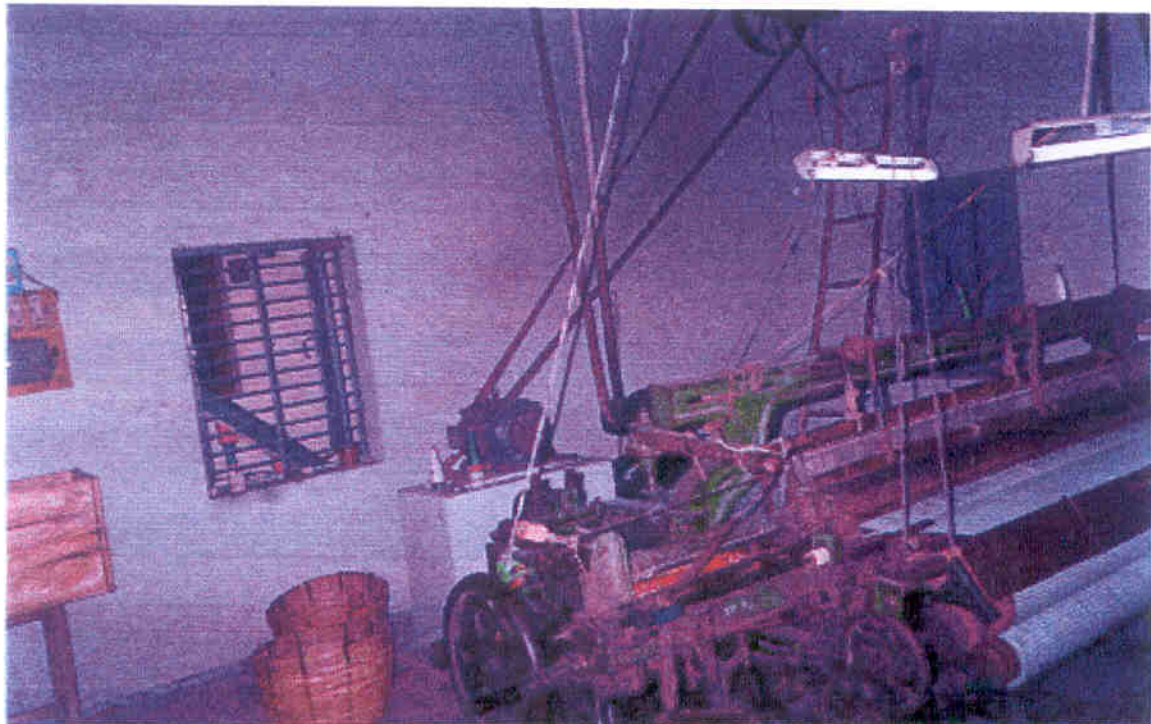


## CHAPTER - 2



## CHAPTER 2

### **Dispersal and Structure of the Powerloom Industry in Tamilnadu**

Among the different states in the south, Tamilnadu has got the largest concentration of powerlooms and the growth of this sector has been phenomenal in the past two decades. Basically “the south is almost exclusively a cotton region. The west developed powerlooms in the inter-war period. The south started late but grew more rapidly in the 1980s and 1990s. The west grew rapidly when Indian consumers began to substitute cotton for polyester. The south grew mainly by means of cotton exports. In western India, trade, processing and production co-exist in the same town. The most important examples are Surat, Bhiwandi, Malegaon and Ichalkaranji. In the south, a small set of towns specializes in trade and processing whereas production stays widely dispersed even in rural. Finally, the growth of western Indian towns has been sustained by long distance migration from northern India. In the south intersectoral transfers of population and local labour have sustained it.

Location of industry depends, jointly on markets and the quality or cost of resources. In western India, the pull of markets and certain essentially urban resources have been stronger than that of quality or costs of local labour and capital. The comparative advantage of western India consisted in networks of long distance trade based in Mumbai, Ahmedabad or Surat. These networks arose from proximity to ports, cotton mills, processing and finishing of cloth. From the 1970s onwards, another factor was added- proximity to plants producing manmade fibres, especially non-cellulosic fibres. The trade in these materials is essentially urban. The demands of these trades could be only partly met with local capital and labour and drew resources from far away into the cities that had developed these trades.

Local textile agglomerations were significant in south India too, the best example being Coimbatore. With its spinning, machinery, skilled labour and good transportation, Coimbatore functions as the counterpart of Mumbai and Ahmedabad of western India. That is, the town cheapens certain resources that the organised sector supplies to the unorganised- yarn, machinery, spares and sometimes, capital for making new investments

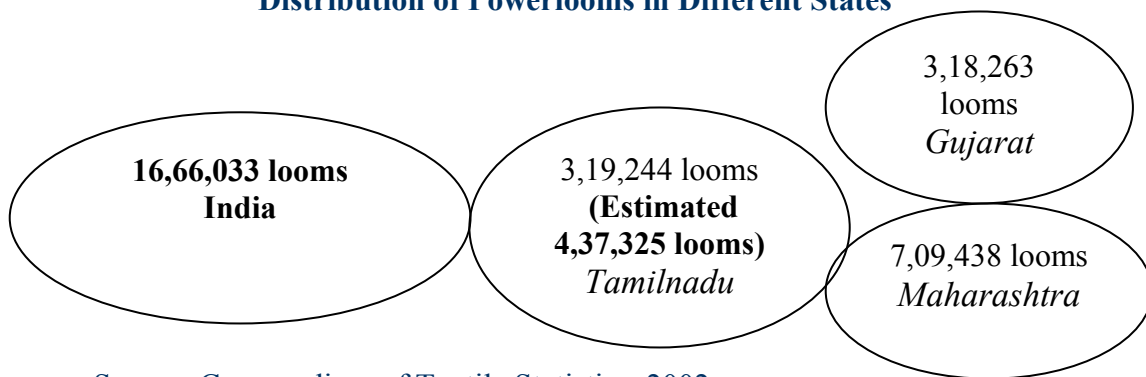
in the informal sector. Yet, the locational pull of these towns is weaker by comparison with the cities in western India. After all, even today, a great deal of the Coimbatore and Erode trade merely feeds into the trade based in Ahmedabad or Mumbai.

The advantage of the south consisted, more than in trade, in the quality of local labour and capital. The extensive and fairly secure handloom weaving tradition made local language in weaving dispersed and widely available. Trade utilised local resources that did not have to travel or remove themselves from local roots. In this system, towns like Erode emerged as the main points of trade dealing with looms spread out over surrounding several thousand square kilometers. In western India too, handloom weavers set up powerlooms but in south India the connection is extremely close, enduring, and extends to merchant firms. Nearly all the Erode local merchant firms, for example, come from handloom weaving background. The older and the more solidly-built houses in the market area did come up from the 1920s, the approximate time when the successful handloom entrepreneurs moved from mainly manufacture to mainly trade” (Tirthankar Roy).

