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# Approaches towards the Powerloom of Maharashtra on a Government Policy Perspective

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**Abstract:** *The study consist government policy approach towards the powerloom sector in the state of Maharashtra. Research specified the changes in the policy on powerloom sector over a period of time as per the need and requirement of up-gradation of powerloom clusters of the state and the country. The purpose of the study is to understand the policy framework of central and state government for the powerloom sector and its approaches towards the welfare of different segments of this sector. Powerloom sector of state played an important role in the cloth production sector and employment generation in the economy. Therefore various schemes started by the Ministry of Textile for the welfare of powerloom workers and weavers. Powerloom clusters of different states in our country suffered with the low technological base, unfavorable working conditions, lack of security, low quality production and absence of labour laws which urgently demanded modernization. Information on the technology up-gradation fund scheme (TUFS), integrated scheme for the development of powerloom cluster (ISPSD) and comprehensive cluster development scheme analyzed to recognize the level of up-gradation and welfare of powerloom sector. Study pointed that there is a scope for modernization and improvement in the standard of powerloom sector. It is find out the loop holes in the implementation of the policies and poor responsiveness of stakeholders to the policies in order to direct the policy towards the modernization of powerloom sector in proper and effective direction.*

**Keyword:** *Modernization, policy, powerloom, scheme, up-gradation.*

## I. INTRODUCTION

Textile Ministry of government is framed the policies for the betterment and development of powerloom sector. Most of the schemes under powerloom policy are highly emphasized on the modernization of different segments of the powerloom sector because of the technological obsolescence in powerloom sector. State government of Maharashtra followed the announcement of central government powerloom policy and its terms and condition to implement policy in powerloom clusters of the state. Technology up-gradation fund scheme (TUFS) is the main instrument of the government policy for the modernization of the powerloom sector. Even after the announcement and implementation of various schemes for the development of powerloom sector in Maharashtra and other states of the country for a last decade the condition of powerloom workers and powerloom industries is remain worse and suffered with consequences of obsolete technology. Government is implemented group work-shed scheme (GWS), general insurance scheme (GIS), computer aided design centre (CAD), enlargement of TUFS and modernization of powerloom service center (PSCs) schemes for the welfare of powerloom workers and weavers. Government powerloom policy included various schemes for up-gradation of powerloom industries and clusters such as integrated scheme for development of powerloom clusters (ISPSD) which provided contribution of marketing development programme for powerloom sector, exposure visit of powerloom weavers to other clusters, training of cluster development officers (CDOs), common facility centre (CFC), corpus for yarn bank scheme and pilot tex-venture capital fund as well as additional new components in the scheme as pilot scheme of in-situ for plain powerloom up-gradation, health insurance scheme and hire-purchase under TUFS. But the performance of these schemes are not more effective and as per need of this sector because of various loop holes in the framing and implementation of policy as well as the less attention and awareness among the beneficiary of schemes.

## II. REVIEW OF LITERATURE

- 1) *Kathuria and Bhardwaj (1998)* studied the export quotas and policy constraints in the Indian textile and garment industries. Study shows that the international trade organization in textiles and clothing continuously impose a twist tax on Indian exports. Research pointed out that the exporters of garments and textiles in India suffered with international trade quota restrictions and a set of terrible domestic policy.
- 2) *Ramachandran (2001)* studied export competitiveness and the market for textiles to understand the key issues related to textile industries due to globalization and finally indicated weakest links in the production chain as Indian firms have had a problem

with the procurement of standardized fabrics for the production of standardized garments. Production process suffered with the low quality trimmings such as lace, buttons, zip fasteners, thread interlinings and packaging materials. Many powerloom manufacturers survive on low wages and outdated looms, and are unregistered. Lack of up-gradation of powerloom industries is one of the problems of production chain in India.

