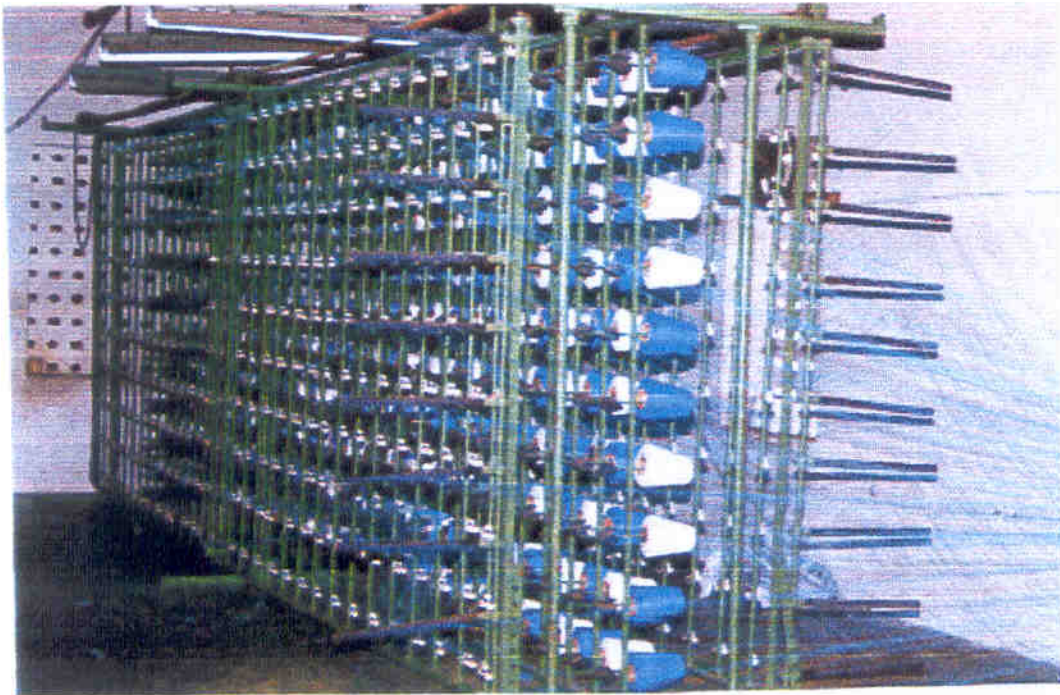


CHAPTER - 9



# CHAPTER 9

## Problems and Issues

The powerloom sector in Tamilnadu has been growing fast due to the comparative advantages that it has enjoyed so far and the competitive advantages developed by the sector is not that much significant. The quality of the powerloom sector fabrics is not ensured and the quality consciousness in yarn and raw material is less. The backward integration by some powerloom operators by putting up small spinning units has not been favourable for ensuring yarn quality. This sector does enjoy a host of comparative advantages in the fabrics and made ups manufacture in grey as well as yarn dyed form. In the process of its restructuring and technological upgradation to accelerate the development, these are to be reinforced by competitive advantages which can be engendered, nurtured and shaped by appropriate policy initiatives by the state as well as the centre.

The performance of the state's powerloom sector is quite impressive in terms of volume of the cotton textiles produced in grey as well as yarn dyed fabrics. And there is no gainsaying the fact that the powerloom sector holds immense potential for the state's industrial production and employment growth. However, one should also understand and realise the prevailing and potential weaknesses attached to this sector. In the absence of quick and effective measures taken to tackle the infrastructural and technology problems, no one can vouchsafe for its future survival with reasonable growth and development so as to meet the growing domestic and export markets for quality cotton textiles. Some of the major issues and basic problems affecting this sector's balanced development are as listed and explained below:

### **9.1 Infrastructure**

#### **9.1.1 Electricity**

During the survey, the powerloom weavers right from Coimbatore, Somanur areas producing grey to Rajapalayam where medical textiles are being produced, have complained about the quality as well as cost of the power supply in the state. A point to be

noted here is that the looms are powered by a single motor through shaft and belt system and not by individual motors for each loom. The frequent interruptions in power supply have forced the powerloom units to have generators that have increased the cost of operating looms. In addition to the electric motor, each unit is forced to have diesel motors/generators so that whenever the power goes, a simple belt continues drive the working of the powerlooms. This itself proves that the weavers are forced to incur higher expenditures on meeting their power requirements. According to these weavers, there is an undeclared power cut which is affecting their productivity and efficiency.

*Cost of electricity:* A majority of the weavers are complaining about the exorbitant cost of power rates in the state. According to them, the power rate is too high in Tamilnadu as compared to Andhra Pradesh and Maharashtra. It reduces the competitiveness due to high cost and poor quality. The power tariff rate should be rationalised and made affordable to the small powerloom operators. Power cost has been more than doubled in the recent past. Therefore all of them are unanimous in their demand for cheaper or concessional rate of power. There should be concessional rates applicable to the entire powerloom sector and not only to a limited extent.

*Quality of power supply:* At present the tariff is Rs.2.50-3.00 per unit upto 10HP motor. Beyond that the power rate is more than Rs.5 per unit that the weavers are not in a position to bear due to their smaller operations. If the units are modernised having sophisticated shuttleless looms and other machinery, the quality of power supply should also match without frequent interruptions. Therefore, the state government should come forward to make reforms and modernise the power sector.

