

**Powerloom Industry in Solapur : Challenges and Barriers in Growth****Prof. Pralhad Prakash Joshi****(Research Scholar, VMV Commerce JMT Arts & JJP Science College, Wardhaman nagar,)****Dr. D. N. Padole****Associate Professor in Commerce,  
VMV Commerce JMT Arts & JJP Science College,  
Wardhaman nagar, Nagpur-440008****ABSTRACT :**

***Powerloom industry occupies a unique place in Indian economy. One of the earliest to come into existence in India, it accounts for 14% of the total industrial production. Extremely complex structure of entire Indian textile industry has the modern sophisticated and highly mechanized sector on the one hand and the hand weaving (Handloom) and hand spinning sector on the other. In between these sectors falls the decentralized small and medium scale powerloom sector. Now a days due the liberalization and globalization powerloom industry, particularly of Solapur is facing several challenges and barriers in growth. Through this article author has highlighted the major challenges being faced by powerloom industry in Solapur and the barriers in its growth and improvement.***

*Keywords : Powerloom industry, Barriers in growth, challenges.*

**1] Introduction**

Due to liberalization and globalization, national barriers on nation to nation movement of goods, capital, human resources and technology are now being lifted. Now there is a free entry to other countries in the Indian economy. Due to this, every organizations have to plan their production on a worldwide basis, aided by logistic and communication development. The effect of liberalization is strongly felt in all the sectors and types of business in India. Some sectors have benefited and some have become victims of it. One such victim is the powerloom industry of India.

The powerloom industry of Solapur exemplifies several threats from liberalization and globalization. Typically, built up under import substituting policies, it now has to adjust to increased international competition. The growth of textile and garment export from well established producers like China, UK etc. has put the Indian powerloom industry under severe pressure due to many challenges and the barriers in the way of growth and improvement. As an impact of globalization process, market threats from competitors in textile sector, the export led economies like China and other South East Asian countries to de-stabilize powerloom sector of Indian specifically in Solapur.

Solapur is well known for textile and powerloom weaving industry, which provides employment to a large number of workers. On the Jackard powerlooms the main production is, chaddars, towels napkins etc. The powerloom industry of Solapur is currently one of the largest and most significant sectors in the economy in terms of output, foreign exchange earnings and employment. But, today the powerloom industry of Solapur suffered owing to liberalization and globalization and many of its workers were pushed into insecure work conditions. There are many challenges and barriers in the growth of powerloom industry of Solapur, which are highlighted in this study.

## 2] Barriers and Challenges

### i) Massive Fragmentation:

Indian textile industry is highly fragmented as far as industry structure is concerned. Despite the government policies, which made this deformation, have been gradually removed now, but their impact will be seen for some time more.

In many cases, small scale units do not have the financial resources to upgrade technology and do not have good marketing strategy and capacity to invest in cheap in absolute terms, however, most of these benefits are lost by small companies. Lack of good marketing strategy and the irregular supply base leads barriers in attaining integration between the links in supply chain.

### ii) Political and Government diversity:

The reservation of production for every small companies that was imposed with an intention to help out small scale companies across the country led substantial fragmentation that distorted the competitiveness of industry. The foreign investment was restricted for textile and apparel production, but now the government has gradually eliminated these restrictions. By bringing down duties on imports on capital equipment, offering foreign investors to setup manufacturing facilities.

Some other problems like various taxes and excise imbalances due to diversification into 35 states and union territories, and this has negatively affected marketing strategy of this industry. However, an outline of Value Added Tax (VAT) is being implemented in place of all other tax diversifications, which will clear these imbalances once it is imposed fully.

### iii) Distance geographic location:

Geographic location is one of the biggest disadvantages for Indian textile industry. The shipping cost is higher and takes longer time comparing to some other manufacturing countries like Mexico, Turkey, China etc. The inbound freight traffic has been also low, which effects cost of shipping though, movement of containers are not at reasonable costs.

