

## CHAPTER NO. 1

### PROFILE OF TEXTILE INDUSTRY IN INDIA: -

#### 1.1 Role of Textile Industry -

The textile industry plays a vital role in the economic development of India. Its contribution 1/5 of the national industrial production and has added significantly to employment. It contributes around 35% of the total exports of our country. However at present the industry is facing various problems such as increasing prices, decrease in the demand etc. The government accepted a new economic policy in the year 1991 laying stress on the liberalization and globalization. The policy has made some fundamental changes in the trade and commerce in order to promote the free trade policy. It aimed at competitive environment, product quality & participation in the globalization programme and using all resources for the good of the common people. The present policy has proved good results on the economic front of our nation and is going to promote industrial development in India.

Co-operative sector is the golden mean between capitalism and socialism (i.e. private and public sector) It gives equal importance to capital and labour. But now a day the cooperative sector is becoming a sick sector due to outdated technology and machinery, inefficiency, unhealthy competition decreasing productivity, corruption, nepotism and political interference in the administration etc.

## 1.2 New Economic Policy -

It is evident that the new economic policy and GATT have posed a challenge to the co-operative sector to prove its efficiency in work, performance, capacity to raise capital and ability to compete with other industries. If it does not accept this challenge, its very existence is likely to be in danger. In such circumstances the co-operative sector has to be vigilant. It should adopt scientific and effective methods of management and work consciously and honestly to become self-sufficient. It should prove that the co-operative sector is an inevitable factor in the balanced and healthy progress of nation.

## 1.3 GATT AND TEXTILE INDUSTRY: -

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

### OBJECTIVE :

The objective of free trade in order to encourage growth and development of all member countries.

### THE PRINCIPAL PURPOSE :

GATT was to ensure competition in commodity trade through the removal or 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 eight rounds of talks known as Uruguay started in 1986 and continued till recently in Uruguay. The issues covered in earlier rounds have been

- 1) Tariffs
- 2) Protection
- 3) Production in Arid lands.
- 4) Production in Natural resources.
- 5) Textile.
- 6) Agricultural production and price etc.
- 7) GATT laws.
- 8) Restrictions.
- 9) Multi Negotiations.
- 10) Subsidies etc.
- 11) Dispute settlement system.
- 12) Working system of GATT.

#### GATT AND TEXTILE & CLOTHING:

GATT agreement has made certain proposals to liberalise the trade of textile and clothing. These proposals are very important for developing countries since textile export. Ironically, developed countries that claim to be the greatest champions of free trade have imposed most comprehensive quota restrictions under the Multi-fibre Agreement (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 was divided the 10 year period into three phases of three years. In the first phase 16 percent of the textile exports to the developed countries will be liberalised to be followed by 17 percent in the second phase and another 18 percent in the third phase. Thus the end of the 10 year period. Thus, only 51 percent of textile market will be liberalised. Thus a substantial portion (49 percent) shall have to wait for the second wave of liberalisation after 2003 AD. What is intriguing is that textiles are defined in such a way that textile sector included items that are not currently under quota restrictions in developed countries. Thus instead of creating real liberalisation and withdrawing non-tariff restrictions in developed countries. Thus instead of creating real liberalisation and withdrawing non-tariff restrictions, the myth of liberalisation has been created. The ministry of commerce has made this point 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 liberalisation and significant steps for liberalisation are left only to 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 liberalisation process".

#### 1.4 WORLD TRADE ORGANISATION :

The World Trade Organisation (WTO) as contained in the final act was established on 1<sup>st</sup> January 1995 and India became a founder member of WTO by ratifying the WTO agreement on 30<sup>th</sup> December 1994. This World Trade Organisation will administer the new global trade rules establishing the rule of law in International trade.

WTO towards mutually supportive & trade and environment policies and promotion of sustainable development.

##### FUNCTIONS OF WTO:

##### i) Administrative Functions :

Under this function the WTO facilitates the implementation, administration, operation, and advances the cause of objectives of WTO agreement, Multilateral Trade Agreement and provides framework for the implementation administration and operation of Multilateral Trade Agreement. It provides a frame work for the results of negotiations as may be decided by the ministerial conference.

