A Study on "The Problems and Prospects about the Growth on Production of Powerloom Industry in India"

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ABSTRACT

The Indian textile industry is as diverse a complex as country itself and it combines with equal equanimity this immense diversity into a cohesive whole. The fundamental strength of this industry flows from its strong production base of wide range of fibres / yarns from natural fibers like cotton, jute, silk and wool to synthetic /man-made fibres like polyester, viscose, nylon and acrylic. The growth pattern of the Indian textile industry in the last decade has been considerably more than the previous decades, primarily on account of liberalization of trade and economic policies initiated by the Government in the 1990s. In producer-driven value chains, large, usually transnational, manufacturers play the central roles in coordinating production networks. This is typical of capital- and technology-intensive industries such as automobiles, aircraft, computers, semiconductors and heavy machinery. Buyer-driven value chains are those in which large retailers, marketers and branded manufacturers play the pivotal roles in setting up decentralized production networks in a variety of exporting countries, typically located in developing countries the weaving sector with its strong base in the decentralized powerloom sector did not benefit to the extent of spinning sector under TUFS. There have been instances of improvement in productivity up to 16-17 percent in cases where installation of high speed looms was witnessed. However fragmentation of weaving sector remains a challenge. Government launched a Group Work Shed scheme for consolidation of the powerloom sector.

KEYWORDS : Liberalization, Natural fibers, Textile industry, Powerloom, Decentralized powerloom sector

INTRODUCTION

The growth of the powerloom industry started with the loosing of the ground by the textiles mills. The powerlooms were first introduced in India in the starting of the 20th century. During the great depression period (1929 to 1933) the mill sector started to discard the powerlooms. The other reason for the growth of the powerloom industry was conversion of handlooms into powerlooms. In 1954, for the economic development of the handloom weavers, the scheme of conversion of handloom to powerlooms was introduced by the government the powerloom industry has done exceptionally well in India, in the long run and especially during an export boom after trade liberalization in the late 1980s.

Its growth illustrates several intuitions of recent international literatures on small firm dynamics and the analytical literatures on small firms suggest four reasons for the growth of powerlooms. First, small economies of scale, or the absence of indivisible inputs. Weaving in general satisfies this condition. Since industries that satisfy these conditions tend to be labour-intensive. Labour market segmentation can be an added reason for the success of small firms. This growth though utilizing the unorganized labour market. This is satisfied in Indian textiles because input markets, such as yarn, cotton or processing, are generally well developed and competitive. Third, inter-firm co-operation can obviate the need to enlarge or integrate.

The powerlooms' comparative advantage increased as local conditions for buying and maintaining such looms improved, and as trade volumes increased. This leads to an interesting problem. The sphere of most types of woven design is legally reserved for the handloom, but has been encroached on successfully by the powerloom.

REVIEW OF LITERATURE

S.V. Chorghade (1976) in his research he studied the "Powerloom Industry in Maharashtra". Maharashtra state has a lion's share in the growth and development of the Powerloom industry. He attempted to undertake a detailed study of structure and problems of Powerloom industry in Maharashtra.

P.R. Ojha (1978) studied the dividend distribution of 51 cotton textiles companies. He analyzed the dividend distribution of the companies on the basis of size, region, ownership group, management pattern and age of the companies.

R. R. Ansari (1984) in his research work explained the marketing problems of Powerloom industry in Malegaon City of Nashik District. He has very specifically indicated the marketing problems faced by the Powerloom industry.

Omkar Goswami (1985) has made an analysis of demand and supply in the cotton textile industry. According to him, only the Powerloom sector and the pure spinning units seem to be doing well. Sixty five to seventy percent of composite mills and the entire handloom sector are sick.

B.M. Dolle (1992) in his research work revealed the socio – economic problems of powerloom industry in Malegaon. He studied the powerloom industry of Malegaon for the period of 1935 to 1985. The main conclusions of the study are; the powerloom industry in Malegaon has seen many ups and downs in its development and it is one of the important industries of Maharashtra. The powerloom industry in Malegaon has glorious past and bright future. There are many socio economic problems in the powerloom industry of Malegaon like scarcity of the finance, marketing problems, labour problems etc.

D. C. Mathur *(1993)* in his book "Personnel Problems and Labour Welfare A study of cotton textile industry" had explained about personnel management in the cotton textile industry. He explained that for the economic results the management of personnel is very important.

B. Sabhoo (1993) in his research work he explained the problems and prospects of textile industry with special reference on the productivity of large and small scale true by the study of terms of employment of workers in Malegaon.

