON TEXTILE INDUSTRY

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2.1 Introduction

In the present chapter attempts are made to present multi scenario of Indian cotton textile industry in which national, state and local level scenario has been presented. The chapter basically classified into three parts in which part first is deals with macro prospective of textile industry, part second deals with the state wise progress of the textile industry and part third deals with profile of the study area and Mill.

2.2 Textile Industry in India

Indian textile sector enjoys a rich heritage. The origin of textile in India traces back to the Indus valley civilization where people used homespun cotton for weaving their clothes. Rug-Veda, the earliest of the Veda contains the literary information about textiles and it refers to weaving. Ramayana and Mahabharata, the eminent Indian epics depict the existence of wide variety of fabrics in ancient India. These epics refer both to rich and stylized garment worn by the common people.

Textile industry is the largest single industry in India with history of 175 years. The first cotton mill was established in Bombay in the year 1854. Later on a large number of the textile mills were started in India, particularly in places like Ahmadabad, Madhurai Coimbatore, Kanpur etc. beside Bombay. The swadeshi movement launched in 1929 and it had made favourable effect on the textile industry. The industry made rapid progress with increased demands an account of the world war. The year 1947 saw the

country divide into two parts the second part being Pakistan having large a share in cotton production. This resulted in shortage of cotton in India. This necessitated cotton import on one hand and the domestic cotton production was also required to be stepped up on the other. The initial policy resolution of industrial 1948 and later on that of 1956 specifically placed the textile industry in private sector.

At present, Indian textile industry is one of the leading textile industry in the world. India's manually operated textile machines were among the best in the world, and served as a model for production of the first textile machines in newly industrialized Britain and Germany. Though it was predominantly unorganized industry even a few years back but the scenario started changing after the economic liberalization of Indian economy in 1991. The opening up of economy gave the much needed thrust to the Indian textile industry which has now successfully become one of the largest in the world. Indian textile industry largely depends upon the textile manufacturing and export. It also plays a major role in the economy of country. India earns about 27% of its total foreign exchange through textile exports. Further the textile industry of India also contributes nearly 14% of the total industrial production of the country. It also contributes around 3% to the GDP of the country. Indian textile industry is also the largest in the country in terms of employment generation. It not only generates jobs in its own industry but also opens up scopes for the other ancillary sector. Indian textile industry currently generates direct employment to more than 35 million people. It is also estimated that the industry will generate 12 million new jobs by the year 2014. The textile industry in India traditionally after agriculture the only industry that has generated huge employment for both skilled and unskilled

labour . The textile industry continues to be the second largest employment generating sector in India.

The number one exporter of china's textiles has a share of more than 10 percent, followed by Korea with 8.1 percent, India is however at 3.5 percent. In cloth exports china holds a share of 18.5 percent followed by Italy 6.7 percent and 3 percent India's share may look small but in monetary terms it is large. It has a unique position as a self reliant industry from the production of raw material to the delivery of finished products, with substantial value addition at each stage of processing. It is a major contributor to the country's economy. The industry is composed of handlooms, power looms and modern the same cannot be said of the power looms and handloom segment. The mill sector has managed to grab reasonable share of the world export market. The main markets for India textile and apparel are U.S.A., U.K., Germany, France, Italy, Russia, Canada, Bangladesh and Japan.

Therefore the export market share will have to look for completing and surviving purely on its strength and competitive edge, a comprehensive strategy involving the Government and industry partnership is the need of the hour to convert the threats into opportunities and sustain and enlarge our domestic and international market shares. Textiles have also comprised a significant portion of the Portuguese trade with India. These included embroidered bedspreads wall hangings and quilts of wild silk on a cotton or jute ground. The textile group of companies in India plays an important role to develop the India economy. The MFA quota Removal and Indian textile exports overview of the global textile markets, has result in changing shares in world trade by regional India textile industry. The present scenario of

textile industry and process of globalization reforms era, has emerged out as the vision for the future.

Table No.2.1 State Wise Numbers of Power Looms in India

Sr.No.	Name of State/Union Territories	No. Of Power looms
1	Andhra Pradesh	45,112
2	Assam	2,726
3	Bihar	2,894
4	Delhi	1,102
5	Goa	122
6	Gujarat	3,23,339
7	Haryana	9,933
8	Himachal Pradesh	1,461
9	Jammu & Kashmir	65
10	Karnataka	81,890
11	Kerala	2,800
12	Madhya Pradesh	1,04,823
13	Maharashtra	11,06,474
14	Orissa	3,321

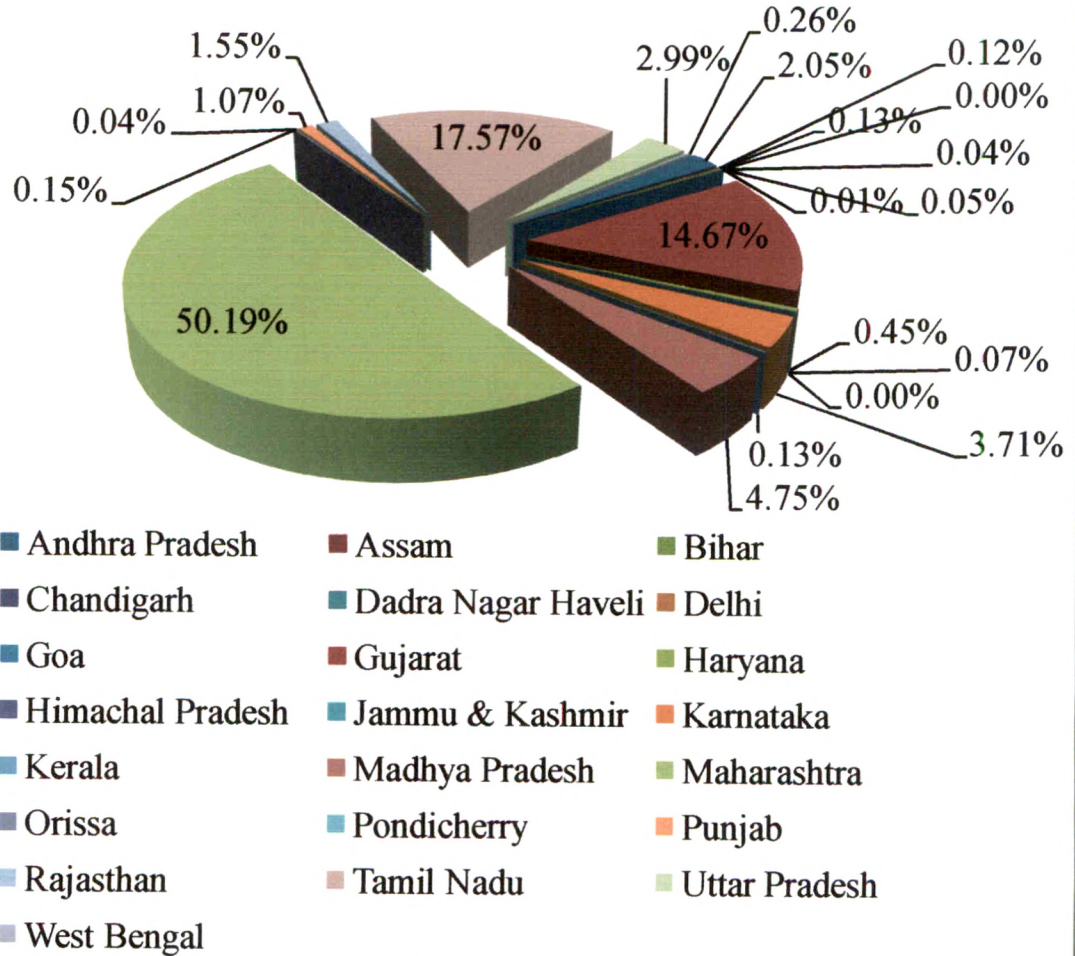
15	Punjab	23,620
16	Rajasthan	34,159
17	Tamil Nadu	3,87,379
18	Uttar Pradesh	65,993
19	West Bengal	5,687
	<u>UNION TERRITORIES</u>	
20	Chandigarh	42
21	Dadra, Nagar Haveli	962
22	Pondicherry	830