The number of powerlooms in Tamilnadu is estimated at 4,37,325 that includes all the registered and unregistered powerlooms in the state at the time of the survey (as on August 2002) as against 16,66,033 powerlooms in India. With the above number of looms, Tamilnadu is seen to account for one fourth of the powerlooms in the country.

Fig. 2.1

**Distribution of Powerlooms in Different States**



Source: Compendium of Textile Statistics–2002

**2.1 Differentiating features of the state’s powerloom sector**

The basic difference in the composition of the state’s powerloom industry as compared to the other leading states of Maharashtra and Gujarat are as indicated below:

- (i) In the state, the powerloom industry is basically cotton textile-based one and uses cotton yarn for more than 95% of its requirement to produce different types of textiles.
- (ii) Another major differentiating feature is the production of yarn dyed fabrics in substantial quantities in addition to grey fabric production in Tamilnadu. As compared to the above, the major share of production in Maharashtra and Gujarat is found to be in the form of grey fabrics in synthetics as well as blended materials.
- (iii) The usage of hank yarn is more in the state due to the production of yarn dyed fabrics to a larger extent.
- (iv) The state is leading in the production of home textiles in powerlooms as well as in handlooms. Therefore, the usage of coarse count cotton yarn is predominant.
- (v) Yet another aspect is the insignificant usage of synthetic and manmade yarns in the powerloom sector as compared to the other two leading states of the country. Though there is production of blended and rayon fabrics in the state, their share is very negligible in the total fabric production.
- (vi) Unlike the prevailing concentration of powerlooms in two or three centres in Maharashtra and Gujarat, the powerlooms in Tamilnadu are located in hundreds of villages and small towns, showing a greater dispersal in urban as well as rural areas.
- (vii) The three districts of Coimbatore, Erode and Salem are having the largest concentrations where powerlooms are the major source of livelihood for lakhs of rural population. In view of the inadequate irrigation facilities in these regions, the farming community has switched over to powerloom weaving on a major scale.

## **2.2 Faster growth of powerloom sector**

### **2.2.1 Rise of spinning industry and fall of handlooms**

The reasons for the consistent and faster growth of this industry in Tamilnadu are many. Firstly, the spinning mills have been growing steadily in the state producing the required low count yarns that are mostly used in the home textiles. Secondly, there is perceptible shift from handlooms to powerlooms over the few decades. The handloom weavers have been converting their handlooms to powerlooms as the viability of

handlooms has been diminishing very fast in the last couple of decades. Most of the handloom weavers in areas like Salem, Erode, Chennimalai, Karur etc. have been forced to keep up with the changing times and thus have crossed over to powerloom weaving.

“The global market has become an overwhelming incentive for new investments and thus a veritable explosion of capacity in cotton based complexes has occurred, the most important being the Tamilnadu clusters. This has been a many sided revolution. First of all, the 1990s have seen phenomenal growth of cotton spinning in Tamilnadu. Secondly, powerlooms making grey cloth mushroomed. In unofficial estimates, which tend to be more reliable than the official, Tamilnadu loomage expanded from 1-1,50,000 in 1990 to 4-5,00,000 in 1996. Cloth trade, machinery, even processing to a smaller extent expanded. In Western India, which had steadily diversified away from cotton, the revolution has been weaker but a revolution still” (Tirthankar Roy).

### **2.2.2 Factors contributing to the faster growth of powerlooms in Tamilnadu**

Powerloom production involves medium technology; the investment per unit is comparatively very small and the capital output ratio is favourable and, therefore, handloom weavers are able to switch over to powerlooms thereby improving efficiency and productivity. Along with reducing the strain of operation, they could increase the earning from powerlooms. Some of the extraneous factors such as excise duty on slab basis also induced the outsiders to step into the field to derive benefits arising out of such exemption.

In Tamilnadu, at first the handloom weavers to improve their earnings installed the powerlooms but later they grew with amazing rapidity under the ownership of outsiders. Thus, the powerloom industry in the state has been initiated in the main handloom centres such as Komarapalayam, Pallipalayam, Somanur and Erode. Some of the other factors that helped this growth were the following :

(i) Labour: The three districts of Coimbatore, Erode and Salem were water starved regions where the development in agricultural activities was limited depending upon the monsoon and rainfall. Coupled with the presence of weaver communities engaged in handloom weaving in the above areas, it provided abundant and cheap labour for the powerlooms.

The level of education of local workers and early successes of leftist industrial unions contributed to this feature. Further, until the mid 1990s, competition for labour among new enterprises had been keen so that even though wages were high and rigid and local workers were more comfort-loving than their counterparts elsewhere, collective bargaining was not tested seriously. From the mid 1990s, there was more uncertainty at the cloth market and fluctuating putting out rates began to squeeze some of the smaller loom owners. This situation combined with the above average rates for power has led to increasing number of looms in Tamilnadu. On the other hand, some of the larger factories and new entrants seem to successfully avoid organised labour. They relocate, specialise in new types of cloth or in different activities such as processing or replace old looms with fewer modern looms and thus employ a different contract.

(ii) Electrification: In Tamilnadu, there have been intensive rural electrification schemes successfully implemented leading to the easy availability of electricity at concessional rates. Though the concessional rates were intended for agricultural activities, this came very handy for the installation of powerloom units in rural areas.

The scheme of the state government by providing electricity for irrigation purposes has also facilitated for putting up of powerlooms in rural areas. With much ease, any new entrant could put up 8-10 looms unit in his agricultural field whenever there was no prospect of cultivation. Thus the mushrooming of powerlooms has been a major phenomenon throughout the rural landscape of western and southwest Tamilnadu.

(iii) Communication: During the 1980s/1990s, all the rural areas were provided with facilities of easy road transport extensively. Thus the major trading centres like Coimbatore, Erode and Salem have come into easy reach of the powerloom weavers. This facilitated the small powerloom owners having 4 to 10 powerlooms to be in constant touch with vast number of master-weavers operating from Coimbatore, Erode, Salem and other bigger centres.

(iv) Master-weavers: The master-weavers who were basically engaged in the production and marketing of handloom cloth with their sound financial and marketing backing found no difficulty in switching over to powerloom production. There were approximately 300 such manufacturers in Coimbatore, 200 manufacturers in Erode and

around 150 manufacturers in Salem during 1990s. Presently, their number has come down drastically. Majority of them are found to be concentrating on the fabrics needed by the export garment-manufacturing units. The areas of grey cloth manufacture in the powerlooms are mainly concentrated in and around Somanur, Tirupur, Erode, Pallipalayam, Tiruchengode etc. The sizing units in these areas operate also as masterweavers for the production of grey cloth. There are about 100 sizing units in Somanur area and another 200-250 sizing units in the surrounding areas of Erode and Tiruchengode. This also helped in the expansion in the loomage in the powerloom sector in Tamilnadu.