*Captive power generation:* Majority of them is not in a position to have captive power generation due to the state's forbidding/discouraging rules for such captive power generation. According to a newspaper account, then Minister of Textiles had asked the states to provide an assured supply of electricity to the powerloom sector at reasonable tariff. He said erratic power supply and long power cuts were active discouragements to the sector. When the installed capacity was idle for want of power, no one could raise productivity. He said unlike the large industry, powerloom units would not be able to create and rely on captive power. It was for the states to provide this infrastructure. He suggested that this could be achieved by a change or realignment of the power policies of

the state electricity boards or by creating powerloom parks with work-sheds and captive power supply.

### **9.1.2 Water**

Water has been a major problem in the state of Tamilnadu not only for the textile industry but also for the primary agricultural sector. The fortunes of the agricultural and industrial sector have been fluctuating on the basis of the availability/ non-availability of river water in every season. Even with good monsoons, the areas like Tirupur have to depend on ground water which is further treated for softness at enormous cost. The powerloom industry like the hosiery industry has to carry out dyeing of yarn as well as dyeing and printing of grey woven fabrics. As stated earlier, near about half of the production of the powerloom sector is yarn dyed fabrics and therefore without sufficient water, the industry will not be able to continue with the present production. Due to the fast growth of the export market in hosiery sector, the Tirupur Exporters Association has been successful in taking care of its own infrastructural facilities including water which is not possible for the powerloom industry due to lack of co-operation and joint action. It is seen that the New Tirupur Development Authority has commissioned a project for laying pipelines and pumping stations to bring potable water from Bhavani river at Erode to Tirupur in order to meet the soft water requirements for the dyeing and printing units. In the case of powerloom sector, the major centres of yarn and fabrics processing are seen to be at Coimbatore, Erode, Salem as well as the interior places of Madurai, Virudhunagar etc. The government for solving the water requirements should undertake a co-ordinated and sustained programme.

### **9.1.3 Communication, shipping and clearing**

There is need to improve the infrastructural facilities for communication, shipping, clearing etc. in a majority of the powerloom centres. In places like Coimbatore, Erode and Karur, the facilities may be comparatively better than in other localities. But in all other areas there is need for improvement.

#### **9.1.4 Intra regional problem**

Though the powerloom concentrations are seen in Somanur, Avinashi and Palladam and all the above fall under Coimbatore district; common infrastructural facilities can not be created on the basis of the district. Each of the centres is having separate locational independence and not interdependence. Each locational centre/area tries to assert its separate identity. Each of the Avinashi small units are trying to have separate entity different from either Somanur or Palladam even though they are adjacent to each other. The associations are formed on the basis of the local groupings/areas. The reasons for this divide are that of political, social and ethnic differences engendered in the economic fabric of the state. Bringing all together under one umbrella may be difficult to achieve. Any developmental activity has to be devised separately for each of these sub-clusters/areas in order to achieve a desired level of success.

#### **9.1.5 Inadequacy of PSCs in the State**

Presently, only 4 PSCs of SITRA and 1 PSC of Office of the Textiles Commissioner in the state are functioning. These PSCs are able to touch the fringe of the powerloom industry and not found adequate to meet even 10 to 15% of the requirement. The rest 85 to 90% are finding it difficult for getting any support services. The state government should strengthen the PSCs by providing the following:

- (1) Electricity at concessional rate – now the largest consumer in Somanur is the PSC only.
- (2) Rent free accommodation.
- (3) Building fund should be provided.
- (4) Grant-in-aid to the extent of Rs.25 lakh per annum.
- (5) Testing instruments should be provided.

### **9.2 Raw material**

#### **9.2.1 Hank yarn availability and production**

The powerloom weavers are happy with the continuation of the hank yarn obligation, as they are fully dependent on the availability of hank yarn for the production of yarn dyed fabrics. Therefore, the sudden removal of the obligation to produce hank yarn will adversely affect them leading to a drop in the production of yarn dyed fabrics for

meeting the requirements of the garment industry as well as the exporters of made ups and home textiles. The mill owners' view is given as follows.

“All the weaving units have pleaded for continuation of hank yarn obligation so that they will not be deprived of dyed yarn availability. The hank yarn obligation is still hanging over the spinning industry. What came as hank yarn control order initially was enhanced to 50% of the production packed for domestic market as an obligation. There are no takers for hank yarn since the demand from the handloom sector in the form of hank yarn has never been assessed. Now hank yarn is produced more than their requirements and there is no body to buy. Ironically we hear reports that the handloom weavers have no work and that kanchi thotti have been started to feed the unemployed handloom weavers. How hank yarn can be sold under such circumstance?. At the same time the cloth merchants say that they are over burdened with handloom cloth which is not being sold”.

### **9.2.2 Stabilising the yarn prices**

During 2001-02, there was a steep increase in the price of yarn. There was continuous upward movement on a daily basis and the whole industry had to undergo a lot of disturbances in its working. The vast number of powerlooms in the state has come up due to the growth of spinning mills in the state that are regularly supplying the yarn which is the major input of this sector. Since these powerlooms have been depending mostly on the local spinning mills for their working, any changes in the spinning mills production strategy immediately affects the consuming sector. Thus, as many better spinning mills have switched over to export of yarn, there has arisen a scarcity in premium quality yarns. This in turn affects the prices of other quality yarns including increased prices. Though yarn scarcity is not possible, artificial scarcity is bound to occur at least in the counts of yarn mostly required. Due to this trend of steep rise in the price of yarn as well as non-availability, there had been stoppages in the working of the looms. The changed situation in the yarn supply and price increase has forced the yarn suppliers to sell on cash basis. Unlike the earlier prevailing credit system in the purchase of yarn, the powerloom sector has had to operate on cash payment for yarn supply. As most of the small entrepreneurs have less financial resources, they are bound to undergo a lot of hardships.