##### ii) Platform for Negotiation:

WTO works as a platform where its membership joining their helping hands can advance negotiations among themselves concerning their multilateral trade relations in matters dealt

under the WTO agreements and enlisted in its annexes.

Member can use this platform for negotiation not only for the issues under WTO agreements but for new issues concerning multilateral trade.

iii) Executions:

WTO administrations the understanding on rules and procedures governing the settlement of disputes.

iv) Administering Term :

WTO administers the Trade policy review mechanism.

v) Economic Coherence:

WTO works with a view to achieve greater economic coherence in global economic policy making co-operating as appropriate, with IMF and World Bank.

STRUCTURE OF WTO:

The WTO structure is dominated by its highest authority, the ministerial conference, composed of representatives of all WTO members, which is required to held every two years and which can take decisions on all matter under any of the multilateral trade agreements. The first ministerial conference held in Singapore. On 9-13 December 1996.

The general council is responsible for day to day work and administration of WTO, however day to day work is done in assistance of the number of specialised and competent subsidiary bodies. The general council is also composed of all WTO members, which is required to report to the ministerial conference. The General Council turns itself as needed into a body to adjudicate trade disputes (the dispute settlement body) as review trade policies of the member countries (the trade policy review body).

The General council observes activities of three other major bodies namely the Councils for Trade in Goods, Trade in Services and TRIPS. The council for Trade in Goods oversees all agreements covering trade in goods, though many such agreements have responsibility for their respective WTO agreements. There are three other bodies established by ministerial conference and report to General council the committees on Trade and Development, on balance of payments. Restrictions and on budget, finance and administration. The General Council, in January 1995, established committee on trade and environment pursuant to a marakesh decision. And in 1996 the General Council established a committee on Regional Trade Agreements.

Each of the four plurilateral agreements on civil aircraft, government procurement, dairy products and bovine meat, have their own management bodies which report to the General Council.

#### WTO TEXTILE & CLOTHING:

The WTO has adopted discriminatory quantitative restrictions in the textiles and clothing sector by over 30 years under short-term agreement, long term agreements in 1974 and multi-fibre agreement (MFA) up to 31<sup>st</sup> December, 1994. The MFA is a series of bilaterally negotiated quotas to limit the access of developing country Textile exports to the developed countries during the fifties. It was assigned to protect the US Textile producers for the booming Japanese textile exports. Later on it was extended to many other developing countries including India. These quantitative restrictions had covered a growing number of products over the years and had become increasingly restrictive.

1. The Agreement on Textiles and clothing has the provision for prohibitions of any such restrictions on free exports and elimination of MFA arrangement. The quantitative restrictions only affects exports of developing countries to the industrial countries and not the trade among the industrial countries themselves. The implementation of the agreement by the WTO on Textile and clothing would mean the

elimination of 'MFA' or the elimination of all non-tariff measures in textile and clothing industries over a period of 10 years (1994-2004). Thus, it is integration of textile and clothing sector on January 1, 2005 into free trade system under WTO.

2. Division of 10 years period will be in three stages.

Stages	Time Period	Percentage of Phasing out
Phase I	January 1, 1998	16% of total 1990 imports
Phase II	January 1, 1998	17% of total 1990 imports
Phase III	January 1, 2002	18% of total 1990 imports
Phase IV	January 1, 2005	Remainder of Textile imports.

[16% by first three years. 17% by 4 next years and another 18 percent by three years. In this way, 51 percent of the total imports will be integrated into the free trade system of WTO on January 1, 2002 while remaining 49% will be integrated by January 1, 2005.]

3. The countries can introduce discriminatory restrictions on the products under WTO provision which were not already made subject to GATT or WTO provision which were not already made subject to GATT or WTO rules or which they do not have under existing bilateral arrangement.

4. The interest of developing countries has been kept safe under certain safe guards mechanism which is applicable maximum for three years period. The developing countries allowed to follow non-tariff measures in certain circumstances if imports are threat to their domestic industries.