### **2.2.3 Export orientation of the powerloom sector**

The state's powerloom industry is heavily slanted towards export requirements and around 3/4<sup>th</sup> of the production goes for direct and indirect exports. This sector produces large varieties of textiles catering to the domestic market besides meeting fabric requirements of the readymade garment manufacturers for the export market.

### **2.2.4 Larger share in domestic fabric and home textiles market**

The state is reputed for its powerloom weaving and produces large volumes of home textile items that find a market in every nook and corner of the country. Tamilnadu handloom and powerloom sectors have been producing different textile items of basically cotton material meant for domestic market. Due to the popularity of handloom textile items like bedsheets, towels, lungies, saree, dhoti and other furnishing materials produced in Erode and nearby areas in the domestic market throughout the country and also established market share of the above items, the powerlooms have occupied the above handloom slot and successfully marketing the products in the domestic market. The market share is also going up for some items. All these have led to the expansion of the powerloom industry in Tamilnadu.

### **2.2.5 Providing substantial rural employment**

The Tamilnadu powerloom industry provides direct and indirect employment to about 7-10 lakh persons and in certain cases the whole family is engaged in this powerloom weaving. The dispersal of the powerlooms is very widespread in the 15 districts where one can find the powerloom units located in agricultural fields as well as residential areas and adjacent to vacant lands in hundreds of villages and semi urban places. Due to this phenomenal dispersal, the employment opportunities are also ensured for lakhs of rural population.

### **2.2.6 Cluster and sub cluster details**

#### ***What are industrial clusters?***

Normally, clusters are defined as follows: Clusters are groups of complementary, competing and interdependent industries that drive wealth creation in a region, primarily through export of goods and services. An industry cluster is different from the classic definition of industry sectors because it represents the entire value chain of a broadly defined industry from suppliers to end products, including supporting services and specialised infrastructure. Clusters are industries that are connected by the flow of goods and services, which is stronger than the flow linking them to the rest of the economy and by geographic concentration of the related industries.

The powerloom industry is mainly concentrated in western and southern parts as well as some pockets in the northern part of the state that are mainly semi-arid areas where the agricultural activities are limited but cotton is grown substantially. Therefore, the textile manufacturing has become a major occupation in the belt of Coimbatore, Erode and Salem which accounts for 83% of the looms. Besides, there are some pockets of powerloom centres like Rajapalayam, Virudhunagar, Thiruvallur etc. in the southern and northern parts. Out of the total 30 districts in the state, as many as 15 districts have powerloom units.



### Details of Sub-Clusters in Six Major Clusters

Sr. No.	Cluster	Districts of sub clusters	Sub Cluster
1	Coimbatore	Coimbatore	Somanur, Avanashi, Palladam
2	Erode	Erode, Namakkal, Dharmapuri	Komarapalayam, Pallipalayam, Chennimalai
3	Salem	Salem	Elampillai, Vembadithalam, Jalakantapuram, Tharamangalam, Edapdi, Attayampatti, Rasipuram, Omalur, Tiruchengode,
4	Karur	Karur, Erode	Vellakovil/Kangeyam, Mulanur/Muthur
5	Madurai	Madurai, Ramnad, Virudhunagar, Tirunelveli	Sankarankoil, Rajapalayam, Virudhunagar, Jakkampatti
6	Chennai	Chennai, Thiruvallur, Kancheepuram, North Arcot	Thiruvallur, Kancheepuram, Kurinjipadi, Prodatturpet

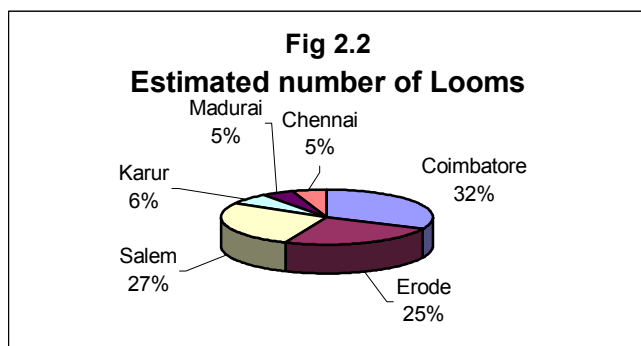
### 2.3 Current statistics on number of powerlooms in Tamilnadu

As per the information of the Directorate of Handlooms & Textiles in the state, 3.20 lakh looms are registered with the above Directorate and 0.80 lakhs additional looms are in existence without any registration. Based on our field investigations and interaction with different level experts, an attempt has been made to derive an estimation of the total powerlooms in the state and also its dis-aggregation in the six major clusters. According to the survey-based estimate, the total powerlooms in the state is placed at 4,37,325 as on August 2002. In presenting the survey findings as regards to the status of the industry in the state, the above estimated loomage is only considered and findings are presented accordingly.

Though the industry is widely dispersed in 15 districts, based on the production pattern and organisational functioning, we have identified six areas or groupings to facilitate the analysis of the powerloom industry. Though each area is indicated as a cluster, it varies from the usual definition of the cluster. Under each cluster, the major centres have been termed as sub clusters. It may be noted that in addition to the identified

sub clusters, there are innumerable villages where one can find the continuous operation of powerlooms in the state.

### 2.3.1 Dispersal of powerlooms under six major clusters



As indicated above, the 4.37 lakh looms in the state are dispersed in six major clusters or groupings. Among these clusters, the major concentration is seen to be in Coimbatore that accounts for as much as 1/3<sup>rd</sup> of the total looms in

the state. This is followed by Salem cluster that accounts for again around 27% that is followed by Erode with a share of 25% of the looms in the state. These three clusters put together account for more than 83% of the looms in the decentralised sector. The balance 17% of the looms numbering 73,450 looms are dispersed in the other three clusters of Karur, Madurai and Chennai. Though Komarapalayam and Pallipalayam situated near Erode are larger concentrations of powerlooms and having processing facilities, the total loomage is reported to have come down in the area. Otherwise, Erode is the fulcrum of not only the handloom textile production and marketing but also the hub of all powerloom production and marketing activities in the state. The cluster wise spread of the powerlooms may be seen below.