Source: Planning Commission, 11th Five Year Plan

It is observe from table 2.1 that the highest number of power loom industries are located in Maharashtra, followed by Tamil Nadu and Gujarat. The availability of cotton is the main cause behind industry localization. More than 50 percent of the total power loom industries are located in Maharashtra which is depicted in figure 2.1. Another cause for industrial concentration in Maharashtra is that the climate conditions which is suitable for cotton production and the Government policy towards textile industry which is industrially favorable. Availability of basic infrastructure like road, water, transport, marketing electricity etc and manpower are also the major factors which affects on the industrial concentration¹.

¹ Ministry of Agriculture and Allied activities ,2012

Figure 2.1 statewise number of Power looms (in %)



2.2.1 Structure of Textile Industry

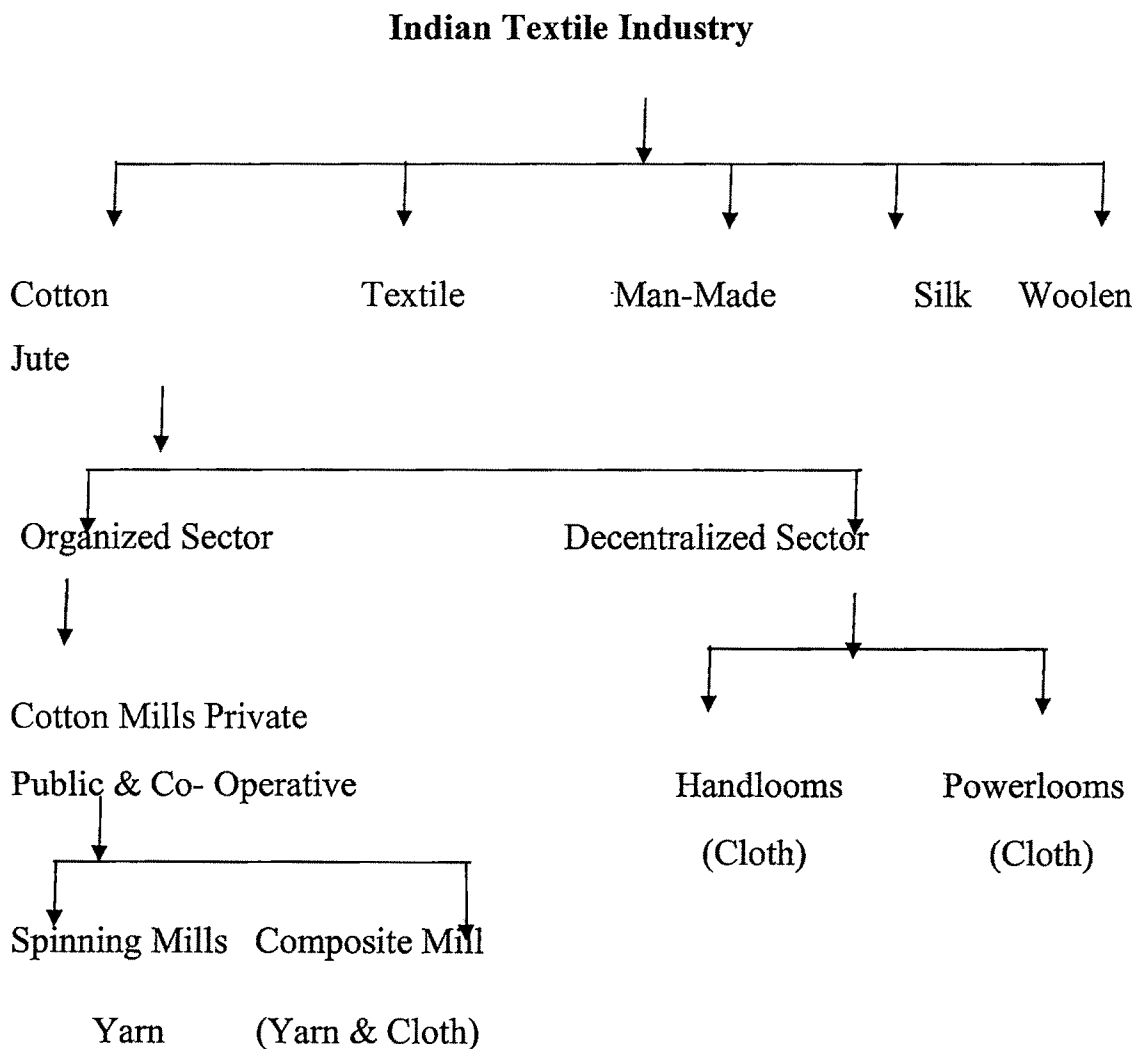
The Indian textile industry can be broadly classified into two categories i.e. the organized mill sector and the unorganized mill sector. Considering the significance and contribution of the textile sector in national economy initiative and efforts are being made to take urgent and adequate steps to attract investment and encourage wide spread development and growth in this sector.

The Textile Industry consists of two categories in the organized sector.
These are:-

- a) Spinning Mills:- producing yarn only and
- b) Composite Mills:- engaged in the both spinning and weaving activities.