Textile and clothing is a very sensitive sector and significant for developing and least developing countries. As simple industry countries embarking on industrialisation usually begin with textile and clothing industries. They account 24% of export for sub Saharan Africa, 14% for Asia, and 8% for Latin America. For Bangladesh and Shrilanka they account for half of all export earnings. Through the quota system 18% of developing countries export was affected. The agreement on Textile and clothing aims to remove both (over 10 years period) the non tariff and tariff barriers. Though the reduction of tariff barriers is less satisfactory then the non tariff barriers. The advalorem tariffs for textiles and clothing is 12% just more than three times higher tariffs level than the 3.8% advalorem average tariffs for all industrial products. Similarly 22% tariffs cut in industrial countries for textile and clothing fall short of the average tariffs cut of 38%. For more than half of the textile and clothing goods tariff remains above 10%, for more than one quarter of goods tariff will be charged 13-35%, and only 4% of the textile

and clothing trade will be duty free, after the implementation of the reduction commitments.

The major benefit accruing from it is that the exceptional treatment of textiles and clothing products will come to a halt and industrial products will be treated equally. Tariffs, rather than quotas, will remain the principal trade policy instruments. Under MFA (Multi Fibre Agreement) quotas were more restrictive factor than the tariffs. A key effect of MFA had/has to restrain exports of textiles and clothing by developing countries to developed countries. Many studies have established the link between export of textile and clothing and interest of developing countries. In 1986, UNCTAD (United Nations Conference on Trade and Development) made an estimate that complete non-discriminatory liberalisation (involving tariff and quota) could increase developing country exports of clothing by 135% and textiles by 78%. According to a study by Kirmani, Molajani and Mayer, developing country exports to major OECD Countries could increase by 82% for textiles and 93% for clothing if both restrictions were removed.

While developing countries have experienced a cap on their exports through the MFA, it should also be said that many of them have benefited from the system through the predictable environment, which it has created, as well as through the quota

results. So the magnitude of the gains for developing countries will be influenced by the actual method used to allocate internal KFA quotas. At the same time, however there is no unanimous view as to what the real implications of MFA on developing countries have been, ipso facto, the real effects of liberalisation.

**Agreement on textiles and clothing : Important Provisions :**

Provisions relating to developing and least developing countries and their implementation side are as follows :

*Provisions:*

More favorable growth factor for small exporters, new entrants and possibly LDCs (Art. 1.2, 2.18)

*Implementations:*

Restrictions applied under Article 2.1 vis a vis LDCs have been notified by Canada and US (three LDCs each). In that context, Canada has advanced by one stage the growth rates for two LDCs, and the US did the same for one LDC.

*Provisions:*

Consideration of particular interests of cotton producing exporting members (Art. 1.4).

*Implementation :* No measure has been notified.

*Provisions:*

A Member may automatically eliminate any restrictions (Art. 2.15)

*Implementation:*

Norway eliminated as from 1.1.96 some restrictions, which benefit 12 DCs.

*Provisions:*

Some small exporters move ahead one stage in the growth process (Art. 2.18).

*Implementation:*

The growth rates were advanced by one stage for all exporters falling within the criteria. This covers 12 DCS (of which 2 LDCs) in Canada, 2 LDCs in the EC, 18 DCs (of which 1 LDC) in US.

*Provisions:*

More favorable treatment regarding the application of quota levels, growth rates and flexibility in the transitional safeguard for small suppliers, new entrants and possibly LDC (Art. 1.2, 6.6-b)

*Implementation:*

No safeguard action involving exports of LDCs has been notified. For the other categories of countries, the Textile Monitoring Body (TMB), received no information on the extent to which recourse was made to this provision in setting the parameters of the restraints.

*Provisions:*

Special consideration of the export needs of Members dependent on wool exports in the application of quota levels, growth rates and flexibility in the transitional safeguard (Art. 6.6-c)

*Implementation:*

No safeguard action involving exports of this category of countries has been notified.

*Provisions:*

More favorable treatment regarding the transitional safeguard applied on some products exported by Members active in outward processing trade (Art. 6.6-d).

*Implementation:*

The US has provided more favorable treatment to these products exported by 6 DCs.

*Provisions:*

No transitional safeguard to be applied on DCs exporting handloom fabrics and LDCs exporting certain other products (annex, Para.3)

*Implementation:*

No safeguard action involving exports of these categories of countries has been introduced.