**Table No. : 2.1**

#### **Dispersal of Powerlooms in Six Major Clusters**

<b>Sr. No.</b>	<b>Cluster</b>	<b>No. of looms</b>	<b>%</b>
1	Coimbatore	139430	31.88
2	Erode	107445	24.57
3	Salem	117000	26.75
4	Karur	28150	6.44
5	Madurai	22800	5.21
6	Chennai	22500	5.15
	<b>Total</b>	<b>437325</b>	<b>100.00</b>

### 2.3.2 Specific pattern of the industry in the six clusters

(i) Coimbatore :

This district is the most industrialised district in the state. In addition to the textile industry, the engineering industry also is quite developed which supports the textile manufacturing industry and vice versa. The growth and concentration of textile industry in the district has helped the growth of the industry engaged in the manufacture of machinery and tools for use in the textile industry. Also the handloom production is having a significant presence in this area. Coimbatore is noted even today for its handloom fabrics. These have contributed in no small measures towards establishing the industrial base of the district's economy. Coimbatore city has rightly been called the Manchester of South India and could be compared with Mumbai or Ahmedabad in the west as regards the textile industry is concerned. The growth of textile manufacturing units and their concentration in Coimbatore has been rather remarkable. The enterprising nature of the people has helped the growth of different industries in the district. Coimbatore cotton sarees are much in demand in the market. Among the major industries that have made a mark in the district, cotton textile industry is the most important because of large concentration of spinning. Further, the weaving textile industry had come to occupy a place of unique importance in the industrial field in the district. Also as a recent development, the processing of yarn and fabrics are being carried out in units with modern technology catering to the weaving sector.

The number of looms on the outskirts of the city is reported to be less than 2000. Somanur is the major sub cluster nearer to Coimbatore which is reported to have around 1,00,000 powerlooms. The Powerloom Service Centre (PSC) of SITRA is also located in Somanur. The major variety produced in this cluster is grey fabrics. Therefore, a majority of the sizing units are located in and around Somanur that also cater to the looms located even in Avinashi, Palladam etc. It is to be stated here that 75% of the grey fabrics produced in Somanur is exported after dyeing and printing process. The strength of the powerloom industry in this area is the versatility and low cost of production as compared to other places. An indicative spread in the cluster is as shown below.

(a) **Sub cluster details in Somanur area**

**Table No. : 2.2**

**Sub-Cluster Composition Details : Somanur**

<b>Sr. No.</b>	<b>Towns/Villages</b>	<b>No. of looms</b>
1	Somanur Karumathampatti Mathapur Samalapuram Echipatti Kaniyur Kannampalayam Sulur Vagarayampalayam Chinniyampalayam Arasur	96268

(b) **Sub cluster details in Avinashi area**

Avinashi is a small town that is located at a distance of 44 kms away from Coimbatore. The powerloom units are located in Avinashi town and surrounding areas.

**Table No. : 2.2(a)**

**Sub-Cluster Composition Details : Avinashi**

<b>Sr. No.</b>	<b>Towns/Villages</b>	<b>No. of looms</b>
1	Avinashi Annur Thekkalur TM Poondi Thulugamuthur Palankarai Srinivasapuram Kuppandampalayam Moiyandampalayam	12412

(c) **Sub cluster details in Palladam area**

Palladam is a small town located in Coimbatore district. It is between Coimbatore and Tirupur. It is located at around 36 kms from Coimbatore city and 17 kms from Tirupur. In this area powerlooms are working in all villages in 20 kms. radius of Palladam.

Powerloom industry is the major industry next to agriculture. Due to water shortage, entire agriculture suffered and as an alternative to agriculture, powerloom industry was established and it has grown over the years. In the early stages, handloom weavers diverted to powerloom in the year 1940, then increased gradually upto 1982. At present there are about 30,000 powerlooms; 356 shuttleless looms and 600 automatic high speed looms are working in this area.

In this area about 30 modern sizing units are working and providing sized beams to the powerloom industry. All the sizing units are working well. The small powerloom units (capacity ranging from 4 to 24 looms) are controlled by master-weavers and they supply sized beams on conversion basis and market the fabrics.

The total production of fabric is about 35 lakhs square metres per day out of which 40% utilized for local markets, 15% for direct exports, 25% merchant exports, 20% processed and then exported. In Coimbatore district, large number of spinning mills is located. All types of yarn are available to the powerloom industry in Palladam area and this is one of the reasons for the rapid growth of this industry.

**Table No. : 2.2(b)**

**Sub-Cluster Composition Details : Palladam**

<b>Sr. No.</b>	<b>Towns/Villages</b>	<b>No. of looms</b>
1	Palladam	23,500
2	Tirupur	1,500
3	Mangalam	5,000
4	Udumalpet	250
5	Pollachi	500
	Total	30,750

The following towns/villages have been included in the Palladam sub cluster:

- (1) Kallampalayam, (2) Sadapalayam, (3) Arulpuram, (4) Venkitapuram, (5) Vadukupalayam, (6) Kuppuswamy Naidu Puram, (7) Sukkampalayam, (8) Karadivavai, (9) Rajagoundampalayam, (10) Parapalayam, (11) Periyandipalayam, (12) Andipalayam, (13) Chinnandipalayam, (14) Vanchipalayam, (15) Bummalur, (16) Velampalayam and (17) Malaikoil

(ii) **Erode:**

Erode, which is situated on the river Cauvery is popular for the handloom products and also home textiles like lungi, towels, bedsheets etc. Erode has a place of unique importance in the industrial map of Tamilnadu with over 60% of the population depending on non-agricultural sector. Industries and trade naturally occupy a place of prominence in the economy of the district. Industries that flourished in early days in the area were handloom weaving, carpet manufacturing, cart manufacturing, oil pressing, brass vessel manufacturing etc. Though these industries flourished well in early days, the advent of modern times changed the fate of some of these well-established ancient industries. The industry which has been able to totally withstand the onslaught of modernisation has been the handloom weaving. Erode, Chennimalai etc. still hold their sway and the district is noted for its handloom products. Erode textile market is nationally important as the total handloom and powerloom textiles are marketed substantially through this Erode market. The cotton textile industry in Coimbatore and handloom industry in Erode have encouraged the growth of various ancillary industries to meet the needs of the textile mills. Chennimalai, Erode, Gopichettipalayam etc. are important centres where cotton ginning is carried out on large scale. There are also important dye works in Erode, Chennimalai and Bhavani. A number of factories engaged in cotton fabric printing are functioning in Erode. Industrial estates have been setup at Erode and other places where full facilities are offered to small industrialists.

The total number of looms in this cluster is estimated at 1,07,445. Erode and surrounding areas have around 5000 looms that are located in places like Soorampatty, Veerapanchathiram etc. Large number of the powerlooms is located in the nearby Pallipalayam and Komarapalayam sub clusters where around 65,000 looms are engaged in textile weaving. The major varieties being produced in Komarapalayam area are dhoti, lungi, handkerchief and churidar material. Even in the handloom centre of Chennimalai, there are around 2000 powerlooms producing different types of home textiles. In this cluster, the production of dyed varieties as well as grey fabrics is predominant.