### **9.2.3 Quality of cotton yarn**

Presently, the weavers are having problems in case of cotton yarn due to the variation in the count. This is particularly problematic for the job work units as the manufacturer / master weaver expects the exact delivery of woven fabrics according to his calculations based on the count. Therefore, many of the weaving units feel that there should be a check on the quality of yarn being produced by the spinning mills. At present, due to the sellers' market conditions, the weaving units are not in a position to insist on the quality aspects of the yarn. Another facet of the problem is that an increasing quantity of grey as well as yarn dyed fabrics are being exported directly after processing which is highly quality conscious. Therefore, the spinning mills should be forced to adhere to quality norms so that the quality related problems would be minimised. Further, changing international market conditions and competitiveness demand that the best quality is delivered at the right price. Therefore, the spinning technology also should keep pace with the new developments in the industry. It is reported that some of the progressive mills are having the latest COM 4 and Elite spinning systems that guarantee the quality of super fine yarns. Still the majority of the spinning units in the state are medium and small mills that need to be guided on quality assurance and quality improvements.

### **9.2.4 Availability of blended yarn**

In Tamilnadu, specifically the production of blended yarn is very limited and only a handful of mills are having the capability for producing cotton and other blend yarns. So far the product mix has been slanted towards 100% cotton which may change dramatically in the coming years and also due to the compulsions of diversification the powerloom units may have to adopt the weaving of polyester blend fabrics which has remained very insignificant so far. In the changing demand scenario, the spinning mills in the state should be able to produce blended yarn for which their technology level and production processes are to be improved upon.

### **9.2.5 Increased burden of excise duty on hank yarn**

Most of the weavers are of the opinion that the duty of 9.2% on hank yarn is going to damage them beyond redemption and, therefore, this should be withdrawn and status quo restored. Their contention is that though they are called powerlooms, they are almost

labour intensive quasi handloom industry and in order to protect their rural employment, the hank yarn should be cheaper than cone yarn.

### 9.3 Backward linkage – dyeing/processing of yarn

#### 9.3.1 Dyeing of yarn and other pre-weaving processing

The dyeing of yarn is being carried out in all centres where yarn dyed fabrics are significant. Presently, a major portion of the yarn dyeing is carried out in the manual process of bhati dyeing and in a few power operated processing units. Comparatively, larger number of hand dyeing units is found in Coimbatore, Erode, Salem, Karur, and Chennai etc. In Karur alone, the hand dyeing units are reported to be more than 200. The details in this regard are as given below:

**Table No. 9.1**  
**Dyeing Units Catering to Powerloom Sector**

Sr. No.	Name of the centre	No. of hand dyeing units	No. of cabinet dyeing units	No. of processing units
1	Coimbatore	150	25	584
2	Erode	100	15	70
3	Karur	200	35	39
4	Salem	100	10	35
5	Madurai	50	3	14
6	Prodatturpet (Chennai)	200	2	15
7	Total	800	90	757

#### 9.3.2 Yarn dyeing by spinning mills

Only a handful of spinning mills in Coimbatore area are presently having the facility for dyeing of yarn and supply them to the weavers. As these spinning mills will be able to carry out cone dyeing activities through modern machinery in an integrated manner, there is need for more mills to go for such facilities even for meeting the domestic industry. Recent report suggests that one leading spinning mill is setting up yarn dyeing facilities in order to export the same to the Korean partners who would be supplying the machinery for the same. More such collaborative arrangements should be entered into by all leading mills so that in addition to meeting their export demand, there will be adequate supply of dyed yarn to the local weavers.



### **9.3.3 Processing of yarn and fabrics for powerloom sector**

Processing is one of the thrust areas for rapid technology upgradation that will increase productivity and also assist in market development. This will support the industry to face the emerging challenges in domestic and export markets. In order to support the establishment of yarn dyeing units in the clusters to ensure smooth supply of dyed yarn at reasonable prices to the handloom and powerloom weavers, action is being taken. The price gap between hank dyed cotton yarn and cone dyed cotton yarn is about 30% and setting up a unit gains importance. The relative low technology employed in hank yarn dyeing escalates the cost of production with poor productivity rates.

### **9.3.4 Common Effluent Treatment Plants (ETPs) and individual ETPs**

In most of the centres effluent treatment is a major problem as individual units are of very small size and they are financially weak and are also located in residential areas where ETP can not be installed. In places like Salem, the hand dyeing units exist for generations in residential areas without any ETP facilities that are now forced to put up ETPs. The alternative arrangement of gathering them under one industrial estate by providing common ETPs also is not welcome to the tiny units. They feel that the cost of the shed in the industrial area is prohibitive and the distance also is more from the residence. Due to these reasons, the solving of the ETP problem has not been successful. In Erode, the industrial estate for processing unit is stated to be in Perundurai that is at a distance of 20 kms which is not favoured by the local units because of distance factor. In Karur, a majority of the dyeing units have stated that they have complied with the ETP norms but the people in the nearby villages are complaining about the contamination of water sources and their irrigation facilities leading to frequent frictions between the dyeing units and the public. There is need to reformulate the policies regarding ETP which will be acceptable by both the dyeing units as well as the common man.

