



Volume: 3, Issue 3, 2016 (July-Sept.)

INTERNATIONAL JOURNAL OF LAW, EDUCATION, SOCIAL AND SPORTS STUDIES (IJLESS)

www.ijless.kypublications.com

ISSN:2455-0418 (Print), 2394-9724 (online)

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www.kypublications.com

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A STUDY OF PROBLEMS BEING FACED BY SMALL SCALE POWER LOOM UNIT OWNERS OF SOLAPUR, INDIA

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RESEARCH ARTICLE

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ABSTRACT

Solapur is well known for power loom industry in India. Power loom sector has occupied a unique place in Indian economy. It accounts for percent of the total industrial production and 30 percent of the total exports. The impact of liberal economy is strong felt in power loom sector of India. There are new challenges and barriers that have come up in the development process of this industry. The present study focuses on the expectations of the power loom unit owners from the government. These expectations are pertaining to finance marketing and technology.

The result of the study show that, there are major barriers or problems related to finance, labour and marketing. There is a need to improve technology, and there is a need to provide financial support by the government in terms of subsidies, tax benefits, etc. to improve the financial condition of power loom sector.

Key Words: Power loom industry, Financial, Labour, Marketing problems.

1. INTRODUCTION

The power loom industry is one of the important industries in India with massive raw material and textile manufacturing base. The structure of Indian textile sector is extremely complex with modern, sophisticated and highly mechanized sector on one hand and the Handloom industry on the other and in between falls the decentralized small scale power loom industry. The power loom industry plays an important role in meeting the clothing needs of the country. There are approximately 13 lakhs power looms in different regions of Maharashtra like Solapur, Ichalkaranji, Malegaon etc., and they are also concentrated in Gujarat and Uttar Pradesh states. Unlike other major textile producing countries, Indian power loom industry is comprised mostly of small scale, non-integrated spinning, weaving, finishing and apparel making enterprises.

Solapur is the centre of handloom and power loom industry in India. There are around 500 power loom units operational in Solapur. It is clear that, at national level the market size of power loom industry is growing at a very fast pace but now a days, power loom sector of Solapur is facing intensified problems.

The present study highlights these problems/barriers and the expectation of power loom unit owners, from the government.

2. Significance of the study

With liberalization and globalization many changes have taken place in the power loom industry. There is a pressure on the power loom industry to produce good quality products with increased domestic and international competition. In case of Solapur power loom industry, there is a need to become cost effective and efficient. There is also a need to improve technology of manufacturing and marketing strategy. The power loom industry of Solapur has to upgrade their work methods, work norms, technical and managerial skills and motivate their labour to overcome the barriers/problems. Threat of competitors having latest technology, multinational trading rules, labour problems, financial problems etc., are some of the barriers and challenges posed due to liberalization and globalization. It is important to

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highlight the nature of these barriers and the opinions of power loom unit owners regarding the causes of these problems or barriers.

3. Review of literature

M. D. Teli, (2003), has critically analyzed the present scenario of power loom industry of Solapur. Author has focused on the market scenario, which is affected by the policy changes made by government. Analysis shows that tremendous potential exists for growth and improvement of power loom industry provided technological upgradation is and earnest efforts are made to become globally competitive. In the opinion of author, there is no doubt in going for modernization.

B. C. Mohapatra, (1998), has also critically analyzed the financial and marketing conditions of power loom industry affected by recent government policy changes and restructuring in comparison to the one at the international level. Skilled labour, technological integration, marketing innovations in diverse product development and futuristic vision are some of the important topics which have been discussed by the author.

R. N. Ahuja, (2003), has focused on the technology upgradation fund scheme. In the opinion of author, the most important problem in the development of power loom industry is technological obsolescence. Author has stated that there is a need for stepping up the process of modernization and technology upgradation of the power loom industry. Author has also discussed the challenges posed due to acceptance of liberal economy in India.

Dr. M. B. Dev, (2008), has discussed the present position of Indian power loom industry. Author has focused on the challenges and adversities being faced by power loom unit owners of Solapur. In the opinion of author, Indian power loom industry is small scale unlike industry of south East Asian countries, Bangladesh and Pakistan etc., and therefore, it incurs high cost. Higher power tariff is also one of the biggest challenges and adversities being faced by power loom unit owners of Solapur. Author has pointed out that shortage of skilled labour is also a great barrier in the adoption of new technology.

P. R. Kulkarni and V. C. Panse, (2010), have discussed on the current scenario of the power loom industry. Authors have discussed the importance of power loom sector in the Indian economy. Authors have pointed out that, presently, when the economy is liberalized and the globalization of the trade is bound to stay, this industry deprived of modernization and lack of sufficient operational finance, is faced with the global competition, which is rather difficult to withstand.