**Table No. : 2.2(c)**

**Cluster Composition Details : Erode**

<b>Sr. No.</b>	<b>Towns/Villages</b>	<b>No. of looms</b>
1	Erode	3509
2	Perundurai	8500
3	Vijayamangalam	5061
4	Aval Poondurai	1721
5	Bhavani	2838
6	Andiyur	5110
7	Sivagiri	662
8	Thandampalayam	648
9	Sathiyamangalam	9106
10	Chennimalai	1500
11	Near by areas	3790
12	Pallipalayam	20000
13	Komarapalayam	45000
	Total	107445

**(iii) Karur :**

The textile products of Karur are well known through out the world and demand for them is growing at a faster pace everyday. Karur, an industrious town nestled in riverside basin in the state is perfect blend of tradition, creativity, culture, tropical climate and most importantly an unparalleled blend of enterprise and vision. Karur, a small town with a population of around 2,00,000 today commands a reputed place in the export map of India and the world as well. The Karur textile industry based on home textiles got momentum in the late 1970's with the orders from foreign buyers starting to come. The Karur exporters have started concentrating on new designs and techniques in heavier fabrics and high quality home textile products. For the last one decade, the Karur merchant exporters are making direct exports. The PSC of SITRA is also located in Karur.

The handloom industry has been a traditional occupation of this district. This industry flourishes mainly in Karur. An export production centre has been set-up at Karur with an installed capacity of 942 looms. This project which was set up by the Government of Tamilnadu at a cost of Rs.40.75 lakhs produced 5.71 lakh metres of handloom fabrics valued at Rs.53.80 lakhs. The major items of production by the weavers of the cooperative societies consist of cotton sarees and dhoties of 80, 100 and 120 counts. Bedsheets woven in Karur area popularly known as "Karur bedsheets" are known for their designs and variety.

The estimated total powerlooms in this cluster are 28,150. The number of looms on the outskirts of the city is reported to be less than 2000. Vellakovil is the major sub cluster nearer to Karur, which is reported to have around 9,500 powerlooms. The major variety produced in this cluster is dyed bedsheets, towels, napkins etc. Mulanur also one of the sub clusters nearer to Vellakovil sub cluster is reported to have around 5,500 looms.

There are 400 manufacturers/ suppliers located in Karur who supply to merchant exporters of Karur as well as Mumbai, Delhi, Kolkata, Panipat etc. The total exports from Karur is estimated at Rs.1100 crores. In addition, the production for domestic market is to the extent of Rs.300 cores, thus totalling Rs.1400 crores worth of textiles annually. In Karur itself there are 140 direct exporters though the total registered exporters are 400 in number. Among these exporters, 50 of them are doing consistent exports and are well established. The production from this centre is also marketed from Erode where the turn over is said to be Rs.1 crore daily.

**Table No. : 2.2(d)**

**Cluster Composition Details: Karur**

<b>Sr. No.</b>	<b>Towns/Villages</b>	<b>No. of looms</b>
1	Karur	2800
2	Velayuthampalayam	1000
3	Thennilai	800
4	Paramathi	600
4	Chinna Dharapuram	750
5	Vellakovil	9500
6	Muthur	1700
7	Mulanur	5500
8	Kangeyam	3500
9	Others	2000
	<b>Total</b>	<b>28150</b>

**(iv) Salem :**

This district has all along been lagging behind in industrial advancement. But taking the advantage of the rich mineral deposits in this district, the tempo of industrial development is picking up. The recently established Salem steel plant by the Steel Authority of India is a significant industrial landmark of the district. Further, handloom industry occupies a pivotal place in the economy of Salem district. Next to agriculture, it provides livelihood for 4.15 lakhs people in the district. The industry flourishes mainly in



the taluks of Salem, Tiruchengode and in few villages of the other taluks. The major items of production in the district are cotton sarees, dhoties, bedsheets besides towels and spun sarees woven with silk.

Basically in this cluster also, the textile weaving has been popular with a few communities who are having knowledge of Kannada/Telugu in addition to the local language. These weaving communities are engaged in this textile manufacture traditionally for decades and are having wide knowledge in dyeing, weaving and designing. During the development of the industry, people from other communities also have taken up this powerloom weaving as their occupation. Powerloom weaving is a way of life for these people rather than an occupation or an industry. The whole family is engaged in different activities of weaving and the earning is a meager sum just enough for their existence only.

The estimated total powerlooms in this cluster are 1,17,000. There are more than 12 major sub clusters with larger concentrations of looms. A large number of powerlooms are producing dyed shirting and other fabrics. In sub-cluster like Tiruchengode, the major production is the grey fabrics using unbleached yarn. The sub clusters details are presented below.

**Table No. : 2.2(e)**  
**Cluster Composition Details : Salem**

Sr. No.	Towns/Villages	No. of looms
1	Salem Ammamet Gugai Ponnammapet Veeranam Chokkampatti Karungalpatti Kondalampatti Kollampatti Ayodhyapatnam	10,000
2	Elampillai Vembadithalam	15,000
3	Jalakantapuram	8,000
4	Tharamangalam	4,000
5	Edapadi	7,000
6	Attyampatti Vennandur Kalipatti Mallasamudram	10,000
7	Rasipuram Seerapalli Kappur Namagiripet	6,000
8	Omalur	2,000
9	Tiruchengode	55,000
	Total	1,17,000

(v) **Madurai :**

Madurai is famous for its Meenakshi temple as well as for handloom textiles and spinning mills. The popularity of chungidi sarees extends to the nook and corner of Tamilnadu and the whole of south India.

The total estimated looms in this cluster are 22,800. In Madurai area, the powerloom centres are located in the districts of Madurai, Ramnad, Virudhunagar and Tirunelveli districts. In Madurai district, the powerlooms are concentrated in nearby Andipatti and Jakkampatti. In Ramnad district the major concentration is in Aruppukottai and nearby areas. In the case of Tirunelveli district, Sankarankoil and Rajapalayam are the major powerloom centres. In smaller places nearer to the above concentration centres also the powerloom weaving units are operating and producing different textile products. The products range from grey bandage/surgical cloth to yarn dyed piece garments of sarees, dhoti, lungi and home textiles. The details of the sub clusters are as given below.