*Provision:*

Significantly, more favorable treatment regarding the transitional safeguard (Art. 6.6-a)

*Implementation:*

No safeguard action involving exports of LDCs has been notified.

The scope of the application of safeguard measure has been tested by WTO Dispute Settlement Body in the case of US-Measures Affecting imports of Woven Wool Shirts and Blouses From India, the panel in this case concluded that the US restraint on imports of woven wool whirts and blouses, category 440, from India and its extensions had violated the provisions of Articles 2 the conclusions of the Panel had been upheld by the Appellate Body. Thus, India's fundamental stand taken throughout the long run and arduous process of bilateral consultations and two reviews by the Textiles Monitoring Body (TMB) that the US safeguard action was unjustified had been upheld by the Panel and Appellate Body.

In this case the Panel pursued jurisprudence on onus probandi in two layers. The first is that the complainant should submit a prima facie case of violation and then after the complained party has to prove that at the time of its determination, if had respected the requirements of Article 6 of the ATC. It is well known that the Article 6 of the ATC is the only provision in the WTO legal framework that permitted Members to impose discriminatory trade measures to protect domestic producers against legitimate trade, during the transition period. Due to its special nature India had

argued that the Art. 6 is to consider as an exception measure under ATC. But the Appellate Body declined to consider Article 6 as an exception and applying the GATT 1947's jurisprudence in this regard.

The appellate Body citing from the previous report on US-Restrictions on Imports of Cotton and Man-made Fibre Underwear used the argument of the balance of rights and obligations for apposite ends. In these two cases the Appellate Body applied two different approaches; in one case to justify a narrow interpretation and in the other to arrive at an expansive interpretation of the same provision of the ATC. Though, on the question of burden of proof, the Appellate Body laid down the rule presumption, which states that, "We agree with the Panel that it was up to India to present evidence and argument sufficient to establish a presumption that the transitional safeguard determination made by the US was inconsistent with its obligations under Article 6 of the ATC. With this presumption thus established, it was then up to the US to bring evidence and arguments to rebut the presumption".

In the Costa Rican case i.e. US-Restriction on Imports of Cotton and Man-made Fibre Underwear, the Panel had reasoned that 'Article 6 of the ATC is an exception to the rule of Article 2.4 of the ATC. Yet, on that point US had not appealed. But in the

case of US-Measures Affecting Imports of Woven Wool Shirts and Blouses, the question arose before the Appellate Body and it ruled that the Art, 6 can not be reasoned as an exception. On these both cases an important jurisprudence is laid down on the issue of the safeguard measure, which can be summarised as follows:

- i) The retroactive application of safeguard measure can not be permitted.
- ii) Safeguard measures should be used very sparingly.
- iii) Serious damage or actual threat thereof to the particular domestic industry in question is to be determined.
- iv) In determining the damage or threat at least all of the 11 relevant economic factors listed in Article 6.3, is to be examined, and
- v) Information in this regard has to be specific to the particular industry in question.

From the consequence of these two cases on Textile and Clothing, after the existence of WTO, it can be presumed that it boosted up the participatory capability of developing countries in one side and brought textile and clothing from the grip of protectionism to the rule based multilateral system, in another side. Which undoubtedly, facilitates benefit to developing and least developing countries.

## 1.5 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 severe foreign competition. But inspite of these handicaps the industry grew.

The following table No. 1.1 indicates the gradual growth of the cotton textile industry from 1854 to 1947.

Table No. 1.1

## Growth of the Cotton Textile Industry. (Pre Independence )

YEAR	MILLS	GROWTH RATE PER YEAR	SPINDLES	GROWTH RATE 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	1471000	61954.54	13000	577.27
1889	108	5.55	2667000	132888.88	22000	1000.00
1901	190	6.83	4933000	188833.33	41000	1583.33
1913	259	5.75	6597000	138666.66	94000	4416.66
1923	292	0.33	7732000	133500.00	143000	4900.00
1933	344	0.52	958000	-677400.00	189000	4600.00
1943	398	0.54	1020000	924200	198000	900.00
1947	423	6.25	10353973	38493.25	202662	1165.50