- 3) *Marimuthu and Jessica (2014)* studied on performance of textile industry in Tamil Nadu with perspectives of finance managers. Further the study suggested that the industries must emphasize on utilization of the resources efficiently through up-gradation of new technology, modify textile policy by the local government with suitable changes, produce quality products with least cost method and focus on sustainability in order to boost the overall efficiency to improve the performance. For the high variation in textile performance central and state government must required to provide suitable fiscal funds, expand the technical assistance, raise technological up-gradation fund scheme and guideline as per textile requirements in order to come out from the barriers.
- 4) *Rahman, Mukul and Anny (2014)* studied powerloom business in some selected areas of Sirajganj in Bangladesh district which pointed that powerloom business struggled with problem of electricity, unhealthy working conditions, marketing problem, high cost of raw materials, decreasing demand, lack of variation in design, lack of government policy, lack of modern technology, small scale investment, lack of infrastructural facility, lack of processing facilities and lack of technical training. According to them Bangladesh powerlooms are affected largely by the low labour wages due to low skill hence there is a need of skill development programme which supported by expanding market and encouraging changes used to turn the challenge of the quota-free market into a window of opportunity.
- 5) *Shaw (2015)* pointed that powerloom weaving is a totally machine based technology and one man is enough for manipulating two or three powerloom machines at a time. Study explained that customers want to buy a sari in a reasonable price not in high price and powerloom produces sari within a budget hence they do not preferred to purchase handloom products and consumers unable to distinguish between handloom and powerloom products easily as well as most of the shopkeepers are interested to sell powerloom products only due to good margin of profit.
- 6) *Rani and Thilagavathi (2017)* studied problems faced by powerloom industries in Somanur region of Coimbatore district. Study pointed that state government has not proper plan of electricity distribution equally for already existing industries hence small powerloom entrepreneur not able to produce the first quality fabric and products which faces difficulties to compete in the global market. Researcher stated problem of powerloom industries related to raw material and finance and suggested establishment of policy for industry to ensure the nonstop supply of electricity, to provide improved processing facilities and provision of government schemes to the weavers.

### III. STATEMENT OF PROBLEM FOR STUDY

After implementation of different powerloom development programmes and schemes under textile policy by government powerloom sector of Maharashtra state is still suffering with various problems for the last so many years even though the policy thrust is on modernization of powerloom cluster. These still consist of out-dated powerloom units, obsolete technology and lack of welfare facility. Powerloom sector of Maharashtra is damaged physically, economically, socially, institutionally and structurally and urgently requires proper policy framework which operates effectively as is suited to help the firms to survive in competition and to avoid closing down.

### IV. OBJECTIVES OF THE STUDY

The present study proposes to address the following issues:

To know the key features of policy implemented for powerloom industries by the Textile Ministry.

To study the schemes implemented for welfare of powerloom workers.

To point out the problems in framed and implemented powerloom policy.

To examine the prospects of powerloom sector insight of the policy approach.

### V. RESEARCH METHODOLOGY

1) *Research Method:* The present study employs random sampling survey and general observation method.

2) *Research Area:* - The present study covers the main six powerloom clusters of Maharashtra state, i.e. Bhiwandi, Ichalkaranji, Malegaon, Nagpur, Sangli and Solapur. These areas are selected for the research by considering the importance of these clusters in economy of Maharashtra and their role in India's textile exports.



- 3) *Population and Sample Size*: - The sample consists of 270 units in Maharashtra, with, a) 60 powerloom units from Bhiwandi b) 48 powerloom units from Ichalkaranji c) 41 powerloom units from Malegaon d) 36 powerloom units from Nagpur e) 33 powerloom units from Sangli and f) 52 powerloom units from Solapur. Survey of powerloom factories and workers selected from different locality, product and machineries comprising of small scale to medium scale units.
- 4) *Techniques of Data Collection*: - Close ended questions are used in the schedule. This is supplemented by direct interviews and by general observations and discussion.
- 5) *Data collection period*: - The survey of 270 firms is conducted in Mid-May of 2014. Study covers duration of 5 years between 2010 and 2014.
- 6) *Data Processing and Analyzing*: - Processing and synthesizing of all the data as inputs for designed framework for data analysis. Each of the information documented and finally analyzed synthesized to make them meaningful. Microsoft Office Word and online software for chi square test is used for presentation and calculation.