**Table No. : 2.2(f)**

**Cluster Composition Details: Madurai**

<b>Sr. No.</b>	<b>Towns/Villages</b>	<b>No. of looms</b>
1	Andipatti Jakkampatti T.Subbalapuram Theni	2200
2	Rajapalayam	2500
3	Dhalavaipuram	1000
4	Aruppukottai	1600
5	Chatrapatti	7500
6	Srivalliputhur	300
7	Shankarankoil	2000
8	Puliankudi	500
9	Karivalamandanallur	500
10	M.Subbalapuram	500
11	Others	4200
12	Total	22800

**(a) Jakkampatti and others**

The total number of units in Jakkampatti and nearby areas is 184 having a total loomage of 2200. Out of this, the plain, semi automatic, automatic and shuttleless looms are 1814, 19, 300 and 67 respectively. The major varieties being produced in this area are saree (40%), dhota (40%), towel (10%) and export shirting/furnishing (10%). Regarding the availability of pre weaving and post weaving facilities, it may be mentioned that there are no sizing units in this area. It is observed that there are 40 warping units in addition to a few winding units that convert hank yarn to cheese and dabba winding. In Jakkampatti area, there are 2 co-operative societies that are providing services to the individual weavers. There are also 4-5 manufacturer/master-weavers operating in this sub cluster area.

**(b) Rajapalayam and others**

The total number of units in Rajapalayam and nearby areas is 2450 having a total loomage of 20,000. Out of this, the plain, semi automatic, automatic and shuttleless looms are 18,000, 1,350, 450 and 200 respectively. The major varieties being produced in this area are bandage cloth, saree, lungi and towel. It is observed that there are 120 processing units in addition to 100 warping and sizing units. About 20-25 manufacturer/master-weavers operate in Rajapalayam area.

**(vi) Chennai :**

Chennai being the capital of Tamilnadu is surrounded by pockets of powerloom production centres within a radius of 100-200 kilometres. Within the city as well as nearby areas, there is a larger concentration of exporters especially apparel manufacturers. The demand for better quality fabrics from the apparel manufacturers has resulted in the establishment of up to date weaving units producing yarn dyed fabrics. In the nearby suburban centre of Thiruvallur, there is a major concentration of powerloom units and yarn dyeing as backward integration is growing day by day.

The major varieties produced in this cluster are dyed lungi, saree, shirting etc. In the areas bordering Andhra Pradesh, there are certain pockets of traditional weaving centres which have converted into powerloom fabrics production. Madras has been popular

for the production of handloom lungies that has expanded to the production of powerloom lungies as well as fine sarees and kerchief material. All these units are highly oriented towards export production.

The estimated total number of powerlooms is 22,500. The number of looms on the outskirts of the city is reported to be less than 2000. The major sub clusters in this area are Prodatturpet and Ammiarkuppam. The details of the sub clusters in this area are as given below.

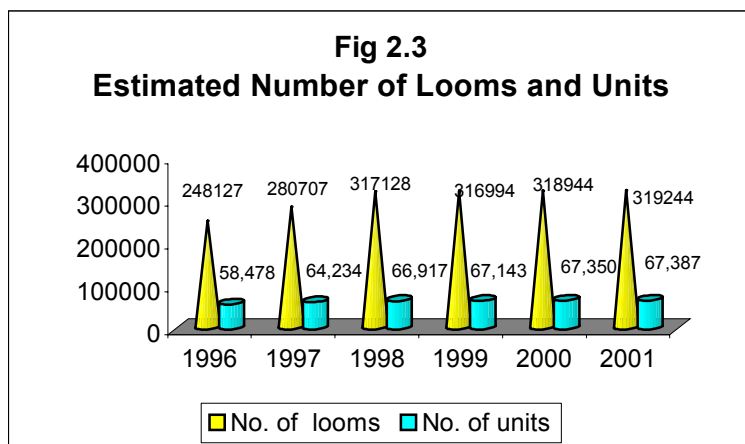
**Table No. : 2.2(g)**  
**Cluster Composition Details: Chennai**

<b>Sr. No.</b>	<b>Towns/Villages</b>	<b>No. of looms</b>
1	Chennai	2000
2	Prodatturpet	10000
3	Ammiarkuppam	5000
4	R.K.Pet	2000
5	A.J.Pet	1000
6	Sholingar	1000
7	Sarkarpet	500
8	Kancheepuram	350
9	Thiruvallur	400
10	Kurinjipadi	250
	<b>Total</b>	<b>22500</b>

**(c) Prodatturpet and others**

The total number of units in Prodatturpet and nearby areas is 5300 having a total loomage of 20,000. Out of this, the plain and semi automatic looms are 19976 and 24 respectively. The major varieties being produced in this area are lungi (80%), export shirting (15%) and handkerchief/saree (5%). Regarding the availability of pre weaving and post weaving facilities, it may be mentioned that there are no sizing units in this area. It is observed that there are 20 hand-processing units in addition to one power-processing unit. In Prodatturpet area, there are 34 co-operative societies that are providing services to the individual weavers, out of which only 7 such societies are active. There are also 30 manufacturer/master-weavers operating in this sub cluster area.

## 2.4 Overall growth of the sector and its size structure



The growth of the powerloom sector in the state has been phenomenal during the last 3 decades beginning from 1970s. Due to the stagnation and sickness being witnessed in the mill sector and also the introduction of

synthetic fibres in large quantities in the country, the powerloom sector started mushrooming and taken the lead. The registration of powerlooms with the state Directorate of Handlooms & Textiles provides the following data that shows the growth pattern of the powerloom sector.

**Table No. : 2.3**  
**Growth of Powerlooms in Tamilnadu**

Sr. No.	Year	No. of looms	No. of units
1	1996	248127	58,478
2	1997	280707	64,234
3	1998	317128	66,917
4	1999	316994	67,143
5	2000	318944	67,350
6	2001	319244	67,387

Source : Various issues of Compendium of Textile Statistics

As compared to other leading states, the industry has been growing at a faster rate in Tamilnadu. Though the growth of powerlooms in Maharashtra and Gujarat averaged 2% per annum, the annual growth rate in Tamilnadu is much higher at about 6%. Due to this faster growth rate, the number of looms has gone up from the level of 2 lakh in 1990 to 4.37 lakh (estimated) by the year 2002. As gathered from the local organisations in Somanur, about 10,000 looms have reportedly been installed during a span of six months and at the rate of 50 looms per day, the new looms are being added in the powerloom sector in Somanur alone. All this goes to prove that in certain clusters like Somanur,

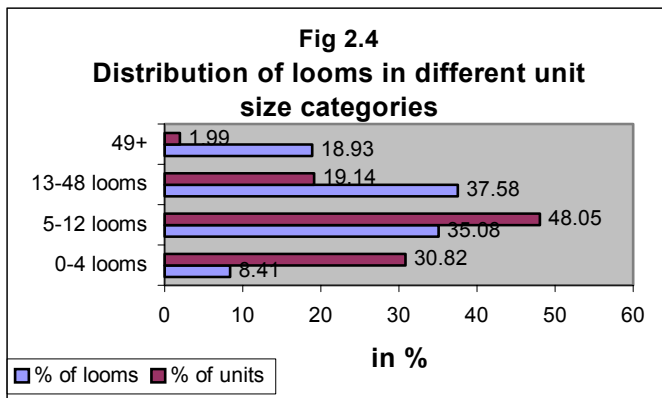
Palladam, Karur etc., the additions to the industry is faster. In other clusters, such growth phenomenon is observed to be not so significant.