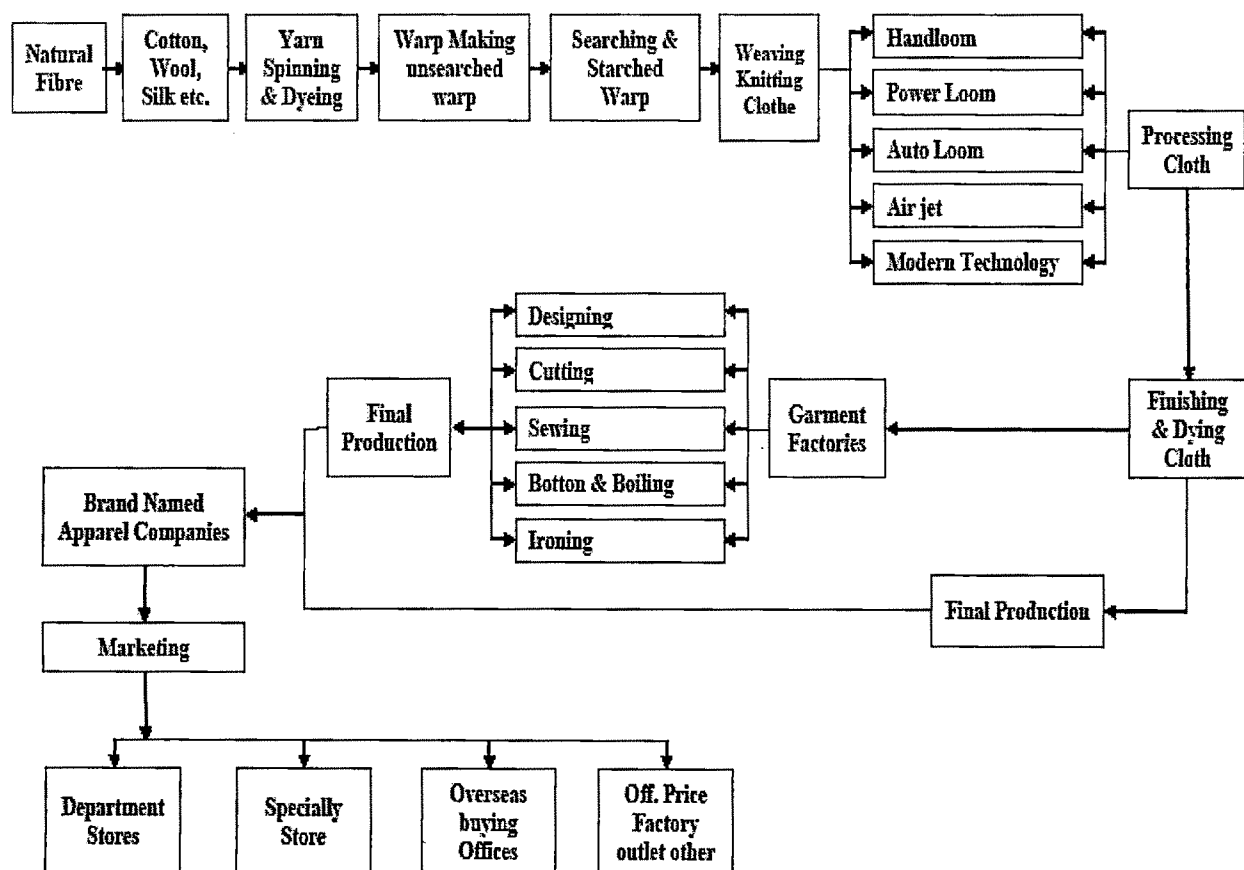
These mills can be again classified as

- I) Coarse and medium composite mills II) Fine and superfine composite mills.



Spinning mills are generally small in size coarse and medium composite mills are not able to lower the cost of raw materials and adjust their cost in the face of rising prices of new materials and increase in wages consequently, many of them becomes uneconomic units and run into difficulties fine and superfine composite mills use foreign cotton and they are not subject to stock restriction and can therefore, carry on stable production programs.

The Textile Manufacturing Process



2.2.2. Growth of Textile Industry

The Industrial Revolution in Europe and the application of power in handicrafts and cottage industries brought a complete transformation in the economic and social affairs. The cheap machine made goods in England almost completely destroyed the spinning and the handloom industry of India. In the middle of the 19th century railways were introduced in India and along with it came the industrial revolution. The First Cotton Mill in India was started in 1818, but this attempt was not successful. The First Successful attempt was made by the parsee entrepreneur Davar and so the first mill in India was set up in Bombay by C.N.Davar in 1854 with an Englishman as his partner. Since then the Textile Industry grew slowly but steadily.

During pre independence period it faced heavy odds such as lack of capital resources complete lack of technical knowledge an unsympathetic attitude of Government and harsh foreign competition but in spite of these handicaps the industry grew.

The following table no.2.2 indicates the gradual growth of the cotton textile industry from 1854 to 1947.

Table No. 2.2 Growth of the cotton textile industry (Pre Independence)

Year	Mills	Growth Rate Per Year	Spindles	Net Growth Per Year	Looms	Growth Rate Per Year
1854	1	-	30,000	-	NIL	-
1855	2	1	47,000	17000	NIL	-
1856	3	1	64,000	17000	NIL	-
1858	4	0.5	1,08,000	22000	300	-
1880	58	2.45	14,71,000	61954.54	13000	577.27
1889	108	5.55	26,67,000	132888.88	22000	1000.00
1901	190	6.83	49,33,000	188833.33	41000	1583.33
1913	259	5.75	65,97,000	138666.66	94000	4416.66
1923	292	0.33	77,32,000	133500.00	143000	4900.00
1933	344	0.52	9,58,000	677400.00	189000	4600.00
1943	398	0.54	10,20,000	924200	198000	900.00
1947	423	6.25	10353973	38493.25	202662	1165.50

Source :- Kasturi shreenivasan, India's Textile Industry Coimbatore :

The South India Textile Research Association, 1984, PAGE No.233.

In early stages, the industry was concentrated in Bombay, but soon it spread to Ahamedabad and then other centers such as Kanpur, Calcutta and Coimbatore. However till independence, it is evident from table 2.2 that the mills went up from 58 to 424, showing it is the increase of more than 7 folds. There is significant increase in the number of mills during the period of world war. The number of spindles increase from 14.71 lakhs to 103.54 lakhs during 1858 to 1947 and number of looms increased from 13000 to

202662 during 1880 to 1947 with the partition of India in 1947. The major portion of rich cotton growing area in Sind and West Punjab went in Pakistan. As against 409 out of the 423 Textile Mills remained with India.

Post Independence :-

India five year plans proved a boom to cotton textile industry. During planning period, this industry not only made remarkable development but also established milestone in international market. The Government in 1993 by its “Textile Development and Regulation order’s has made the industry license free (2001). In April 1951 i.e. on the inception of India’s economic planning in India, there were 378 cotton mills and 11 millions ‘Installed Spindle’ (1.84 million spinning and 3.16 composite)

2.2.3. Indian Textile Policy 2000

The Government of India is keen to modernise the textile sector which is critical for facing competition from other textile producing countries like China, Taiwan, South Korea, Japan etc. The Government of India announced its Textile Policy in November 2, 2000 to make India a global player in textiles and readymade garments by raising the industry’s exports from \$11 billion to \$50 billion by 2010. Out of this the share of readymade garments would be \$25 billion. The Government has decided to dereserve the garment industry from the SSI category, so as to make the industry internationally more competitive. Two more modifications were introduced. Firstly, FDI limit of 24 percent was removed and foreign companies could make 100 percent investments through Foreign Investment Promotion Board (FIPB) route. Secondly, 50 percent export obligation on firms in which foreign equity was allowed, was removed.