Source: -Kasturi sreenivasan, 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 Coimbotore. However, till independence. It is evident from Table No. 101 that the number of mills went up from 58 to 424, showing it is increase of more than 7 folds. There is segnificant 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.<sup>3</sup> The post independence growth of Indian cotton mills is shown in the following table no. 1.2

Table 1.2: - Growth of Indian Cotton Mill. Industry (Post Independence)

YEAR	NO OF MILLS				INST. SPINDES				INST. LOOMS (000)			
	SPG	COMP	TOTAL	GRP YEAR	SPG	COMP	Total	GRPYEAR	ORD	AUTO	Total	GRPYEAR
1951	103	275	378		1.84	9.16	11.00		N.A.	N.A.	190	
1961	192	287	479	10.10	3.05	10.61	13.66	0.26	183	16	199	0.90
1971	370	284	664	18.50	5.67	12.21	17.88	0.42	170	38	208	0.90
1981	400	291	691	2.70	8.47	12.61	21.08	0.04	159	49	208	0.00
1990	770	281	1051	40.00	14.97	11.98	26.55	-0.07	124	60	184	-2.66
1991	779	281	1060	0.81	15.12	11.53	26.65	-0.05	117	61	178	-0.66
1992	800	285	1085	15.00	15.37	11.53	26.90	0.00	117	61	178	0.00
1994	905	270	1175		N.A.	N.A.	28.48	-	N.A.	N.A.	N.A.	

N.A.: - Not available, Spg- Spinning, Com- Composite, Ord- Ordinary

GRP.- Growth rate per year.

Source: - 1) Hand book Statistics on Cotton Textile Industry published by

Indian Cotton Mills Federation,

Bombay.

2) Annual report of Deccan co-operative spinning mills,

Ichalkranji.

3) AIF COSPIN: - Year Book-1990

From table 1.2 it is seen that the spindles were more than doubled but there was hardly an expansion of the weaving capacity in the mill sector. After Independence in 1951, there were 103 spinning mills and 275 composite mills. The total spindles installed in the spinning mills were 1.84 million and in the composite mills it was 9.16 million. Since 1961 the number of spinning mill increased due to a number of spinning mills come to be set up in the co-operative sector. However, the number of composite units remained stagnant. During the short phase of 1970-73

some of mills became sick, the number of spinning mills decreased. The government nationalized sick textile mills under the sick mills undertaking Act 1969 and brought them in the net of the National Textile Co-operation. By 1971 there were nearly 103-textile mill in the N.T.C. The Government brought in various policy measures for the textile industry in 1978,1981,1985. In India presently, there are 28.48 million spindles and 1,33,540 rotes in total in operation. The three states Maharashtra, Gujarat , and Tamilnadu account of nearly 60% of the spinning capacity.

#### 1.6 IMPORTANACE OF TEXTILE INDUSTRY IN THE INDIAN ECONOMY

In 1948, late prime minister Pandit Jawaherlal Neharu said "The history of cotton and Textiles is not only the history of growth modern industry in India , but in a sense it might he 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 those textiles and exporting them to distant lands. The early beginnings of civilization are held up with the manufacture of textiles and history might well be written with this as the leading mote.

These words highlights 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 food.

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

- 1) The position of the industry to satisfy human needs.
- 2) The capacity of industry to provide employment opportunities.
- 3) The home based strength of the industry for the economic use of national resources.
- 4) The potential for creation of ancillary industries.
- 5) The scope for continued development to fulfil the economic need 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 torchbearer of industrialization of our country.