### 2.4.1 Size of the powerloom units

#### Defining the powerlooms:

“What are powerlooms?. Basically, they are weaving factories, which get yarn from and get the cloth processed outside. Typically, these are small firms since weaving itself is subject to limited economies of scale. They tend to be small enough to escape the official system of labour regulation. Being small firms with low capital need, barriers to entry in handlooms and powerlooms are not significant.

We need to remember that ‘small’ has a very flexible meaning in the powerloom case. They range from units with 6-8 second hand looms operated mainly with hired labour but not covered by the factory act, to units with 40 or more high speed, partly or fully automatic, even shuttleless looms and many technical and modern organisational features of a modern textile factory. Furthermore what the government calls the ‘powerloom sector’



is not exclusively constituted of small firms. ‘Powerlooms’ are a residual category in official classification of sectors, and like all residuals, a mixed up category. Predominantly, however, the powerlooms consist of small firms, 10-20 looms could be the modal size

class. What this paper refers as powerlooms are primarily such firms (Tirthankar Roy, EPW, 18.4.98)”.

The powerloom units are neither household industry nor industrial units but they are a mixture of both. As the size of the units is generally small, they are more like a cottage industry in Tamilnadu that have grown out of handloom weaving households. This is true in the case of all the powerloom clusters like Salem, Karur, Erode, Somanur etc. Therefore, its structure is more akin to handloom weaving by the use of dyed yarn and by way of conventional warping and, hence, they are termed as tiny and cottage units and not

as an industrial factory. The percentage distribution of looms and units in different size categories is as shown below.

**Table No. : 2.4**

**Distribution of Powerlooms in Different Unit-Size Categories**

<b>Sr. No.</b>	<b>Category</b>	<b>% of looms</b>	<b>% of units</b>
1	upto 4 looms	8.41	30.82
2	5-12 looms	35.08	48.05
3	13-48 looms	37.58	19.14
4	49+	18.93	1.99
	<b>Total</b>	<b>100</b>	<b>100</b>

The powerloom units in Tamilnadu are differentiated by their tiny size and cottage industry-type organisational structure. A majority of the Tamilnadu powerloom units (about 80%) are in the size group of upto 4 and 5-12 looms. Bigger than the above sizes are the ones having 13 to 48 looms (19.14%). As many of the units are having 24 looms as the optimal size, the units in this category are nearer to the size of 24 looms and not the maximum of 48 looms. The larger units having looms of more than 48 (1.99%) are negligible and are found in all the clusters except Karur.

On an average, there are 10 looms per unit in Tamilnadu powerloom sector. On the basis of this average number of looms per unit, it may be assumed that in Tamilnadu, the number of powerloom units operating is about 40,202. According to the registration of powerlooms data, the number of units is shown as 67,350. The difference between the above two figures may be due to the fact that the ownership is bifurcated for the registration purpose and shown as fragmented units whereas in the sample survey, all the looms under one roof have been taken to belong to a single unit. In reality, the number of powerloom units in existence may be nearer to 40,202 and not 67,350.

**2.4.2 Looms and size categories**

Out of the total 4.37 lakh looms, as little as 0.37 lakh looms are found to be installed in the smaller size category of upto 4 looms whereas 1.53 lakh looms are observed to be in the unit size category of 5-12 looms. Another 1.64 lakh looms are observed to be in the unit category of 12-48 looms. In this category of units, a majority of

units are seen to have a size of around 24 looms. The units which have a comparatively larger number of looms (above 48 looms) account for the balance 0.80 lakh looms.

### **2.4.3 Pattern of unit sizes in different clusters**

**(i) Coimbatore:** In this cluster, the estimated number of looms is 1,39,430. These are found installed in units with varying unit sizes ranging from a minimum of 4 to more than 48 looms. It is observed that the powerloom units that have 4 or less number of looms are as around 10% accounting for about 2% of the looms only and these may be termed as very tiny units. As compared to these tiny units, a majority of 62% of the units is in the size category 5-12 looms size. They account for 43% of the looms. The units with the size group of 13-48 looms are also substantial which stand at 25% and they account for 42% of the looms. Though the bigger units with more than 49 looms are very few, they account for as much as 13% of the looms. The reason for the predominance of the units with size 5-12 looms in this cluster is that grey fabrics are the major products and, therefore, the minimum operational size is normally more than 4 looms.

It is estimated that on an average a unit has 14 looms in this cluster. Considering the total loomage of 1,39,430 in this area, the total number of units would be around 9,959. From this we may infer that the optimal size for this area is 14 looms and the units with lesser looms will be uneconomical and unviable.

**(ii) Erode :** In this cluster, the total number of looms is estimated at 1,07,445 and the unit size varies from less than 4 looms to more than 48 looms. As in Coimbatore cluster, less than 10% of the units (with around 2% of the total loomage) are in the size group of upto 4 looms. Around 50% of the units are in the size group of 5-12 looms that account for 30% of the loomage. Though the units with 13-48 looms form about 40% of the universe, they account for more than 56% of the loomage. As the units with more than 48 looms are forming only less than 3% accounting for 12% of the loomage, we may infer that larger units are almost insignificant in their presence.

It is estimated that on an average, a unit has 15 looms, which is higher than the average size of loomage in other clusters except Madurai. Considering the total looms of 1,07,445 in this area, the total units are estimated at 7,163. From this we may infer that the optimal size for this area is 15 looms.



**(iii) Karur** : In this cluster, the total number of looms is estimated at 28,150. As compared to other clusters, the smaller unit size is the notable feature. More than half of the units belong to the very tiny category of upto 4 looms accounting for 52% of the total loomage whereas the units in the next higher size category account for 46% with a loomage of 62%. The comparatively larger sized units with 13-48 looms form only less than 2% with around 7% loomage. The bigger units in the other category of 49+ looms are either insignificant or almost nil. The reason for the smaller size of the units is not far to seek as almost all the total production is of home textiles using dyed yarn and produced with jacquard/dobby designs. Even with lesser number of looms, the powerloom operators are able to earn a minimum living.

The average size in this cluster happens to be the lowest among all the clusters that is 5 looms per unit. By considering the total looms at 28,150 looms in this cluster, there are as much as 5,630 powerloom units producing mainly home textiles.