### **9.3.5 Modernisation of sizing units**

As stated elsewhere, there are around 400 sizing units that are providing the sized beams for grey fabrics production. Powerloom weavers who are undertaking grey fabric production as master weaver/ manufacturer own some of these sizing units. All these units

are having comparatively better technology level and are able to produce satisfactory sized beams as per the present requirement. These units are using firewood mostly for their boilers as fuel and, therefore, they cannot be said to be environment friendly due to the cutting of trees. With the changes taking place in the loom technology level by the induction of high speed shuttleless looms, there is need for modernisation of the sizing units also. The units that are desirous of going for modernisation should be identified and they should be encouraged in all possible manner. Further, in place of the present processing of cotton yarn only, they should be made capable of processing polyester blend and other blended yarns so that the product diversification in the powerloom sector will gain importance.

#### **9.4 Forward linkage**

##### **9.4.1 Fabric processing facilities**

The powerloom sector in Maharashtra and Gujarat enjoy the advantage of having hundreds of modern processing houses. This existence of processing facility has greatly helped the above sector in marketing the textiles at profitable prices whereas in the state of Tamilnadu only a handful of processing houses exist. These processing houses also have come up recently. Most of the textiles produced by the state's powerloom sector thus find their way to the processing houses in centres like Mumbai, Ahmedabad etc. For the stable growth and functioning, the processing houses in large numbers are very much needed in the state.

One of the weaknesses of the powerloom sector in Tamilnadu is the near absence of processing facilities for the grey fabrics. The available statistics show that there are only a handful of independent processing houses who are able to meet the limited demand for dyeing and printing of woven fabrics. The state government also is having one processing unit under the co-operative fold - Tamilnadu Co-operative Textiles Processing Mills Ltd. Considering the above inadequate facility for processing, greater efforts are called for.

##### **9.4.2 Lack of wider width fabric processing**

Currently, the exporters of grey fabrics are going for forward integration in order to reap the benefits of value addition through dyeing and printing of grey fabrics and converting them into bed-linen items. Thus an exporter with the product of processed

home textiles of wider width fabric stands a better chance in meeting the competition globally than the grey fabric exporter. The units with wider width looms of sulzer etc. in areas like Palladam (nearer and quite close to the flourishing Tirupur Hosiery industry) are able to produce printed bed linens and export them successfully to the US and EU markets. However, there is a major problem for such enterprising entrepreneurs. In Tamilnadu, there is no processing unit capable of processing wider width fabrics and, therefore, the unit has to send the grey fabrics for processing and printing to far away places in other states like Hyderabad and Ahmedabad and after getting them processed again convert them into made-ups in their places before export. The cost competitiveness is thus reduced due to lack of processing facilities for wider width fabrics in the state.

## **9.5 Labour**

### **9.5.1 Shortage of trained labour**

In the powerloom belt of Coimbatore, Erode and Salem, trained weavers are in short supply which is quite paradoxical considering the large scale unemployment prevailing in the state. The powerloom units though operating in small scale with an average of 4-10 looms have to employ hired labour. As there is no training to the weavers, the labour has to get trained during employment that the small powerloom units cannot afford to do. Thus, there is a greater demand for trained labour only. Due to this, very often the powerloom units are forced to pay advances of payments to the labour employed. Added to this is the problem of not following the labour laws. As the powerloom units are dependent on job work, they themselves are only wage earners. Because of this, these units are not in a position to bear the extra burden of providing the benefits of provident fund, ESI subscription, bonus etc. One of the gravest problems of the sector is the labour problem that is not easily solvable.

No weaver sticks on permanently to a unit due to low and unattractive wage rates as well as seasonal working of the units. Hence, the units are facing difficulty in getting trained and skilled labour. In general, there is a labour shortage in this region particularly for skilled weavers. Most of the weavers working on these units have been trained through experience rather than by formal training. It has been reported that there are cases of labour taking advances of Rs.25, 000 from the loom owners at the time of joining and in turn they are used to leave the job without informing the loom owners thereby harassing them.

### **9.5.2 Problems of training the weavers**

(1) The labour that was locally available has now trickled down to the minimum and therefore the displaced handloom weavers from Tirunelveli, Ramnad and other adjacent districts have migrated to the areas of Somanur and Palladam where they are readily absorbed with assured continuity of jobs. The residential space is the major stumbling block for the migrant labour in Karur and Coimbatore centres. Chennimalai is facing acute labour shortage. The workers are not able to take up jobs in the clusters due to lack of cheaper accommodations. The owners are forced to provide accommodation in many cases. The employment potential should be recognised by state government and steps to be taken appropriately.

The unorganised powerloom industry in Tamilnadu has shown little interest in imparting any systematic training to its labour. Most of the weavers in the powerlooms still learn their work on the job, gradually progressing from unskilled to semi skilled and sometimes to skilled jobs. Lack of systematic training adversely affects efficiency and productivity of workers, quality of output and proper operational care of machinery and equipment. Work done at SITRA is reported to have shown that systematic training of workers on textile jobs can significantly raise their productivity and in turn, the machines' productivity. This is important for weavers too, for higher productivity can provide better scope for higher earnings besides ensuring greater job security through improved health of the powerlooms.

#### **(2) Labour Insecurity and Exploitation**

The powerloom sector has grown phenomenally during the past three decades. The available information about the quantum of production of fabrics on powerlooms indicates that the estimated 4.37 lakh powerlooms in Tamilnadu are greatly underutilised. Either a large proportion of the existing loomage is not operational at all or operates sporadically and intermittently. Naturally, weavers in this sector are also victims of a high degree of job insecurity.