4. Objectives of the study

- I. To highlight the financial, production, marketing and labour problems being faced by power loom unit owners of Solapur.
- II. To understand the opinions of power loom unit owners regarding the causes of unfavorable market condition in Solapur.
- III. To understand their expectations from the government.

5. MATERIALS AND METHODS

Research methodology

The nature of this study is very simple and exploratory. Questionnaire has been used as a main source of collecting primary information from small scale power loom unit owners of Solapur. Survey method as well as observation method have been used with a view to understand the nature of problems related to labour, financial, production and marketing being faced by power loom unit owners, and to understand their opinions about the main reasons for unfavorable market conditions. Convenient sampling method has been implemented for the selection of sample of power loom unit owners. In total 110 power loom unit owners have been selected from the various MIDC areas of Solapur. The following table indicates details of sample.

Sr. No.	MIDC Areas	Number of selected power loom unit owners
1	Akkalkot Road MIDC	83
2	Hotgi MIDC	08
3	Pune-Solapur Road	03
4	Solapur city area	16
	Total	110

Majority of power loom industries are situated in Akkalkot road MIDC areas; and in Solapur city area. Very few of them are situated along with the Pune-Solapur road.

6. Limitation of the study

The results of the present study are bound to be affected due to the following limitations.

The present study was limited only to the selected small scale power loom industries situated in various MIDC areas of Solapur, thus, the results of the study cannot be generalized to the power loom industries situated in other MIDC areas of other districts of Maharashtra or in other parts of the world.

7. Results and Discussion

The collected primary data has been presented in the following table:

Table No.1, Problems related to finance being faced by power loom unit owners (Multiple response)

Sr. No	Nature of Problems	Frequency	Percentage
1	Lack of working capital	102	92.7%
2	High interest on loan	93	84.5%
3	Low profit margin on scale price	90	81.8%
4	Heavy tax payment	100	90.9%
5	Problem of yarn price	110	100%

The above table indicates that the majority of unit owners (100%) are facing the problem of frequent fluctuations in yarn price. Due to frequent fluctuations in yarn price, unit owners are unable to implement proper marketing policies. 92.7% unit owners are facing the problem of inadequate working capital, which is also one of the major financial barriers in the implementation of various business or trade policies. Burden of heavy taxes is also a major obstacle stated by 90.9% unit owners. 81.8% unit owners have stated that due to low profit margin they are not in a position to install modern machinery in their organizational. 84.5% have stated that, they are unable to pay high interest on loan. It shows that, there are several financial obstacles being faced by small scale power loom unit owners. These unit owners do not have the financial resources to enhance technology or invest in the high-end engineering processes.

The following table indicates the problems pertaining to the labour.

Table No.1 (B), Problems related to labour being faced by power loom unit owners (Multiple response)

Sr. No	Nature of problems	Frequency	Percentage
1	Heavy absenteeism of labour	72	65.4%
2	Constant demand for high wages	43	39.0%
3	Unskilled labour	103	93.6%
4	Irresponsible and arrogant behaviour	34	
	Low productivity	100	90.9%

From the above table it is revealed that 93.6% unit owners are facing the problem of lack of skilled labour. Due to lack of skilled labour and specialized knowledge there is a low productivity stated by 90.9% unit owners. 65.4% unit owners are facing the problem of heavy absenteeism by labour. Labourers are also constantly demanding high wages which is also a problem stated by 39.0% unit owners, labourers are irresponsible and their behaviour is also arrogant has been opined by 30.9% unit owners. There is a low productivity which has resulted mainly because of lack of training to the labourers and lack of motivation. It is observed that, apart from the financial and marketing problems, due to labour problems it is difficult for unit owners to run their business smoothly. Reorganization as well as technology upgradation will require highly skilled labour force which the power loom industry of Solapur currently does not have as a whole.

Table No.1 (C), Problems related to production process, being faced by power loom unit owners (Multiple response)

Sr. No.	Nature of problems	Frequency	Percentage
1	Irregular supply of raw material	107	97.2%
2	Frequent break down of machinery	22	20.0%
3	Obsolete plant and machinery	88	80.0%
4	Inadequate water supply	44	40.0%
5	Frequent power cuts	37	33.6%

The problem of irregular supply of raw material is being faced by 97.2% unit owners. The problem of obsolete plant and machinery is being faced by 80.0% unit owners. The policy implementation in this sector is against new investments and import restrictions are there on capital goods and advanced technology have condemned entire power loom industry to obsolete technology. There is a frequent break down of machinery due to obsolete technology stated by 20.0% unit owners. Apart from this, there are problems like inadequate water supply and frequent power cuts being faced by 40.0% and 33.6% unit owners respectively. There are greater power cuts which is about 36 hours in a week (morning and evening), which has resulted in low production, wastage of working hours etc. Irregular supply of raw material is also a main reason of underutilization of capacity of power looms. The unit owners who are having sound financial provision are keeping adequate stock of raw material with them, but the percentage of such unit owners is very low.