**(iv) Salem** : Salem cluster is different from other clusters in respect of the unit size and the production pattern, organisational structure etc. It may be worth noting that most of the production in this region is of yarn dyed fabrics of different textile items. Therefore, the product categories have a bearing on the size of the powerloom units. In this cluster, the total number of looms is estimated at 1,17,000. Around 38 percent of the units happen to be in the very tiny category of upto 4 looms size with a loomage of 15% whereas another 50 percent fall under the category of 5-12 looms accounting for around 50% of the loomage. The medium sized units of the size of 13-48 looms are as much as 12% accounting for 33% of the loomage which shows a different picture as compared to other clusters. Also a small percentage of bigger units are in existence in this cluster.

The average size of the powerloom units in this cluster is seen to be very less next only to Karur cluster which is 8 looms per unit. Taking the total looms in the cluster at 1,17,000 looms, there are approximately 14,625 units operating in this cluster.

(v) **Madurai** : In this cluster, the total number of looms is estimated at 22,800. The spread is more and the products also are different from one centre to another centre. Due to the production of bandage/surgical cloth in this cluster, the size of the powerloom units tend to be greater in certain sub clusters. It is seen that among all the six clusters, the medium sized units and also the bigger sized units are more which constitute 31% and 8% in the total accounting for 30% and 51% of the loomage respectively. The tiny units constitute only 16% with 2% loomage whereas in all other clusters this category is on the higher side. The units with 5-12 looms form about 45% with loomage of 16% only.

As regards to the average size, it is estimated at 24 looms per unit. Considering the total looms at 22,800, there are about 950 powerloom units operating in this cluster.

(vi) **Chennai** : In this cluster, the total number of looms is estimated at 22,500 which is nearer to Madurai cluster. More than 67% of the units are seen to be in the very tiny category of upto 4 looms accounting for 22% of the loomage whereas the units in the next category of 5-12 looms are as much as 22% with a loomage of 18%. The bigger units in the other two categories of 13-48 looms and 49+ looms are seen to be significant which stand at 11% together with a loomage of 60%.

The average size in this cluster happens to be 12 looms per unit. By considering the total looms at 22,500, there are around 1,875 powerloom units operating in this cluster. The table below provides the cluster wise details.

**Table No. : 2.5**

**Distribution of Looms in Different Unit Categories in Six Clusters**

<b>Sr. No.</b>	<b>Cluster</b>	<b>Unit Size</b>	<b>No. of units in %</b>	<b>No. of looms in %</b>	<b>No. of Looms per unit</b>
1	All Clusters	upto 4	30.82	8.41	3.07
		5-12	48.05	35.08	8.21
		13-48	19.13	37.58	22.07
		49+	2.00	18.93	106.83
		<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>11.24</b>
2	Coimbatore	upto 4	10.18	2.21	3.00
		5-12	62.04	42.58	9.51
		13-48	25.00	41.98	23.26
		49+	2.78	13.24	66.00
		<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>13.85</b>

**Table No. : 2.5 (Contd.)**

<b>Sr. No.</b>	<b>Cluster</b>	<b>Unit Size</b>	<b>No. of units in %</b>	<b>No. of looms in %</b>	<b>No. of Looms per unit</b>
3	Erode	upto 4	9.02	2.10	3.56
		5-12	48.74	29.78	9.34
		13-48	39.71	56.17	21.63
		49+	2.53	11.95	72.29
		<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>15.29</b>
4	Karur	upto 4	51.91	30.89	3.04
		5-12	46.18	61.78	6.85
		13-48	1.91	7.11	19.00
		49+	--	--	--
		<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>5.10</b>
5	Salem	upto 4	37.98	15.07	3.10
		5-12	49.85	49.22	7.72
		13-48	11.87	33.43	22.03
		49+	0.30	2.28	60.00
		<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>7.83</b>
6	Madurai	upto 4	16.38	2.02	3.00
		5-12	44.83	15.94	8.63
		13-48	31.03	29.89	23.39
		49+	7.76	52.15	163.22
		<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>24.28</b>
7	Chennai	upto 4	67.28	22.34	2.78
		5-12	21.82	17.57	6.75
		13-48	5.45	11.50	17.67
		49+	5.45	48.59	74.67
		<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>8.38</b>

## **2.5 Powerloom co-operative societies in Tamilnadu**

In order to get the support of the government for their existence and development, the small and tiny units have been encouraged to form co-operative societies in the state. As the handloom co-operative societies are dominant in the state and some of them were also having powerlooms, the formation of powerloom co-operatives has been made easy.

Though currently there are 142 powerloom cooperative societies that are registered under the co-operative society act in the state, only 90 societies are functional at present. The district wise break up of the societies is as shown below:

**Table No. 2.6**  
**Distribution of Co-operatives in Different Districts**

Sr. No.	Name of the District	No. of powerloom co-operative societies
1	Coimbatore	40
2	Erode	40
3	Salem	7
4	Tiruchengode	24
5	Thiruvallur	34
6	Tirunelveli	4
7	Madurai	7
8	Virudhunagar	2
9	Vellore	5
10	Karur	1
11	Kanyakumari	1
12	Dindigul	1
13	Ramanathpuram	1
14	Kumbakonam	1
	Total	142

Source: Directorate of Handlooms & Textiles, Government of Tamilnadu

The powerloom societies are mostly dependant on the government for their day-to-day functioning.

### **2.5.1 Nature of functioning of the societies**

Till the year 2000, these societies were getting orders from the state government for manufacturing dhoties and sarees which were meant for free distribution to the poor households during Pongal festival. However, this scheme is discontinued from the year 2001 and, therefore, the powerloom societies were not getting any order from the government. Most of the societies are in bad shape and few of them are on the verge of liquidation. Presently, they are executing private orders from master-weaver/manufacturers. The total number of powerlooms under co-operative societies is stated to be 23,660 looms. The powerloom weavers' cooperative societies were also mainly producing the cloth required under free supply of uniforms to school children scheme. The powerloom weaver cooperative societies have produced 154.22 lakh metres of cloth valued at Rs.20.74 crores and effected sales to the tune of Rs.19.68 crores during the year 2001-2002.

It is to be mentioned here that the activities of powerloom co-operative societies is to be strengthened for its survival. At present co-operative societies work only on government orders and are not allowed producing for private market. They should be given freedom to accept orders from private traders & businessmen and may be allowed to fix wages according to the cost of the product.

As empowered under the Textiles (Development and Regulation) Order 1993, the Government constituted a powerloom registration fund and constituted a Board of Management with Secretary to Government, Handlooms, Handicrafts, Textiles and Khadi Department as its Chairman. The entire amounts collected towards registration of powerlooms have been transferred to powerloom registration fund. This fund is utilised for the purposes towards promotion of powerloom sector.

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