An even more serious issue of labour in this is its appalling exploitation even where the weavers/workers get reasonably steady work. By various devices and subterfuges employers in the powerloom sector have managed to evade and/or flout the provisions of protective labour legislation. In most instances, workers are reported compulsorily to work

12 hours a day in sweaty conditions without any kind of job security nor with the most elementary facilities. By sub division of loomage, the number of employees in each sub cluster is shown to be low as to escape provisions of the factories act, provident fund, employees state insurance, gratuity, bonus etc. Wage level even for a 12-hour working day is very low although in respect of technology and productivity, this sector is only behind the organised mills. It is well known that several leading textile houses get large quantities of fabrics woven on contract from powerloom and after processing sell them as their product.

This severe exploitation of powerloom workers is possible mainly because they are unorganised and there is no effective policing of labour legislation by the government. The latter cause is itself, in a large measure, the consequence of the lack of unionisation among workers. Here, as elsewhere, the only effective guarantee that the benefits of laws will in fact reach the workers is the existence of strong trade unions.

### **9.5.3 Low wages to weavers**

Due to the mushrooming growth of powerlooms, there is stiff competition among the units in getting job work from master weavers. This has led to their operating on low margin of return. In order to get continued work all through the year, the powerloom units have to accept whatever they are paid as conversion charges. This results in low payment to labour. Thus on one hand the operational cost is on the rise and on the other hand, the units have to operate with low returns.

### **9.5.4 ESI and other government regulations**

Due to the smallness of their operations, majority of the units are having less than 10 hired labour which exempts them from labour laws regarding to ESI and other statutory contributions. However, in order to survive in the highly competitive market, a larger size is always more viable. Therefore, the units that are having more than 10 hired labour are not in a position to comply with the labour regulations regarding ESI, bonus etc. There is every chance for them to abide the regulations by declaring lesser number of looms, sub-

division etc. The weaving units in Chennimalai only are complaining about the harassment by ESI officials as they were being investigated for non-compliance of ESI rules. Now the Director, Office of the Textile Commissioner that all the powerloom units in all the areas have to comply with ESI and other labour rule regulations, has clarified it. As the labour is not permanent and there is frequent changes, there is every likelihood of deviation of the rules and harassment by the regulatory authorities.

## **9.6 Technology upgradation and modernisation**

### **9.6.1 Lack of awareness by smaller units**

Majority of the powerloom owners are not aware of the TUF Scheme, as they are not in touch with any agencies connected with the schemes. Their lack of other languages except Tamil also has been a hindrance in this respect. It is reported that in order to avail the TUF loan, the minimum loan amount is in the range of Rs.10-15 lakhs that the small units are not in need of. Therefore, the TUF has not touched this powerloom sector in Tamilnadu in a major way.

### **9.6.2 Availing of TUF scheme loans**

In Tamilnadu, the decentralised powerloom sector is mostly run with very low capital investments as tiny sector and cottage industry. The prices of modern looms are enormously high when compared with ordinary powerlooms. Therefore, most of the weavers are hesitating to install high priced modern looms, whereas one of the norms of TUF is as follows :

“Machinery with technology levels lower than that specified will not be permitted for funding under TUF”

Hence, the norms of TUF are not feasible and could not be complied with by the tiny sector. There are no specific provisions in the TUF for the tiny sectors for their easy access to get the benefits of the scheme. As the tiny sector of decentralised powerlooms is uniquely different as compared to other sectors in their financial status and technology levels that necessitate that they should be dealt with separate rules and regulations. While considering these units for grant of loans, financial institutions should be helpful, liberal and practical.

### **9.6.3 Collateral security**

The banks, financial institutions etc. should act leniently in determining promoters' contributions, guarantee bond and collateral security. They should allow exemptions from furnishing the above said securities wherever necessary for certain limits. The present norms are not feasible for tiny units for adopting modernisation and hence the purpose of the scheme becomes null and void. Therefore, a solution regarding framing the norms to grant loans to tiny sectors under TUFSS is sought which will and should intensify its activities along with more banks and financing institutions.

The weavers also suggested that for collateral security of any bank loan, the very looms being purchased on loan basis along with the loom shed value as well as the residences of the weavers should be taken into account in order to solve the vexing problem of collateral security.

### **9.6.4 Modernisation outside the TUFSS**

The decentralised powerloom sector, which has been largely unable to avail funds under TUFSS is going ahead with modernisation, albeit without the TUFSS. In the case of Tamilnadu whatever modernisation is taking place is mostly dependent on own funds. As in the case of Bhiwandi where it is reported that a large number of shuttleless looms have been installed recently, in the southern clusters also the modernisation of looms by putting up shuttleless looms and expansion of production capacities is taking place. The state's powerloom sector is going ahead with modernisation, but this is outside the TUFSS. It has not been possible for these units to avail funds from banks and, therefore, they have been using their own resources to fund modernisation. The process has received a boost after the government has permitted imports of second hand shuttleless and other semi automatic looms. The government is considering/allowed recently the imports of second hand TW-11 and projectile looms which could lead to more investments in powerloom modernisation.

A handful of powerloom units have availed the TUFSS loans for modernisation. As the powerloom units are marginal and tiny in their operations and far removed from any technology impact, the awareness of TUFSS is almost negligible

There is an improvement in the quality of powerloom fabrics, a lot of which has come about due to modern machines that have been installed recently. The powerloom promotion council has been demanding that the powerloom units be given incentives for totally scrapping old technology as is being done in China.