The Government did not agree to the recommendations of the satyam committee to abolish the Handloom Reservation Act and removal of hank yarn obligation due to social causes including the need to protect hadloom weavers. The Government would implement in a time-bound manner the Technology Up Gradation Fund Scheme covering all manufacturing sectors of the textile industry. The main aim of the policy was to achieve an increase in cotton productivity by at least 50 percent by upgrading quality to global standards.

2.2.4. GATT and textile industry

The General Agreement on Tariff and Trade (GATT) was established in 1948 in Geneva.

Objectives:

These objectives and goals not only limit its contents but also decide on the directives to follow during its development. The aims and general agreement have played a vital role as the only reference for limiting the reach jurisdiction of such and organization. The objective of free trade is order to encourage growth and development of all member countries. Therefore, this is an objective of trade liberalization for reducing or removing tariffs and non-tariff barriers.

The Principle Purpose:

GATT was to ensure competition in commodity trade through the removal of reduction of trade barriers. GATT held seven rounds of talks at different places to remove obstacles in world trade. The first seven rounds of negotiations. Conducted under GATT were aimed at stimulating

international trade through reduction in tariff restrictions on imports imposed by member countries.

The general agreement is therefore progressive trade liberalization (Cobb 1994) implementation of full use of global resources must necessarily pass through the liberalization of trade. This liberalization is hampered by national or regional considerations indeed.

The 8th round of multi lateral trade negotiations popularly known as Uruguay round (since it was launched at Punta del Este in Uruguay) was started in September 1986 at a special session of GATT contracting parties held at ministerial level.

Thus the Uruguay round (UR) contained the mandate. To have negotiations in 15 areas in Part I negotiations on trade in goods were to be conducted in 14 areas and in Part II negotiations on trade in services were to be carried out.

Part I : (Trade in Goods) declaration in UR contained the following:

- 1) Tariffs
- 2) Non-tariffs measures
- 3) Tropical products
- 4) Natural resource-based products
- 5) Textiles and clothing
- 6) Agriculture
- 7) GATT Articles

- 8) Safeguards
- 9) MTN (Multilateral Trade Negotiations) agreements and arrangements
- 10) Subsidies and countervailing measures
- 11) Dispute settlement
- 12) Trade related aspects of intellectual property rights (TRIPs)
- 13) Trade related investment measures (TRIMs)
- 14) Functioning of the GATT systems (FOGs)

GATT And Textiles -Clothing

GATT agreement has made certain proposals to liberalize the trade of textiles and clothing. These proposals are very important for developing countries since textile exports constitute the single most important item of their export ironically developed countries who claim to be the greatest champions of free trade have imposed most comprehensive quota restrictions under the multi-fiber agreement (MFA) The act proposes to phase out MFA quotas over a ten year period (1993 to 2003) and to fully liberalise the textile sector at the end of the ten year period

The act has divided the 10 year period into three phases of three four and three years. In the first phase 16 percent to the textile exports to the developed countries will be liberalized to be followed by 17 percent in the second phase and another 18 percent on the third phase. Thus at the end of the 10 year period only 5 percent of textile market will be liberalized Thus a substantial portion (49 percent) shall have to wait for the second wave of liberalization after 2003 as what is intriguing is that textiles are defined in

such a way that textile sector includes items that are not currently under quota restrictions in developed countries. Thus instead of creating real liberalization and with drawing non-tariff restrictions the myth of liberalization has been created. The ministry of commerce has made this point clear.

It is a fact that the textile agreement is not evenly balanced in the sense in the initial years there is minimal liberalization and significant steps for liberalization are left only to the last three years. This is one of the points of dissatisfaction for India and we are strongly urging the importing countries to bring forward the liberalization process.

In the case of textile the restriction were authorized under the provisions of the multi fiber agreement (MFA) negotiated under GATT auspices MFA permitted countries to derogate from their basic obligation and to impose restrictions of imports of textile and textile products provided the conditions it laid down were met.

2.2.5. World Trade Organization and Textile Industry

The world trade organization (WTO) contained in the final act was established on the 1st Jan 1995 and India become a founder member of WTO by ratifying the WTO agreement on 30th Dec 1994. This world trade organization is administering the new global trade rules establishing the rule of law in international trade WTO works towards mutually supportive and trade and environment policies and promotion of sustainable development

WTO: Textile And Clothing

The WTO has adopted discriminatory quantitative restrictions in the textile and clothing sector by sector over 30 years under short term agreement long term agreement from 1974 until the end of the Uruguay round the trade was governed by the Multifibre arrangement (MFA) This was a framework for bilateral agreements or unilateral actions that established quotas limiting imports into countries whose domestic industries were facing serious damage from rapidly increasing imports

The WTO agreement on textile and clothing states that the multi fibre agreement (MFA) will eventually be eliminated MFA at present groups to major importer countries the unoted states Australia, Canada the European community finland and Norway who apply restrictions by way of quota since 1995 the WTO's agreement on textile and clothing (ATC) has taken over from the multifibre arrangement by 1 January 2005 the quotas will come to an end and importing countries will no longer be able to discriminate between exports.

2.2.6. Multi Fiber Agreement 1974-94

Up to the end to the Uruguay round textiles quotas were negotiated billaternally and governed by the multifibre arrangement (MFA). This contained rules for the imposition of selectives quantitative restraints when surgs in imports caused or the ratened the market disruption .The quartas incorporated annual growth rates the standard rates being 6 percent although the acual rates varied considerably. The multifibre arrangement was a major, departure from the basic GATT rules and particularly the principal of non-discrimination. It has npw been replaced by the WTO's

agreement on textile and clothing and the 10 years liberalization programme, All quotas as well as their growth rates, existing under the multifibre arrangement on 31 December 1994 were carried over into the WTO agreement, but their levels automatically increase during the 10 years transition period.

2.2.7. The WTO Agreement on Textiles and Clothing 1995-2005

The WTO textiles agreement says that the sector will be integrated into GATT 1994 in four steps (Marking the beginning and end of three periods) on 1 January 1995 member were required to integrate no less than 16 percent of the total volume of 1990 imports; on 1 Jan 1988 a further 17 percent will be integrated followed by 18 percent on 1 January 2002, and the remainder (maximum 49 percent)when the agreement of textile and clothing itself is to disappear on 1 January 2005.