### iv) Lack of trade membership:

Indian textile sector has restricted access to the other major markets due to lack of trade pact membership. This issue made others to impose quota and duty, which put scissors on the sourcing quantities from India.

Apart from these factors, there are many other barriers in the way of improvement and growth of the powerloom industry of Solapur. These barriers are as follows;

### i) Obsolescence:

The plant and machinery and technology adopted by number of units are obsolete. This is the most problematic adversely impacting factor for textile industry. Today there is a need to keep industry technologically up to date. Schemes for modernization of textile industry had been introduced like the soft loan scheme . Some units were able to take advantage of the scheme and modernize their equipments. This problem is of utmost importance. It is highly imposible for many companies to find resources internally, but have to depend on loan from financial institutions.

### ii) Government regulations:

Obligation to produce controlled cloth is one of the regulation of the government. This is against the interest of the textile units. This regulation is causing inefficiency in both production and marketing. This has also resulted in a colossal waste of new materials and productive facilities.

**iii) Low yield and fluctuation of cotton output:**

Per hectare yield of cotton is very low in India which results in high price and cost As, being dependent on climatic factors, the total raw cotton production is subject to wide fluctuation. This results problems for the mills with respect to supply of this raw material and marketing strategy.

**iv) Competition from man-made fibers:**

The textile industry is facing competition from the synthetics and manmade fibers. These products are replacing cotton textile. Increased production of raw cotton, without affecting other crops like food crops, is very important task. Inadequate availability of raw material is one of the major adversely impacting factors.

**v) Competition from other countries:**

India has been facing tough competition from other countries like Taiwan, South Korea, China and Japan in the international market . The high cost of production is one of the seriously adversely impacting factor for good marketing strategy in Indian textile industry.

**vi) Labour problem:**

The textile industry is frequently plagued by labour problems. The very long strike of textile workers of Mumbai caused losses amounting to millions of Rupees not only to the workers and industry but also to the nation in terms of excise and other taxes and exports.

**vii) Accumulation of Stock:**

Accumulation of stock leads to price cut and loss or low profits. At times the industry faces the problems of low off take of stocks resulting in accumulation of huge stocks.

**viii) Miscellaneous impacting factors:**

Power cuts, lack of infrastructural, lack of working capital, lack of marketing knowledge, exorbitant rise in raw material prices and production cost etc. are some other problems of the industry. All these factors adversely impact the marketing strategy of textile industry.

### 3] Suggestions

- a) To boost the powerloom textile industry of Solapur, 'Cooperative Marketing Society' may be established to overtake the middlemen and to avoid exploitation by master weavers. But these cooperatives should not be political and should run with full professional manner.
- b) For the proper implementation of market strategy there is a need to establish a mechanism for creating awareness about the programmes and schemes of government.
- c) Every powerloom unit owner should study the current market conditions and should accept the professional approach in the business. For this purpose, there should be arrangement of the market development assistance programmes, which will have two components. The first should include organizing exhibitions / buyers – sellers meet and publicity / promotion and the second component should provide for exposure visits for unit owners.
- d) Most of the unit owners focus on optimizing individual elements that comprise a supply chain (i.e. raw material supplies, intermediate goods suppliers, end product producer, distributors and

retailers), which leads to lack of synchronization. This results in earlier high inventories in the chain or long delays. Lack of information on production plans, inventory levels, market and variability due to uncertainty in availability of resources, breakdown defects, expediting exacerbate this problem. Coordination strategy seeks to bring information at the place of usage and attempts reduce variability which helps in synchronizing different levels of decisions across the chain.

- e) Funding requirements of different segments of the powerloom unit owners should be periodically reviewed and short term and long term requirements spelled out by the unit owners. The government should encourage the private sector to take the initiative in financing needs of the industry.
- f) In order to remain competitive in the international market and to withstand increasing competition in the domestic market, it is necessary to ensure the large investment in modernization and market expansion. This will be possible only if the Technology Upgradation Fund Scheme (TUFS) continues in its present form.

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