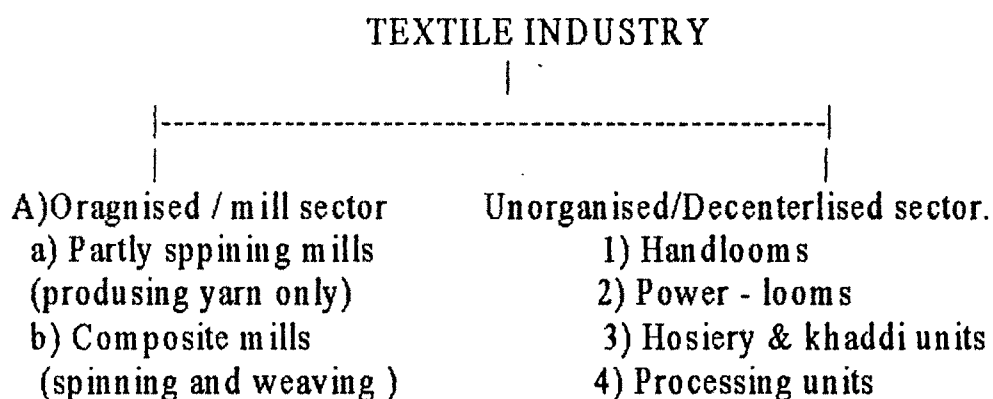
The textile industry of India is one of oldest of most firmly established major industries. It is premier national industry. At the end of March 1994 there were 1175 mills in the country with 28.48 million spindles and 133540 rotors, <sup>5</sup> The industry provides direct employment to 15 million workers and accounting for about 20 percent of the total industrial output. It also occupies a unique position in the world export market India is second only to Japan in terms of total quantity of export and supplies 16 percent of world exports. <sup>6</sup> In 1993-94 all variety of textile products near about 20,809.21 crores. <sup>7</sup> Total fabrics of production in 1993-94 was 26,295 million square meters as well as 208 millions kgs. of

yarn. <sup>8</sup> Its share is as much as 1/5 of the national Industrial production. it contributes to the Government treasury several hundred crores of rupees annually in form of various taxes and others benefits.

The textile industry in India occupies a predominant place in the economy and serves as a starting point of industrialization of our country. It is so because it is an agro based industry and has its roots in the native soil.

### 1.7 STURETURE OF TEXTILE INDUSTRY

The Industry is made up of two sectors namely well organised (i.e. textile mills) and unorganised or Desentralised sector.



A) The Textile Industry consists of two categories in the organised sector.

These are:-

a) Spinning mills :- producing yarn only and

b) Composite mills:- enaged inthe both spinning & weaving  
activities.

These mills can be again classified as

I) Coarse and medium composite mills and

II) Fine and superfine composite mills.

Sinning Mills are generally small in size Coarse and midium composite mills are not able to 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 became uneconomic units and ran in to difficulties. Fine and superfine composite mills use foreign cotton, & they are not subject to stock restriction and can, there fore, carry on stable production programs.

## 1.8 TEXTILE INDUSTRY IN MAHARASHTRA

Maharashtra possesses a large number of Powerlooms and Handlooms There are about 627 lakh powerlooms in Maharashtra which required cotton yarn.<sup>3</sup> Power looms are concentrated in sizeable numbers around Bombay, Bhivandi, 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 in India are located in Maharashtra. Handlooms and powerlooms get their supplies of raw material i.e. cotton yarn from cotton mills. With a view of protect the interests of handlooms 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 Handlooms and powerloom weavers in decentralized sector. A notable feature in the history 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 1950, a typical attempt to run a mill on co-operative basis was made at Bhore. In 1943, Shri Laxmi Textile Mill was established at Bhore as a private company by state Government of raja of Bhore. 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.

The concept 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 anew 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 Grovers Co-operative Spinning Mills Ltd. was established out of these 14 co-operative spinning mills licensed in growers sector Kolhapur, Amravati, Srirampur, Latur, Bhusawal, Nanded unites were installed in 1969 while other unites installed latter. 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 can be seen from number of spinning mills as 44 installed, 78 composite mills, total spindle of the state 49,77,000 and rooters 5012. <sup>4</sup>

At present textile industry in Maharashtra belongs to co-operative sector as 40 co-operative spinning mills, 613 powerloom co-operatives, 685 handlooms co-operative, and three co-operative processing houses. <sup>5</sup>

Maharashtra state plays very important role in respect of co-operative spinning mills in our country. At present, there are 118 co-operative spinning mill in India of which 40 co-operative spinning mills are installed in Maharashtra.

## 1.9 TEXTILE INDUSTRY IN KOLHAPUR DISTRICT –

The textile industry of Ichalkaranji plays the important role in Kolhapur District more particularly in Hatkanangale Taluka. The small scale textile center in the Taluka with Ichalkaranji as a permanent place.