Each member chooses what products to integrate provided they cover at least one product of each of the four groupings tops and yarns. Fabrics made ups and clothing, As products are integrated into GATT, any quotas imposed on them will be removed, Through the staged integration process, the textile and clothing products covered by the provisions of the Agreement on textile and clothing will progressively shrink, and the number of quotas will finish until the agreement on textile and clothing's own elimination on 1 January 2005.

Phasing out quotas, growth rates for remaining quotas. The 10 year schedule for integrating the sector into GATT rules.

Step	% of Products to be integrated at start of stage (based on 1990 trade)	Expansion of growth rate for remaining quotas	Example of quota growth (to be applied annually) based on 60% rate under former MFA
Step 1 1Jan 1995 to 31 Dec 1997	16%	Existing growth rate x 16%	7%
Step 2 1 Jan 1998 to 31 Dec 2000	17%	Resulting Growth rate of step 1 x 25%	8.7%
Step 3 1 Jan 2002 to 31 Dec 2005	49%	Remaining Quots	are eliminated

The task of overseeing the details of the agreement's implementation is given to the textiles monitoring body (TNB), consisting of a chairman and 10 member WTO members agreed in January 1995 on a formula for appointing the 10 members four seats for the four major importers Canada, Japan, the EC and the US five seats for the major exporting countries, including members of the association of southeast Asian Nations (ASEAN) Pakistan, India, Hongkong, Korea, Macaw, Egypt, Tunisia and latin American and Coribbean And one for Norway Turkey Hungary Poland, Romania Slovak Republic Switzerland once appointed TMB members are expected to serve in their personal capacities hot as representative of their countries.

2.2.8. Indian Textile Industry: Post MFA Agreement Vision: 2010

The Indian textile industry plays a significant role in Indian economy. It constitutes 20 percent of industrial production 9 percent of excise collections, 30 percent of export revenue, and 18 percent of employment in industrial sector on a relative basis, the industry is globally more competitive than other industries in the country. Apart from this, the industry has a high potential to grow, as it is labour intensive where Indian has natural advantage.

The global trading environment in the textile and clothing sector is likely to become more competitive with the expiry of the agreement on textile and clothing from 1 January 2005 Indian exporters in this sector have also been facing stiff competition from various low cost supplying countries including Bangladesh, Nepal, Pakistan and Shrilanka The government has been taking suitable steps from time to time which have enabled the Indian exporters in this sector, manpower development and providing suitable infrastructure at important textile centers. Certain fiscal measure and incentive schemes have also been implemented for the benefit of the domestic textile and clothing industry. The mood in the Indian textile industry in anticipation of the phase out of the quota regime of the multi-fiber arrangement (MFA) is upbeat with new investment flowing in and increased orders for the industry as a result of which capacities are fully booked up to april 2005.

As a result of various initiatives taken by the government there has been new investment of Rs. 50,000 crore in the textile industry in the last five years. Nine textile majors invested Rs. 2,600 crore and plan to invest

another Rs.6,400 crore further India's cotton production increased by 57 percent over the last five years and 3 million additional spindles and 30,000 shuttles looms were installed. The industry expects investment of Rs.1,40,000 crore in this sector in the post- MFA phase A vision 2010 for textile formulated by the government after intensive interaction with the industry and export promotion councils to capitalize on the upbeat mood aims to increase INDIA's share in world's textile trade from the current 4 percent to 8 percent by 2010 and to achieve export value of us \$ 50 billion by 2010.

Vision 2010 for textile envisages growth in Indian textile economy from the current us \$ 37 billion to \$ 85 billion by 2010 creation of 12 million new jobs in the textile sector and modernization and consolidation for creating a globally competitive textile industry.

There will be opportunities as well as challenges for the Indian textile industry in the post-MFA era. But Indian has natural advantages which can be capitalized on Viz. strong raw material base-Cotton, Man made fibers, Jute, silk large production capacity (spinning 21 percent of world capacity and weaving 33 percent of world capacity but of low technology) vast pool of skilled manpower entrepreneurs flexibility in production process and long experience with US/EU (European Union) At the same time there are constraints relating to fragmented industry constraints of processing quality of cotton concerns over power cost labour reforms and other infrastructural constraints and bottlenecks several initiative have already been taken by government to overcome some of these concerns including nationalization of fiscal duties technology up gradation through the technology up gradation fund scheme (TUFS); setting up of apparel parks and liberalization of

restrictive regulatory practice. The Indian textile industry is on the verge of explosion. With the multi fibre agreement coming to an end on December 31 2004 the textile sector will get significant opportunities to capitalize on the expansion of overseas markets.

- According to the DHL-Mckinsey Appeared and textile trade report, India can emerge the second biggest winner after china once the export quotas are dismantled
- India share in global textile trade- estimated at \$ 248 billion-is expected to increase to 6.5 percent by 2008, from the current 4 percent.

With institutional and infrastructural reforms textiles exports will grow 15-18 percent annually to touch \$ 25-30 billion by 2013, the report said At present exports from India stand at Rs 55,000 crore (\$11.8 billion)and by 2006 they will double to Rs 110,000 crore (\$ 23.7 billion).

Of the Rs 55,000 crore worth of textile exports from India, garments accounts for Rs 25,000 crore (\$5.3 billion), fabrics and made-ups for Rs 21,000 crore (\$ 4.5 billion) and the rest come from handicrafts and other items

The following strengths will make India one of the major players in the global textile market.

- High availability of raw materials
- Wide variety of cotton
- Highly trained technical and managerial manpower available at competitive rates

- Competitive strength in spinning and yarn production .
- The beginnings of the trend are already visible
- Specialized textile parks ,apparel parks , EOUS and EPZS have been set up .
- Foreign labels like Walmart, Levis, Gap, JC penny, marks &spencer are fast expanding their budgets to buy an increasing number of garments and fabrics from India .
- Walmart alone bought \$ 200 million in 2003 a figure which is expected to increase to \$ 3 billion by the end of 2004 .
- European giant GAP is also outsourcing apparel from India .
- Singapore- based crocodile International has announced its plans to invest in the country .

2.2.9. New Economic Reforms and Indian Textile Industry

Indian textile and clothing industry contributes about 4% of GDP and 14% of Industrial output and it is the second largest employer after agriculture, it is estimated that industry provides direct employment to 35 million people including substantial segments of weaker sections of society with a very low important intensity of about 1.5% only, it is the largest net foreign exchange earner in India, earning almost 35% of foreign exchange.

i) India's Position in World Textile Economy

The Indian textile sector is also well placed globally as indicated by the statistical figures mentioned in table 2.3. In terms of installed capacity of spinning machinery it ranks second after china while in weaving its ranks first in plain handlooms and fourth in the shuttle looms.