INDIAN POWERLOOM PRODUCTION INDUSTRIES

The Indian textile industry is due to the legacy of tax, labour, and other regulatory policies that have favored small-scale, labour-intensive enterprises, while discriminating against larger scale, more capital intensive operations. The structure is also due to the historical orientation towards meeting the needs of India's predominately low-income domestic consumers, rather than the world market.

➤ **Hank Yarn Obligation.** Spinners are required to provide a share of their output at fixed prices in the form of manually wound "hank yarn" for the handloom industry, as opposed to machine-wound "cone" yarn. The implicit tax on spinners resulting from this policy has been reduced over time but remains significant.

➤ **Cloth Sales Obligations.** Until recently, composite mills were required to sell a share of their output as coarse cloth at statutory prices. Compliance with this policy significantly weakened the fi-

nances of composite mills.

➢ **Discriminatory Excise Taxes.** Until recently, composite mills had to pay excise taxes not applicable to smaller units in the organized and unorganized sector. While all units are now subject to excise taxes, tax avoidance is a common practice for units in the unorganized sector, providing them with a significant cost advantage of powerloom industry.

STRUCTURE OF INDIA'S TEXTILE INDUSTRY

Unlike other major textile-producing countries, India's textile industry is comprised mostly of small-scale, non-integrated spinning, weaving, finishing, and apparel-making enterprises. This unique industry structure is primarily a legacy of government policies that have promoted labour-intensive, small-scale operations and discriminated against larger scale firms.

➢ **Composite Mills** Relatively large-scale mills that integrate spinning, weaving and sometimes, fabric finishing are common in other major textile-producing countries. In India, however, these types of mills now account for about only 3 percent of output in the textile sector. About 276 composite mills are now operating in India, most owned by the public sector and many deemed financially "sick."

➢ **Spinning** is the process of converting cotton or manmade fiber into yarn to be used for weaving and knitting. Largely due to deregulation beginning in the mid-1980s, spinning is the most consolidated and technically efficient sector in India's textile industry. Average plant size remains small; however, the technology outdated relative to other major producers. India's spinning sector consisted of about 1,146 small-scale independent firms and 1,599 larger scale independent units.

➢ **Weaving and Knitting** Weaving and knitting converts cotton, manmade, or blended yarns into woven or knitted fabrics. India's weaving and knitting sector remains highly fragmented, small-scale, and labour-intensive. This sector consists of about 3.9 million handlooms, 380,000 "powerloom" enterprises that operate about 1.7 million looms, and just 137,000 looms in the various composite mills. "Powerlooms" are small firms, with an average loom capacity of four to five owned independent by entrepreneurs or weavers. Modern shuttleless looms account for less than 1 percent of loom capacity.

➢ **Fabric Finishing** Fabric finishing (also referred to as processing), which includes dyeing, printing, and other cloth preparation prior to the manufacture of clothing, is also dominated by a large number of independent, small-scale enterprises. Overall, about 2,300 processors are operating in India, including about 2,100 independent units and 200 units that are integrated with spinning, weaving, or knitting units.

➢ **Clothing Apparel** is produced by about 77,000 small-scale units classified as domestic manufacturers, manufacturer exporters, and fabricators (subcontractors).

PROBLEMS AND PROSPECTS OF POWERLOOM GROWTH

These are few challenges for powerloom industry because of changing market environment like globalization, industrialization/ mechanization etc. Though, because of characteristics of high adaptability that is in-built in powerloom sector, changing market scenario provides lot of new opportunities for this sector, but it also raises the challenges in front of sectors growth. Problems of the powerloom sector are of various types specifically in area of marketing, which requires timely intervention from various partners for betterment of sector's future in ever-changing growth conditions.

OBJECTIVES OF THE STUDY
1. To study the problems and prospects associated with the Indian powerloom industry.

RESEARCH METHODOLOGY

The descriptive research design is being adopted in this research**.** To examine the performance of textile industry in India, the secondary data have been gathered from the reports of ministry of textiles, Foreign Trade Statistics of India and Economic Survey report. Purposive sampling method was used in the study. The secondary data were collected through internet sources and collected data were analyzed with the help of simple percentage analysis.