### **9.6.5 Shrinking number of second hand Sulzer looms**

It is estimated that hardly 4500 Sulzer looms are currently available in Europe and the domestic players here fear that a large number of these looms would not be of importable condition. Whatever looms, if available, will primarily be due to the European Commissions' incentive plan for the local textile industry to replace old Sulzer looms with new ones to bring in more efficiency and better fine quality of textiles. The cheapest available second hand Sulzer looms (Switzerland origin) in the overseas market are only TW-11 model and the PU model with year of manufacture as late as 1987 or earlier. The cost of TW-11 model in the overseas market is around \$ 6000- \$ 6500 without CIF and other import duties, whereas the PU model is available at around \$ 20000 – three times costlier than the TW-11 model.

### **9.6.6 Development of indigenous Rapier looms**

Realising the need for less costlier modern shuttleless looms, ATIRA has developed a low cost flexible rapier loom in collaboration with a manufacturer to meet the requirements of the powerloom sector. Like wise, SITRA has developed a low cost versatile rapier loom which is named Ganga Rapier – SR 2002 weaving machine having high level of techno-economic feasibility. This machine is suitable for all fabrics from coarser to finer cotton, blended or silk fabric, jute, flax and glass fibre yarns shall be woven with modification. The cost of the loom is around Rs. 2 lacs which is quite affordable for the powerloom weavers in Tamilnadu. However, the commercial availability is yet to begin. These machines are more suitable for Karur, Salem, Erode etc. where yarn dyed fabrics are being produced for home textiles as well as dresses.

## **9.7 Quality improvements**

### **9.7.1 Improvement in the quality of fabrics**

The textile industry, which is gradually moving into a totally different regime of operation under WTO, has to consider various issues that are quite critical for the industry.



One thing is very much clear that quality is likely to play a very crucial role in future. We have already witnessed that there has been a gradual move from the commodity based production to high value speciality production. This move is towards reaching a critical mass which has a judicious mix of commodity as well as speciality products. The study conducted by LEK Consulting GmbH on the global market for testing and monitoring equipment has observed that there will be significant increase in demand for textile testing and monitoring equipment in most of the developing countries in the post MFA regime following phasing out of quota as also growing competition in export markets. Asia excluding China has the largest installed spinning capacity at around 78 million spindles followed by China and others. It has also been observed that global textile industry is currently at the bottom of the cycle. It is known that the textile industry is highly cyclical with average cycle length of around 3-4 years and at present the industry is at the bottom of a cycle. This particular finding should go a long way in boosting the industry sentiment that has been at low ebb for quite some time now. The industry should realise now that the worst is over and from hereon the situation will only look up. It is high time that the industry came out of its general inertia and started looking forward to the future demand that requires large-scale quality improvement.

### **9.7.2 Humidification in loom sheds**

Presently, there is no humidification arrangement in the loom sheds as majority of them are small in size and are using low speed looms. However, with the introduction of high speed shuttleless looms, the need for humidification will be great and no weaving shed can remain without humidification facility. In order to improve the quality of fabrics all the units should be asked to add on this facility.

### **9.7.3 Adoption of ISO 9000 quality systems**

Very few powerloom units are following quality systems and, therefore, there is need to popularise its adoption. In addition to the powerloom units, there is need to bring the small scale spinning mills, sizing units, yarn dyeing units and processing houses under the ISO systems.

#### **9.7.4 Availing of testing facilities**

It is observed that most of the powerloom weavers are not aware of the testing methods or the facilities available for yarn, processed fabric etc. Educating them and making them avail the testing facilities from PSCs, Textiles Committee and other testing organisation, can achieve the quality improvement.

### **9.8 Marketing and product diversification**

#### **9.8.1 Developing of marketing complex**

One way of solving the marketing problem for the powerloom sector is to set up marketing complexes on sub-cluster basis including in the main clusters like Erode, Somanur, Salem etc. This will provide a complex for showrooms of the products manufactured locally where from the domestic as well as foreign buyers can procure their requirements. These complexes can also function as a resource centre providing information on the different markets and the buyers requirements.

#### **9.8.2 Absence of marketing Capability**

The main hurdle the weavers find in modernising the looms is the marketing facility for their products. The cost of the looms range from Rs. 5 to 15 lakhs at the minimum and an ordinary weaver is not capable of investing such huge sums except in the case of a few entrepreneurial units. Even if the small weavers manage to invest in modern shuttleless looms, the marketability for their products is limited and they may not be in a position to repay the loan.

#### **9.8.3 Product diversification**

Declining consumption in the local market due to less purchasing power in the Indian population is bound to change the demand pattern for textiles. Shrinking domestic demand for traditional items like lungi, handkerchiefs etc. also is having its effect on the production of powerloom industry. Due to the above reasons, the number of powerlooms and number of units producing such traditional items has been considerably reduced due to lack of demand, though the overall size of the industry is increasing. All these indicate the

necessity for proper product planning and product diversification that the individual small unit owners may not be able to carry out. Area based co-operatives will be a solution for such product diversification and long term plans for production and marketing of different types of textiles.

The output of the powerloom sector today is more a “commodity” than a “product”. This is because the bulk of the output has the characteristics of a commodity-homogeneity, low value, large volumes and targeted at mass markets. Sincere efforts by all will make all efforts to elevate the output of this sector into “products” targeted at specific markets within and outside the country, heterogeneous in terms of design, of high value, of high fashion and in volumes aimed at preserving its exclusive traditional designs and other selling points.