Table No.2.3 India's Position in World Textile Economy

	Unit	World	India	India as % of World	India Rank in the world	Countr y with first Rank
		Installed Capacity				
Spinning – 2006						
Spindles (Cotton System)	Mn.No.	202.45	39.29	19.41	2	China
Spindles (Wool)	Mn.No.	14.98	1.04	6.94	3	China
Spindles (Coon & Wool)	Mn.No.	217.43	40.33	18.55	2	China
Roters	Mn.No.	8.67	0.60	6.92	5	Russia
Weaving – 2006						
Shuttle Looms	Mn.No.	4.44	2.01	45.27	4	China
Shuttle less Looms	Mn.No.	1.0	0.05	5.00	11	China
Handlooms	Mn.No.	4.6	3.90	84.78	1	India

Source : Ministry of Textile Website

ii) Performance of the Textile Industry

The Indian textile industry is in a stronger position than it was in the last six decades. The industry which was growing at 3-4 percent during the last six decades has now accelerated to annual growth rate of 9-10 percent but various factors have effecting annual growth rate of Textile Industry, Global recession is one of them. The impact of the global and domestic economic slowdown directly affect the performance of the industry. While cost of raw materials and inputs remain in competitive in comparison with competing countries, the output and profitability of the industry have taken a nose dive in recent months. Index of industrial production (IIP) data has been released by the Central Statistical Organization (CSO) shows a dismal picture of textile production as can be seen for the table 2.3

The fact, the decline in IIP for textile started from June of 2008 year onwards, after a reasonable growth of 6.1% in may 2008, the growth in the index declined to 4.5 in June, -1.8 in Jul-4.5 in August -4.9 in September - 7.1 in October 2008 by now the cumulative position has become positive trend.

2.2.10. The Cotton and Manmade Fiber Mills in India –

The first Indian modernized successful mill habias has established in 1854 at Bombay by KGN Daber. Truly speaking this mill only laid the foundation stone of modern cotton industry in India. Since 1854 the number of cotton mill has been rapidly increasing. India's five year plans proved aboom to cotton Industry. During the planning period this industry not only made remarkable development but also established mile stone in international markets

Table No. 2.4 : Percentage Growth in Textiles

Products	2005-06	2006-07	2007-08	2008-09	2009-10
1. Cotton Textiles	8.5	14.8	4.3	-1.9	5.5
2. Wool, Silk & MMF Textiles	0.0	7.8	4.8	0.0	8.2
3. Textile Products (Including Garment)	16.3	11.5	3.7	5.8	8.5
4. Vegetable Fiber Textiles (Except Cotton)	0.5	-15.8	33.1	-10.0	-24.4
Total Textile Section (1 + 2 + 3 + 4)	6.7	7.0	7.5	0.2	3.7

Source: Annual Report of Indian Textile Industry.

Table 2.4 shows the cotton and man made fiber mill in India from the period 2002 to 2010. There is an increasing trend of spinning mill at the end of Nov. 2010, there were 1,947 mills in the country (1763 spinning mills and 184 composite mills). There were 552 closed mills by the end of Nov. 2010.

Table 2.5 shows the number of mills in India and number of closed mills. In the year 2002 the total number of mills was 1860 which went to 1947 in the year 2010. This means that there were just 87 mills absolutely added in total during the eight year. In the year 2002 the total number of closed mills was 421 which increased to 532 at the end of November 2010. This means that there were absolutely 111 mills closed during the eight year.

**Table No. 2.5 :Cotton and Man Made fiber mills and closure position
(Non SS1)**

Year	No. of Mills			No. of Mills Closed		
	Spinning	Composite	Total	Spinning	Composite	Total
31/03/02	1579 (84.89)	281 (15.11)	1860 (100.00)	295 (70.07)	126 (29.93)	421 (100)
31/03/03	1599 (85.28)	276 (14.72)	1875 (100.00)	349 (72.28)	134 (27.74)	483 (100)
31/03/04	1564 (85.28)	223 (12.48)	1787 (100.00)	374 79.91	94 (20.09)	468 (100)
31/03/05	1564 (87.52)	223 (12.47)	1789 (100.00)	376 (79.16)	99 (20.84)	475 (100)
31/03/06	1566 (87.53)	210 (11.80)	1780 (100.00)	387 (80.12)	96 (19.88)	483 (100)
31/03/07	1570 (88.20)	200 (11.06)	1808 (100.00)	380 (81.37)	87 (18.63)	467 (100)
31/03/08	1608 (88.94)	176 (9.93)	177 (100.00)	318 (83.47)	63 (16.53)	481 (100)
31/03/09	1597 (90.07)	177 (9.67)	1830 (100.00)	340 (83.95)	65 (16.05)	405 (100)
31/03/10	1653 (90.33)	180 (9.71)	1853 (100.00)	365 (84.30)	68 (15.70)	333 (100)
31/11/10	1673 (90.29)	184 (9.45)	1947 (100.00)	471 (85.33)	81 (14.67)	552 (100)

Source Ministry of Textile report 2010-11

Note: Figure in brackets shows percentage

2.2.11. Export of Textile Industry:

The Indian Textiles Industry is an export intensive industry and about one third of its total production is exported in some form or the other, through export friendly government policies and positive effort by the exporting community.

The 50 percent exports of the entire textile is the readymade garments, most of which is cotton, readymade garments and accessories. This is followed by handicrafts, Silk Products, Woolen Textile, Jute and Coir.

The exports of textiles and clothing till 2004-05 have grown at a moderate pace. However there was registered sharp growth in 2005-06.

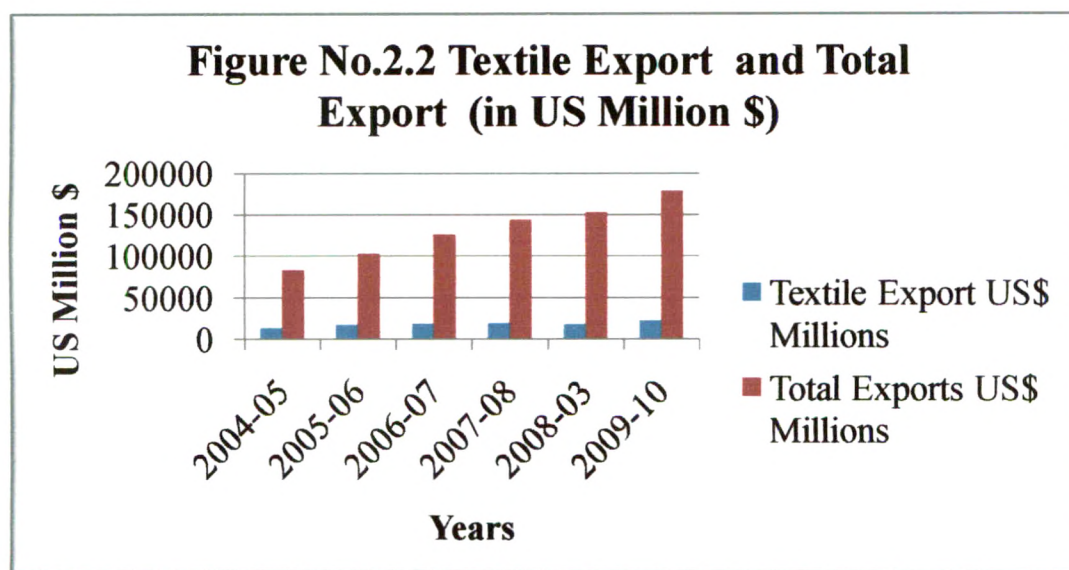
Till 31st December 2004, export were regulated by a Quota an agreement a foreign country would give a quota saying that they would by a particular amount of textile from India.