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 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 to Maharashtra State Textile corporation limited now it is stock unit.

Approximately, one lakh powerlooms are in Kolhapur District. Total 19 spinning mills are already registered but only 6 are in production and four under installation. The total installed spindles are 2,89,304 in the district. The present need of spindlage is 14 lakh considering the need in powerloom industry, Three private spinning mills are in Kolhapur District. All textile in Kolhapur District is mostly related to Ichalkaranji.

#### 1.10 THE BEGINNING AND DEVELOPMENT OF COTTON TEXTILE INDUSTRY AT ICHALKARANJI.

The beginning and development of cotton textile Industry at Ichalkaranji. Ichalkaranji has got tradition of weaving industry before 1845. The record shows that in 1845 A.D. In the Hatkanangale Taluka there were 636 Handloom of which 236 looms were in Ichalkaranji it self.<sup>2</sup> In 1845 the population of Ichalkaranji was 7152 and in common with other dependencies of Parent State (Kolhapur) the population was agricultural the manufactures begging restricted to few "ambleer" and cotton cloth some of which were exported. Important historical events took place between 1882 and 1892 which has for raching effects on economic development of Ichalkarnji. The most important events was that of Shrimant Babasaheb Ghorpade ascending the "Gadi" (thorn) in 1892. It was the vision of Babasaheb to turn agricultural Ichalkaranji in to industrial one till in this small town locked the basic amenities essential for industrial growth viz., raw material, transportation, power, skilled, labour, banking etc. The development of textile industry at Ichalkaranji despite the lack of the said factors can be explained for follows.

In 1895, 25 looms of Ichalkaranji manufactured superior sarees of Solapur varieties. The ruler of Ichalkaranji Shrimant Narayanrao Ghorpade took cognizance of this activity and decided

to encourage cotton textile weaving industry in the town to make it a major industrial activity.

In view of this skilled craftsmen and handloom weavers were provided all possible incentive to permanently shift from surrounding weaving centers such as Rabkavi, Bannati, Rendal etc. to Ichalkaranji. They were given all the assistance to start with Handloom weaving. Land and housing facilities were available to the craftsmen at a nominal cost or even free of cost. Finance was also made available on easy terms and condition. No taxes were levied. Some weavers were sent to Japan at the expense of the treasury. These incentives had far-reaching effects and the weaving industries grow with leaps and bounds.

In 1904, the first powerloom was introduced by Shri Vyankatrao Datar. It was certainly a risky venture to set up powerloom in an isolated place where facilities of processing the gray cloth and repairing the machinery did not exist. The new entrants who adopted this weaving technology had little resources for investment and being technocrats themselves. They struggled hard for existence by installing discarded power looms and making them fit for efficient operation. The powerlooms, in comparison with handlooms were more and offered better wages in comparison with the agricultural sector. In the initial stages, the number of

powerlooms was limited, and they were producing mainly varieties of coarse dhoties. As time passed, techniques were developed to produce colored sarees in fine and superfine qualities which were commonly used by middle class women. These sarees had distinguishing marks and against the Solapur varieties and became much popular. Throughout the Bombay province. The colored saree of Ichalkaranji won the fame for a consequences the number of looms gradually increased with increasing demand and as entrepreneurs even from communities other than traditional weavers were attracted towards powerlooms. This initial upsurge was however halted by the great depression in early nineteen thirties. It washed away the success of weaving Industry of Ichalkaranji to such an extent that the working of almost all the powerlooms came to stand still. This posed a serious problem to the Industry. However, entrepreneurs took up the challenge and devised a system of providing sized warp beams and weft yarn for weaving dhoties and mulls. Diversification in production proved to be boon and help considerably in pulling the industry out of the slump. Second World War provided a booster dose and rejuvenated that industry. All these developments led to the emergence of a new class of entrepreneurs viz. The master weavers who were financially better off to hold on till cloth was processed gradually. Because of their

financial strength the master weavers assumed strong control over the local Industry. Their capitalistic attitudes and policies, however, kept the small weavers dissatisfied. The local leadership was on its toes and in order to ameliorate the conditions of the small weavers, promoted co-operative weaving Industry of Ichalkaranji.