### VI. KEY FINDINGS AND OBSERVATIONS

- 1) *Lack of Co-Ordination In Policy Framing And Implementation*: The comprehensive mega cluster development policy announced by the central government for Bhiwandi (Maharashtra) cluster in 2008-09 taking in account the low technological progress where large number of powerloom units of Maharashtra operated. But due to lack of response from the powerloom owners to this modernization scheme and absence of land availability for installation of new technology adopted mega cluster hence scheme shifted to Solapur region of powerloom. This issue is pointed two problems. First is the psychological fear among the powerloom owners in technological transformation of production process and to accept modernization in all components of sector. During the survey due to less responsiveness created difficulty to get exact idea about process finance, production and marketing in powerloom sector. It is observed that many powerloom units are not registered and registered units operated more loom than registered numbers. Single owner of powerloom unit registered extra units on the name of their family member to avoid tax and excise duty. Second is the co-ordination failure among the local government bodies of Bhiwandi city. Since 1996-97 this town is suffered by congestion and lack of public facilities and after 20 years situation remains same. This town is destination of immigrant from UP, Bihar, Tamil Nadu, AP and part of Maharashtra particularly in powerloom sector. They are settled down in slum area in the centre of town with old and congested powerloom structure. It is impossible to get free land for mega cluster without removing old powerloom sheds. But still government announced scheme for this town without pre survey and plan which resulted in wastages of number years of development and huge money on unproductive work that is to get response of powerloom owners for the scheme.
- 2) *Helplessness Among the Powerloom Weavers And Workers To Access The Benefit Of Schemes*: TUFs scheme provided financial assistant for the modernization of the powerloom since 2003. Government modified such scheme through powerloom textile package for TUFs and enlargement of TUFs via 20% capital subsidy.

Table no. 1. Progress of 20% capital subsidy scheme for powerloom units (tufs).

Year	No. of units	Growth rate	Amount of subsidy released (Rs. in crore)
2009-10	363	-10%	30.57
2010-11	233	-35.81%	17.72
2011-12	117	-49.78%	8.59
2012-13	535	357.26%	58.82
2013-14	551	2.99%	73.95

Source: - Annual Report, Ministry of Textiles, Government of India.

Table No. 1 shows that as per the absolute comparison basis 827 units of powerloom get benefited by TUFs in 2006-07 after that progress of the scheme is declined. Growth rate of powerloom capitalization is negative in initial 3 years after that increases with diminishing rate. Performance of the scheme is low which indicated the lack of response from powerloom weavers and their incapability to access the benefits of scheme. A large number of small units of powerloom are not able to access TUF funds due to the absence of their bank accounts, inability to complete the requirements of banks, their amount demanded as a loan below the norms of scheme, lack of economical size of factory and ordinarily they are not agreed for assessment of working capital

availability. Again policy framed by government under TUFs that the loans for margin money requirement from the National Equity Fund (NEF) Scheme is non-started due to the SIDBI put condition of refinance.

TABLE NO. 2. PROGRESS OF GIS SCHEME.

Years	Enrollment in India	Growth rate	Enrollment in Maharashtra	Growth rate
2009-10	1,42,205	24.73%	29,326	22.14%
2010-11	1,54,224	8.45%	30,026	2.39%
2011-12	1,56,196	1.28%	27,841	-7.28%
2012-13	1,51,429	-3.05%	20,826	-25.20%
2013-14	1,46,879	-3%	13,662	-34.40%

Source: - Annual Report, Ministry of Textiles, Government of India.

Table No. 2 shows that enrollment in GIS started for the welfare of workers of powerloom also get less response in Maharashtra as well as in a country. But still government over a period of time modified schemes and new schemes announced for technological up-gradation and welfare of stakeholder of the powerloom.

3) *Workers Continue their Work with Low Level Of Satisfaction Under The Absence Of Best Opportunity:* Hypothesis tested on survey data collected from different six powerloom clusters of the Maharashtra about the job satisfaction of workers depended on working conditions, welfare facility, level of technology operated, level of quality product produced, training facility and government scheme benefit.

Satisfaction of Worker with Job	Satisfaction with Government Schemes.												Total
	Not at All			Somewhat			Significant			Fully			
	O	E	X <sup>2</sup>	O	E	X <sup>2</sup>	O	E	X <sup>2</sup>	O	E	X <sup>2</sup>	
Not at All	161	110.14	23.48	44	61.30	4.88	36	48.84	3.38	36	56.71	7.56	277
Somewhat	87	99.81	1.64	66	55.55	1.97	49	44.26	0.51	49	51.39	0.11	251
Significant	60	78.73	4.46	47	43.82	0.23	38	34.91	0.27	53	40.54	3.83	198
Fully	28	47.32	7.89	30	26.33	0.51	26	20.98	1.20	35	24.36	4.64	119
Total	336		37.47	187		7.59	149		5.36	173		16.14	845

Table no. 3. Satisfaction of worker with job is dependent on satisfaction with government schemes.

Source: - Primary Survey Data.