On 1st January, 2005 (Post Multi Fiber Agreement) provision of free trade was made. Now all doors are open, opportunities are numerous and the product should be sent to any country that is willing to trade. It is seen from table 2.6 that the volumes went up in the financial year 2005-06 and from the next financial year the volume of India rupee was devalued. Due to this amount of foreign exchange has been reduced in India. There was further loss of 15% to 20% due to recession that struck the world in the year 2008. After recession period textile export was increased from in US\$ 153018.22 million in 2008-09 to US\$ 178751.43 million 2009-10. The percentage of textile export in to the total export had started declining from 2006-07. It was highest of 16.99% in 2005-06, afterwards it started decline and goes to 12.54 % in the year 2009-10. The same picture has been presented in figure 2.2.

Table No.2.6 : Textile Exports Statistics

Financial Year	Textile Export US\$ Millions	Total Exports US\$ Millions	Percentage of Textile Exports
2004-05	14026.72	83535.95	16.79%
2005-06	17520.07	103090.53	16.99%
2006-07	19146.04	126262.68	15.16%
2007-08	19558.53	143567.86	13.62%
2008-03	18519.96	153018.22	12.10%
2009-10	22418.00	178751.43	12.54%

Source: Department of Commerce NIC & DGCI & S, Kolkata.



- **Supportive Government Policies of the Textile Economy in India**

The Government has taken several positive steps detailed below.

i) Integrated Textile Parks Scheme :

In order to a world class infrastructure for textile units as well as facilitate the needs for them to meet international social and environmental standards. This scheme envisages the creation of textile parks in the public and private partnership mode currently 30 parts are in various stages of implementation and 50 more are planned for the next five year.

ii) Technology Upgrading fund Scheme :

To facilitate technological upgrading in the sector, the Government launched Tufts with effects from 1st April, 1999 for the five year initially and which has now been extended up to 2011-12. The scheme provides for reimbursement of 5 percentage interest paid on term loans for technological upgrading of textile machinery.

iii) Technology Mission on Cotton :

In February 2000, the government launched the Technology mission on cotton with the objective of addressing the issue of rising productivity, improving quality and reduction of contamination in cotton.

iv) Fiscal Rationalization :

Budget of 2006 shows that the excise duty on all manmade fibres and yarns was reduced from 16 percentages to 8 percentages. 2007's budget carried it forward by reducing the custom duties on polyester fibres and yarns from 10 percent to 7.5 percent.

Problem Faced by the Textile Industry in India –

The cotton textile industry is reeling under manifold problems; the major problems are the following –

1. Highest incidence of sickness
2. The plant and machinery and technology by a number of units are absolute.
3. Government regulations like the obligation to produce controlled cloth are against the interest of the industry.
4. The cotton yield per hectare of land is very low in India.
5. Competition from the man made fabrics and synthetics.
6. India has been facing severe competition from other countries like Taiwan, South Korea, China and Japan.
7. The cotton textile industry is frequently plagued by labour problems.
8. The industry faces number of other problems like power cuts, infrastructural problems, lack of finance, exorbitant rise in raw material prices and production costs etc.

2.3. Textile Industry in Maharashtra

Maharashtra is popular as cotton as cotton growing area earlier industries have started as handloom, powerloom, weaving, readymade garments. Which required cotton yarn power looms are concentrated in sizeable number around Bombay, Bhivandi, Thane, Malegaon, Ichalkaranji, Solapur, Dhule, Sangli Maharashtra which is one of the key factors that have enabled the state to establish a competitive edge. Vidarbha region has a pre-dominant cotton production while western region is famous for spinning

mills. The major cluster for the industry are Kolhapur, Mumbai, Nagpur, Nashik, Pune, Sangli, Satara, Solapur and Thane. In the state of Maharashtra nearly half of power looms in India are located in Maharashtra Handlooms and power looms in India are located in Maharashtra Handlooms and power looms get their supplies of raw material ie. Cotton yarn from cotton mills with a view of protect the interests of handloom and power loom 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 power loom weavers in decentralized sector. A notable feature in the history of co- operation spinning mills in the year of 1960 in which first co- operative spinning mills was established in Maharashtra ie. The Deccan co- operative spinning mills ltd; at ichalkaranji in Kolhapur district.

In 1950, 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 ie. Shri Shivaji Textile worker's Co-Operative spinning mills ltd; with the assistance of state. The concepts of Co-Operative spinning mills ltd; was thus rooted in Maharashtra in 1959-60 in the form of two significant attempt denoted the desire to step in to field of individual activity with a view to secure economic benefits for there numbers. 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 in to production in 1968 (Nagpur) and 1967 (Solapur) In third five year plan period Government of India decided to give preference

to Co- Operative Development In Pursuance of the policy 14 proposals were prepared with the help of National Co-Operative Development corporation. In 1964 Yeotmal District cotton groves Co-Operative spinning mills ltd; was established out of these 14 Co-Operative spinning mills licenced in growers sector, Kolhapur Amravati Shrirampur Latur Bhusawal Nanded unites were installed in 1969 while other unites installed later. Industrial finance corporation Maharashtra Co-Operative Bank ltd; provided financial aid for the installation of Co-Operative spinning mills.

The present condition of the textile industry in Maharashtra, Maharashtra contributes to about 10.4% to India's textile and apparels output. The state has witnessed 122 major textile projects with an investment of USD 244 million largest number of the sector 100% export oriented units with a count of 560 are based in Maharashtra. There are about 7 lakh power looms present in the decentralized sector of Maharashtra.

2.4 Textile Industry in Kolhapur District

The Textile Industry of Ichalkaranji a town in Kolhapur District popularly known as "Manchester of Maharashtra". It is one of the most prominent centers of decentralized textile industry of the country. Today there are over 70,000 power looms around 35 power process houses and 70 hand process houses in and around this town, with the advent of about 35 new spinning mills. This region has become a major center for spinning mills. Many of these spinning mills are 100% export oriented units. Along with textile industry, this town is also recognized for its co-operative movement. This is one of the few regions of the country where the co-operative movement has

taken deep roots and has entered in almost every walk of the social life.

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

In Kolhapur district, properly the Shahu Chhatrapati Mill is functioning from a long time unit in Maharashtra in textile industry. The mill foundation was laid down in 1906 by the King of Kolhapur State. "Late Shri. Shahu Chhatrapati Maharaj, the mill started its actual production after 4 years of its foundation. Now it is a commercial undertaking of the State Government and its management is transferred of Maharashtra State Textile Corporation Limited. Now it is stock unit.