#### 1.11 GROWTH OF POPULATION AND POWERLOOMS IN ICHALKARANJI.

Ichalkaranji is one of the biggest and most important center of textile Industry in western Maharashtra. It is a humming center of power loom Industry. The center is producing mainly cotton and polyester cloth on the power looms Dhoti, Saree, papline, cambric Mulls, Khadi etc. are different varieties manufactured at Ichalkaranji.

Around 1945, there were hardly 1600 to 1800 power looms. The number of gradually increased to around about 5000 in late fifties. With the spread of spinning mills and other ancillary industries in and around the town, Powerloom Industry took a great leap in the last three decades. It is the magic touch of co-operation that changed this sector in to one of the important centers of textile in Decentralized sector.

Growth of population and powerlooms at Ichalkaranji in shows the following table No. 1.3

Table No.1.3 Growth of Population and Powerlooms at Ichalkaranji.

Year	Population	Growth in %	Powerlooms (P) Handlooms (H)	Powerlooms per 000
1845	N.A.	---	236 H	
1882	N.A.	---	350 H	
1911	10239	---	N.A.	
1931	11904	+ 16.25	N.A.	
1941	18574	+ 56.03	1500 H	12.38
1951	27453	+ 47.64	2000 P	13.72
1961	50978	+ 85.90	1100 H	46.34
			10000 P	5.09
1971	87731	+ 72.10	900 H	97.47
			18000 P	4.87
1981	133704	+ 52.40	300 H	445.68
			30000 P	4.45
1991	214950	+ 60.77	Nil - H	---
			60000 P/Auto	3.58
1994	270000	---	90000 P/Auto	3.00
			Nil - H	

Source :- Powerloom Association data and census, Ichalkaranji Municipal Corporation .

The table No. 1.1 shows that there are about 90,000 powerlooms in town at present. Powerloom industry in Ichalkaranji is the main themes of industrial, social and cultural development of the town. The significant role being played by powerloom Industry with regard to country's Economy is well-accepted. To day it has became center of attraction for national, as well as foreign traders. The population of Ichalkaranji has been growing rapidly. This is due to rapid expansion of the industries at the Ichalkaranji the

number of job opportunities have given impetus to migration & growth of the town. The powerloom town of Ichalkaranji drew up the jobless, landless common workers and it offered a fair scope for the ambition, enterprising people who rushed to the town to make their fortune. The main cause for the growth of population in the town is the powerlooms industry, which attracted people from the neighboring areas and villages in the vicinity of the town. The immigration can be attributed to the rising Industrial and commercial activities that boosted up with in a short period of time. One notable feature is that almost 2/8 of the pupulation of the city is connected with the powerloom industry.

It would be rather interesting to get acquainted with other factors apart from powerloom industry, which have humble claim of having a small contribution in the spread of the name of Ichalkaranji as Manchester of Maharashtra.

#### 1.12 GEOGRAPHICAL LOCATION OF ICHALKARANJI -

Ichalkaranji is impertinent industrial town in Maharashtra State. The town has developed in to a prosperous weaving center prosperous weaving center popularly known as little master of India.

Geographically, Ichalkaranji is situated on the latitude 16-40 North and longitude 74-32 east. The city lies on the left bank of the

river Panchaganga. It is about 29 kms. To the south east of Kolhapur city and 26 kms to south west of Sangli city. Three road branches for Kolhapur – Sangli road inter town. One from west and other two from north and the south. Ichalkaranji is approached by the road Nipani and Chikodi town of Karnataka State. Hatkanangale is the nearest railway station for Ichalkaranji situated towards the north at distance of 9.6 kms.

The total area under the jurisdiction of Ichalkaranji municipal is 2,038 hectares. The town being situated in moderate rain region is comparatively dry and has moderate rainfall. The range of temperature between the maximum and minimum is comparatively small. Ichalkaranji has neighboring area partly irrigated to produce sugarcane and other crops but not cotton. Naturally, cotton and yarn are produced from neighbouring states as well as cotton growing areas in Maharashtra. It is rare phenomenon that a textile industrial complex got very strong root is despite these two major wants.

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