Here critical value at 0.05 level of confidence for 9 degree of freedom is 16.919 which is less than calculated value 66.56; hence the null hypothesis is rejected. From the above it can be concluded that the workers' job satisfaction is significantly affected by government schemes made available through the owner or contractor to workers. Similarly calculated values such as 71.07 for the availability of training facility, 79.77 for the welfare facilities available at work place, 99.47 for technology operated in company, 84.88 for quality of cloth or product they produced in company and 97.09 for working conditions at work place are greater than critical value 16.919. Hence the null hypothesis rejection concluded that the workers' job satisfaction is significantly affected by training facility, welfare facility, technology level operated, level of quality product produced and working conditions respectively. In all these cases workers of different cluster of Maharashtra dissatisfied from owner and government due to lack of awareness and support of schemes. Even workers are disappointed from work they still working on out dated machineries with lack of welfare facilities and benefited schemes because of the absence of next best alternative job to them and habit of this type of work.

In Maharashtra only Ichalkaranji powerloom cluster stake holders are showed good response to up-gradation and modernization techniques and also reflected good relationship between workers and owners. Ichalkaranji and Solapur powerloom areas are mold them as per market requirement and always ready to shift from outdated technology and product to new technology and product. Bhiwandi and Malegaon powerloom clusters are suffered with congested areas and out-dated environment of powerloom work. Remaining powerloom clusters such as Sangli, Vita, Madhavnagar, Miraj and Nagpur are showed combined features of all other clusters and operated far away from main town.

## VII. LIMITATIONS

Further sample survey and cross section data method is adopted for collecting the data for this study, which has its own limitations. Research is restricted with the limitation of area of various clusters of Maharashtra state. The respondents do not maintain any records and so they had to recall their memory and furnish the information for the query put forth by the researcher. Hence, the data collected is subject to recall bias. Respondent encountered some difficulties to approach the interview and feared during the conversation to give information. Sometimes it was hard for respondents to manage time to give in-depth interviews. Respondent informed that such types of research are done in the past for many times but they are not get any compensation from it. Respondent are not reply freely or not open minded to answer the questions of researcher.

## VIII. RECOMMENDATIONS

There is urgent need of effective schemes for modernization of powerloom sector through government policy along with the positive response of stake holders of this business. There is some recommendation address by present study as follows.

- 1) Government bodies required to arrange decision making conference with stakeholders of powerloom of specific cluster for open discussion on real or practical problems related to cluster, powerloom unit, PSC, CAD and workers to frame powerloom modernization policy.
- 2) The state and central governments need to intervene in a more organized fashion to end the distress in powerloom weavers and workers.
- 3) State governments should source procurement of cloth for supply to various welfare schemes from the powerloom producer.
- 4) Government should make it possible for the powerloom operators to access funds from the existing textile schemes.
- 5) Government welfare programmes should be adequate and effective in terms of targets and coverage.
- 6) There is a need to aware the powerloom workers and weavers about the schemes and motivate them for the transform their work towards the modernization.
- 7) There is a need to build good kind of the co-ordination among the stake holders and local government bodies.
- 8) The state and central governments need to intervene to solve the problems related to unorganized aspects and take strict action of modernization of powerloom sector at large extent.
- 9) Government should compare technology level of powerloom of country with the status and reputation of advanced country to set goal of modernization.

## IX. CONCLUSIONS

Powerloom sector is the most dynamic sector in the textile industry which suffered with the technological obsolesces. This technological backwardness is created large problems in the powerloom sector such as low quality production, lack of product diversification, low wage rate, low standard of working condition, lack of welfare facility, low security at work and low profit. Main problem of this sector is concern to quality and price of yarn and inadequate capital. Various schemes announced and implemented by government with respect to modernization of powerloom, PSCs and Work-shed. Whatever policies are framed and implemented are benefited to only few number of medium and large scale powerloom industries only. Many schemes framed by government on the basis of relationship gap between powerloom worker and owner, small and large units and solution of the temporary issue. Most of the powerloom owners never follow formalities, procedures, rules and regulation concern to industrial as well as labour acts. Powerloom textile industries in state of Maharashtra have no organizational homogeneity where powerlooms are described as weaving factories and weaving manmade cloths. In response, the role of the state is to provide subsidies and welfare schemes, rather than to invest in the industry which allowed stress on social, economic and technical surface that remains invisible and opposite's unproductive and small scale. Therefore government have to take active measures on the solution of short and medium term requirement of powerloom sector with the vision of full modernization in long run.

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