The development of decentralized textile industry as well as the co-operative movement in this town has a long and interesting history. Ichalkaranji has been a small erstwhile princely state situated on the bank of river Panchaganga and was ruled by the Ghorpade dynasty for last two centuries. The chief of the state, His Highness Shrimant Narayanrao Babasaheb Ghorpade was the main source of inspiration for to 70 development of both the decentralized textile industry as well as the co-operative movement. He encouraged Mr. Vittalrao Datar, a young entrepreneur of the town to install a power loom in 1904. Perhaps this was the first power loom started in the decentralized textile industry of the country. Thus, Ichalkaranji has given a new concept and dimension to the Textile field of India.

As the power loom industry was expanding at a rapid rate in 1980's number of spinning mills in co-operative sector were registered. However the Government of India put a ban on expansion of spindles in India in the 1980's and the progress of these registered spinning mills come to halt. Mr. K. B. Awade, the State Minister of Industries (M.S.) followed the idea of starting one of the registered co-operative spinning mills with world bank finance, as indigenous finance was not available due to government policies.

Thus, Ichalkaranji a small town in the rural area of this western region of Maharashtra. State has given this nation many pioneering concepts which have not only provided new dimension and direction to textile industry and co-operative movement of this country, but also have initiated development of Socio-economic as well as cultural start us of the society ingeneral. Due to such unparallel work put in by the sons of the 73 soil, the District of Kolhapur assumes a place amongst the district having assumes a place amongst the district having highest per capita income in the country.

Taluka wise List of Mills in Kolhapur District

	HATKANANGALE TALUKA	Taluka Total
1.	Arvind Cotsyn (India) Ltd.,	
2.	Datta Shetkari Vinkari Sahakari Soot Girni Ltd	
3.	Ganesh Cooperative Spinning Mill Ltd.	
4.	Gangotri Textiles Ltd.,	
5.	Hatkanagale Taluka Sahakari Soot Girni Ltd.,	
6.	Indo Count Industries Ltd.,	

7.	Mahatma Phule Magasvargiya Sahakari Soot Girni Ltd.,	16
8.	Man Made Spinners (India) Ltd.,	
9.	Nav Maharashtra Sahakari Soot Girni Ltd.	
10.	Pranavaditya Spg. Mills Ltd.,	
11.	Ridhi Sidhi Textiles Ltd., Shirol,	
12.	R.M.Mohite Textiles Ltd.,	
13.	Vyanktesh Shetkari Sahakari Soot Girni Ltd.,	
14.	M/s. Raghoji Spintex,	
15.	Janta Shetkari Vinkari Sahakari Soot Girni Maryadit,	
16.	ACL Corporation Ltd., (Deccan)	
KARVEER TALUKA		8
1.	Amit Spinning. Industries Ltd.,	
2.	Arvind Cotspin Ltd.,	
3.	Abhishek Cotspin Mills Ltd.,	
4.	Eurotex Industries & Exports Ltd.,	
5.	Indo Count Industries Ltd.,	
6.	M/s.Tessitura Monti India (P) Ltd.,	
7.	Ved Textiles Ltd., Mudshingi.	
8.	Rajivaji Sahakari Soot Girni Ltd.,	
SHIROL TALUKA		
1.	Choundeshari Sahakari Soot Girni Ltd.,	
2.	Ichalkaranji Co.op.Spg. Mills Ltd.,	
3.	Indira Gandhi Mahila Sahakari Soot Girni Ltd.,	
4.	Kolhapur Zilla Shetkari Vinkari Sahakari S. Soot Girni Ltd	
5.	Deshbhakta Ratnappanna Kumbhar Shirol Magasyargiya Sahakari Soot Girni Ltd.,	

6.	Shri Siddhivinayak Cotspin Pvt. Ltd.	6
	KAGAL TALUKA	
1.	Raymond Zambaiti Pvt. Ltd	1
	GADHINGLAJ TALUKA	
1.	Sahakar Maharshi Dattajirao Kadam Sahakari Soot Girni Ltd.,	1
	AJRA TALUKA	
1.	Ajra Taluka Shetkari Sah.Soot Girni Ltd.,	1
	BHUDARGAD TALUKA	
1.	Hutatma Swami Warake Co.op. Spg. Mills Ltd	1
	PANHALA TALUKA	
1.	Nagreeka Exports Ltd.,	1
	Total Spinning mills in the District	35
	Total Cooperative Spinning Mills in the District	13

2.5 Geographical Location of Peth Vadgaon.

The name of the Vadgaon town is associated with the names of great warriors in the Maratha History viz. Santaji Ghorpade and Danaji Jadhav. It is said that the land is R.S.No.403 was awarded to these warriors for their bravery. Vadgaon is a small 'c' class Municipal town Hatkanangale Tahsil of Kolhapur District proving a major commercial center for the rural area of north of Kolhapur District and South West portion of Sangali District.

The civil administration of the town is governed by Municipal Council which was established in 1887. Now it is a 'c' class

Municipal Council under the Maharashtra Municipalities Act, 1965.
Total area within its jurisdiction is 740 bectore.

Geographical Peth Vadgaon town is situated at the distance of 19 km Northwest of Kolhapur the District, Head Quarter. Warana river it at a distance of 5km towaresh North when as pune Bangalore road. National Highway No.4 it at about 1km toward west from Mangaraichiwadi, Small settlement included is the Municipal limit is recent extension of the Municipal limit.

Vadgaon town is well connected to the surrounding region by four important roads –

They are –

- 1) Kolhapur Vadgaon road via Top
- 2) Vathar Vadgaon road
- 3) Ashta Vadgaon road
- 4) Hatkanangale Vadgaon

Kolhapur Vadgaon road is in fact a part of National Highway No.4 upto village Top.

The area as per extended Municipal limit is 740 Hect. Except the developed area of proper town of old Municipal limit which is 140 Hect, rest of the area is an agricultural land.

Peth Vadgaon is industrial Activity in the town are limited to saw mills Handlooms and power looms and Ginning. These mills are located on east and north of the town where as saw mills are spread

on three sides of the town. Due to shortage of space large number of blocks of wood lye in the municipal land of old cattle market area and it creates nuisance for smooth traffic.

2.6 Conclusion:

Indian textile industry is playing very crucial role in the economic development. It is second ranked agro-based industry in India so far as it's contributions in employment generation, foreign exchange earnings and in GDP are concern. India is almost second ranked at international level in the Production of Cotton, Handloom, Spindle, Textile industry and Power looms. The textile industry is growing smoothly after independence. However the industry is facing several problems in modern competitive eve. Government stimulant package is not adequate that should be extended more for the inclusive development of textile industry. The problem of closing handlooms is becomes alarming issue. The proper protective policy is urgently required for this industry.

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