GROWTH IN THE POWERLOOM SECTOR

The estimated number of powerloom in the decentralized sector in the country till 31st Aug 2011 were 22, 98,050 units. The year-wise growth in the number of looms installed is given in the table No.1

Table: 1 showing the Growth of Powerlooms sector in India between 2002 and 2012

Financial Year	No of Powerlooms	Growth percentage
2002-2003	1692737	-
2003-2004	1836856	8.5%
2004-2005	1902953	3.6%
2005-2006	1943892	2.2%
2006-2007	1990308	2.4%
2007-2008	2106370	5.8%
2008-2009	2205352	4.7%
2009-2010	2246474	1.9%
2010-2011	2282744	1.61%
2011-2012	2298050	0.67%

(Source: State Govts. & Uts. / Regional office of the textile commissioner)

INTERPRETATION

From the above table1 shows that the growth percentage of powerloom sector in India was (2003-2004) 8.5%. The growth percentage of powerloom sector in India was (2004-2007) reaches to 2.4%. The high growth percentage of powerloom sector was recorded in the year of 2003-2004 than the year of 2005-2007. The growth of powerloom sector again increases up to 5.8% in the year of 2007-2008 and growth of powerloom sector was decreased 4.7%, 1.9%, 1.61% and 0.67% from 2009 up to 2012. From the above table it is concluded that the increased number of powerloom sector and decreased growth rate of powerloom sector.

CLOTH PRODUCTION (in Million Sq Mtrs)

The details of total cloth production by powerloom sector during the last ten years is mentioned in below in the Table No. 2

Table: 2 Showing Cloth Production of Powerloom Sector (in Million Sq Mtrs)

Financial Year	Cotton	Blended	100%non- cotton	Total
2002-2003	6761	4695	14498	25954
2003-2004	6370	4688	15889	26947
2004-2005	7361	4526	16438	28325
2005-2006	8821	4632	17173	30626
2006-2007	9647	5025	18207	32879
2007-2008	9923	4918	19884	34725
2008-2009	9621	4764	19263	33648
2009-2010	10128	5487	21382	36997
2010-2011	11883	5853	20279	38015
2011-2012	12627	6302	19116	37445
Mean	9254.2	5089	18212.90	
SD	1955.19	595.75	2171.93	
Variance	3822799	354920.7	4717281	

(Source: State Govts. & Uts. / Regional office of the textile commissioner)

Cloth Production of Powerloom Sector (Million Sq Mtrs)
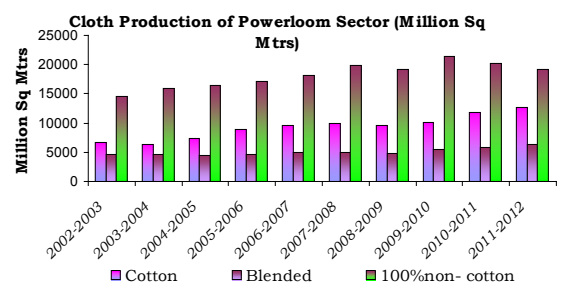
INTERPRETATION

The above table showed that the cloth production of powerloom sector of cotton was increased from the year of 2002-2012 except in the year of 2003-2004 was decreased than the other years while the cloth production of powerloom sector of blended was increased in the year 2002-2003, 2006-2007, 2010-2011, 2011-2012 and the cloth production of powerloom sector of blended was decreased in the year of 2003-2004, 2004-2006, 2007-2009. The cloth production of powerloom sector of 100 % non-cotton was increased from the year of 2002-2012.

The cloth production of powerloom sector of cotton and 100 % non-cotton was increased from the year of 2002-2012.

The table2 shows the statistical analysis of cotton, blended and 100% non-cotton of mean values was 9254.2,5089 and 18212.90 while the standard deviation values were 1955.19, 595.75 and 2171.73 respectively.

The increased mean value of cotton and non-cotton cloth production of powerloom sector while the blended cloth productions of power loom sector mean values were decreased.

The increased analysis of variance of cloth production of powerloom sector of cotton and noon-cotton while the decreased cloth production of blended powerloom sector.

CONCLUSION

The powerloom industry exhibits extreme diversity in terms of products, modes of production, as well as in relations within the production structure. This diversity is not reflected in aggregate data on the industry, but it is aggregate data that becomes the basis for forming impressions and policies pertaining to it. Aggregate data do not tell us what is happening to the industry at the grassroots level; nor do they reflect diversities in organization and products according to state, region, or even district. What is needed is a realistic appraisal of the industry, facilitated by direct inputs from the field. This should be the starting point for policy exercises, which should come to recognize regional specificities as the greatest strength of the powerloom industry.

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