“The production of blended powerloom fabrics in fibres other than cotton will be encouraged by funding design and development efforts by recognised institutions, particularly silk fabrics for export. Further, the production of industrial fabrics including filter fabrics, canvas geo-textiles, non-wovens etc. will also be encouraged by funding design and development efforts by recognised institutions”.

## **9.9 Government**

### **9.9.1 Role of State Government**

The state government is having a department – Directorate of Handlooms and Textiles – through which it is expected to carry out measures to control and regulate the powerloom industry also in addition to the development of handloom industry in the state. Presently, the department has got the responsibility of enforcing the handloom reservation and also the registration of powerlooms. Further, some developmental measures for the powerloom sector have been planned if not given effect to by the state government. So far these activities have been in the nature of regulations and limited developmental work has been done by the above governmental wing. The need of the hour is to become more proactive and render support services by being a facilitator rather than a regulator. There is no limit for such activities for the powerloom sector by the state’s textiles department. By shielding its inspection activities, the department can become industry friendly and will be

a true catalyst for the technology upgradation schemes mooted for the industry. The textile policy of the state government also emphasises the above.

“Government will encourage the growth of this industry by providing necessary physical infrastructure. The government will also encourage setting up of spinning units dedicated to the production of hosiery yarn. As a forward linkage to the powerloom sector, government will set up garment export parks in the state to encourage the powerloom sector to produce fabrics to meet the requirements of garment exporters.”

### **9.9.2 Integrated approach**

“Government desires that powerlooms and handlooms co-exist harmoniously and do not cut into each others traditional markets. In other words, the traditional thinking of ‘handloom versus powerloom’ should be replaced by ‘handloom and powerloom’. To this end, Government will take all steps to encourage the powerloom sector to modernise and fill the gaps created by the steady decline of organised mill sector so as to provide fabrics of the right quality and price to meet the needs of the growing garment and made-ups export trade. In order to provide proper backward linkages, Government will dedicate the production of some co-operative spinning mills located near powerloom concentration areas to meet powerloom requirements. Formation of primary powerloom weavers co-operative societies will be encouraged and the necessary linkages in terms of raw materials, finances, design/development, training and marketing will be arranged”.

### **9.9.3 Reservation for handlooms**

The reservation of textile items for handlooms was also not effective much in the state and, therefore, the powerlooms also produced such handloom textiles to some extent. With more stringent step towards implementation of the handloom reservation, the powerlooms will be forced to produce the varieties that may not be economical for them. Moreover, the most serious problem of the sector as well as the industry has been the spiraling prices of yarn. All other problems have become secondary to this. It is learnt that most of the loom owners expressed their views only on the yarn price as well as the immediate urgency to stabilise the price level. The powerloom sector in the state has been voicing its grievances in various forums quite often with little success.

#### **9.9.4 Non exposure to new schemes**

Progressive state and central government schemes and procedures do not reach the powerloom units in time since they are located in rural areas and villages. Language is also a limiting factor on the powerloom people resulting total negligence, thus the ignorance on their part leads them to suffer continually and making them perennially in dire state needing help. This is evident from the response of ignorance on TUFS, training programmes by PSCs, PDEXCIL etc. in this region.

#### **9.10 Investment**

##### **9.10.1 Lack of finance**

The powerloom units operate with the barest minimum capital. The capital invested in units is mostly on looms and for other operational costs, they have to depend on the master weavers. So far, institutional finance has not been made available to the powerloom units for meeting their capital requirements. Therefore, the powerloom units have to depend on credit facilities and private moneylenders who charge exorbitant rate of interest. So far, the powerloom units have not been able to take advantage of TUFS and other schemes. For the development and growth of any industry, finance is the sine-qua-non and the powerloom industry needs the funds for installing better looms as well as to produce and market by the individual powerloom units.

##### **9.10.2 Working capital fund requirements**

It is seen that the capital invested by the small weaver is limited to the machinery and his working capital requirement consists of funds needed for meeting the wages of labour employed and not for procurement of raw material etc. This lack of funds for working capital has forced the small weavers to stick to the job work pattern and not to venture into own production and marketing. A four looms - unit can not undertake the production of textiles on its own and market the same whereas a medium sized unit with more than 24 looms will be in a position to produce the textile items in grey or yarn dyed fabric form and market them successfully. Therefore, the problem of working capital for own production has to be tackled through co-operatisation or consortium approach.

## **9.11 Entrepreneurial skills**

### **9.11.1 Management skills**

The small and medium sized powerloom units are proprietary concerns managed by a single person. He undertakes the production of fabrics by engaging himself in the weaving activity and carries out the maintenance of the looms. As far as possible such small weaving units are avoiding the risk of marketing and are content to be job work units. So the entrepreneurial skills of the powerloom units are limited to the weaving activities only. The most complicated area of marketing is thus beyond their ken and ability, and is left to the master weaver manufacturers or the exporters. Due to this dichotomy in the manufacturing process, the improvements in technology are very slow to percolate to the sector.

### **9.11.2 Lack of knowledge about markets**

Those who are presently engaged in weaving and marketing and those engaged in job work only are desirous of improving their marketing abilities. The weavers in all the clusters have been unanimous on a single demand – their marketing efforts should be supported by updates of market intelligence. Most of the weavers are not having any basic knowledge about the prevailing markets and their expectation is that the government will be coming out with marketing support. As in the case of handlooms where a centralised government organisation like Co-optex purchases the production of primary co-operatives, and also powerloom co-operatives for government free dhoti/saree schemes etc., the weavers want to depend on the government. This mind-set is bound to be more damaging to the sector and, therefore, there is need for the state government to come out with specific programmes of training in marketing by the industry itself without depending on the government.

### **9.11.3 Conflicts between job work versus manufacturing units**

There is a conflict existing between job work units versus entrepreneurial units. In most of the sub-clusters, the job work units as well as the entrepreneurial have formed their own associations in order to protect their interest and also to take collective action for getting benefits from the government. There is a certain divide between the two segments

due to the differences in their business activities that is not conducive for the growth of the industry. The job work units try to extract better rates for conversion and the entrepreneurial units are bent upon reducing the production cost by meting out the barest minimum charges. These differing postures by two segments hamper any collective action for improvement in the state. Integrating them together is also necessary.

## **9.12 Machinery – Looms**

### **9.12.1 Lack of easy availability of spare parts**

Most of the weavers have indicated the non-availability of genuine spare parts for their existing looms and the difficulties being faced due to that. The solution for this lies in collective action by putting up a complex where spare parts suppliers can be located. Some of the weavers have expressed their doubts regarding availability of spare parts if they go for more advanced shuttleless looms. This apprehension regarding the availability of spare parts acts as a dampener on their initiatives for modernising their looms with shuttleless looms.

### **9.12.2 Problems of machinery maintenance**

Presently, maintaining the shuttle looms of low technology is much more easier with the locally available mechanics. In case shuttleless looms are installed, maintaining them by engaging qualified mechanics will be a problem in most of the interior places, if not in places like Somanur which is nearer to Coimbatore and, therefore, qualified technicians may find it easy to attend to the looms immediately. The same cannot hold good for powerloom centres like Rajapalayam, Sankarankoil etc. that are far removed from the main textile centre. Therefore, there is need to develop technical expertise in different sub-clusters for maintaining the advanced looms.

### **9.12.3 Trained manpower for advanced looms**

As mentioned earlier, institutions or the industry does not impart the training to the weavers separately but the weaver is getting trained while he is on the job. This lack of formal training is not a major problem as far as the plain looms are concerned whereas manning the shuttleless looms need manpower well trained in its operation as well as maintenance. Though the PSCs in Somanur etc. are imparting training to some extent for

weavers on shuttleless looms, this is stated to be very much inadequate. Instead of having such small scale training programmes, there is need for large-scale training on shuttleless looms. The weavers are also to be provided with on the job training atleast for 6 months on shuttleless looms that is not possible due to operational limitations of PSCs. In order to facilitate the on the job training on shuttleless looms, each PSC should have 10-15 medium sized units with shuttleless looms where the PSC trained weavers will get further on the job training in each sub cluster.

### **9.13 Problems of small powerloom weavers**

#### **9.13.1 Lack of job orders**

Units in general work full swing for six months, partially for three months and remain idle for the balance three months. Due to lack of export job orders and slackness in the domestic market for the past two years, there are no continuous orders for running the looms regularly in all months of the year so as to get a regular income. Hence, unit owners feel that there is no regular income in this business now. Many of them are facing a distress situation by taking loans from different sources and not repaying even the interest due for want of job orders. If this situation continues for another year, the units may be forced to close down. The volatile situation and turmoil faced can bring about a calamity of closure of units about which they are worried.

#### **9.13.2 Manufacturing system**

It is a fact that most of the powerloom weavers have developed from their original handloom weaving. They have succeeded in discarding the handlooms and installing powerlooms, but due to lack of finance they are not able to undertake production on their own. Therefore, the powerlooms are mostly working on job work given to them by master weaver / manufacturers who are operating on a large scale. It is learnt that there are around 4000 manufacturers-master weavers who engage job work units and market the final products. Around 2000 units produce and sell on their own as entrepreneur units and they do not engage job work units. Thus in important places like Coimbatore, Erode, Salem and Karur, there have been mushrooming growth of masterweaver/manufacturers who are known as handloom/powerloom textile manufacturers. The actual powerloom owners thus have to satisfy themselves with the wages received for the conversion of yarn into fabrics. It is gathered that the powerloom unit owners retain one-third of the weaving charges and



two-third goes to the loom operating labours. Many powerloom units have reported that due to severe competition in the state, they have to accept work from master weavers for whatever weaving charges they are paid. Thus, in off-seasons they have to accept the rates which may be even uneconomical.

### **9.13.3 Domination by manufacturer masterweaver**

In some of the clusters, it is reported that merchant manufacturers are indulging in a kind of exploitation by reducing the conversion charges being paid to the weavers year after year. The rate, which was ruling at Rs.20/- per metre before two years, has come down to Rs.12/- per metre at present in areas nearer to Karur, Vellakovil and Mulanur producing home textiles. There is also a type of exploitation as the master waver expects a quality that is unachievable from the raw material provided to them. In this process the job work units are further squeezed and exploited. This leads to compromise on quality of fabrics produced as well as loss to the jobwork units for any penalty imposed by the master weaver. Jobbers also complain about unachievable delivery schedules leading to further penalties for no fault of theirs.

### **9.13.4 Development of co-operatives**

In some areas, the powerloom operators are viewing the co-operatives as a disincentive for their entrepreneurial efforts and are not in favour of joining any co-operatives. Therefore, there is a need for an alternative system whereby the smaller units can benefit from pooling of efforts and combined actions without joining a co-operative society.

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