The following table indicates the nature of problems pertaining to the marketing.

Table No.1 (D), Barriers related to marketing facing by power loom unit owners

Sr. No	Nature of problems	Frequency	Percentages
1	Absence of proper marketing strategy	48	43.6%
2	High interest of competition from Bangladesh	110	100%
3	Price fluctuations in the market	110	100%
4	Lack of up to date market information	87	79.0%
5	Poor efforts for sales promotion	37	33.6%

On the basis of collected primary information, it is found that, 100% unit owners are facing the barriers of high intensity competition from Bangladesh and frequent price fluctuations of price in the market. It is observed that in 43.6% of selected power loom units there is an absence of proper marketing strategy. 79.0% unit owners are getting up to date market information. It is found that in 79.0% power loom units the proprietary status is prevailing and therefore, the power loom unit owners are not having sufficient time to get up to date market information and to take marketing activities accordingly. Due to liberalization market condition demands that power loom unit owners should be capable in performing their marketing activities. But there is a major barriers of lack of up to date market information or market know how. It is also found that, in 33.6% units there are poor efforts made by the unit owners for the promotion of sales. Due to all these problems and barriers the power loom industry of Solapur is going through a bad phase and this is reflecting on the overall business performance.

The following table highlights the opinions of power loom unit owners about the main causes of unfavorable market condition.

Table No.2, opinions of unit owners about the causes of unfavorable market condition (Multiple response)

Sr. No	Opinions	Frequency	Percentage
1	Lack of skilled labour	103	93.6%
2	Financial problems	110	100%
3	Lack of market know how	88	80%
4	Unfavorable government policies	110	100%
5	Antagonist attitude of politicians towards power loom sector	76	69.0%

93.6% unit owners opined that, lack of skilled labour is the main problem for unfavorable market condition. In the opinion of 100% unit owners financial problems and unfavorable government policies resulted in unfavorable market conditions. 80.0% unit owners have stated that due to lack of market know-how they cannot implement proper marketing strategy which leads to unfavorable market for them. According to 69.0% unit owners negligence and antagonist attitude of local politicians is also one of the major causes for unfavorable market conditions.

The government policy of reservation of production for small scale power loom industry has been imposed with a view to help the small scale enterprises but this has led to substantial fragmentation and has distorted the competitiveness of the power loom industry. Secondly the foreign investment in this industry was kept out. Now the government has gradually eliminated these restrictions by decreasing import duties on capital equipment, allowing foreign investors to setup manufacturing facilities. Despite of implementation of some favorable policies by the government, other problems or barriers are still persisting like various local taxes, excise imbalances, etc. Apart from this, during the last two decades excessive regulations exercised by the government on the power loom sector, has promoted inefficiency in the production process and marketing strategy of the power loom industry of Solapur. It is also found that, power loom industry is facing the problem of higher sales tax.

The following table indicates the expectations of the power loom unit owners from the government.

Table No.3, Expectation of power loom unit owners from the government (Multiple response)

Sr. No.	Expectation	Frequency	Percentage
1	Financial support	110	100%
2	Technological support	104	94.5%
3	Marketing support	88	80%
4	Relief from complicated rules and regulations	97	88%

100% unit owners expect financial support in terms of tax relief / benefits, subsidy etc. from the government. 94.5% expect technological support in terms of technical know-how, and 80% unit owners expect marketing support in terms of export promotion, reduction in import / export taxes, proper implementation of technology upgradation fund scheme (TUFFS) for power loom sector of Solapur. 88% unit owners expect relief from complicated rules and regulations.

Conclusion

It is concluded that there is a need to have a comprehensive market strategy, financial and technological support from the government for ensuring sustainable growth of power loom industry. Firstly, the government should take notice of the serious problems (related to market, finance, labour etc.,) prevailing in the small scale power loom industry of Solapur. What Solapur's power loom industry really needs is a change from indifferent attitude of the unit owners to innovation especially in their efforts to improvise production and marketing processes. Unfortunately, the various government schemes implemented for the development of the small scale power loom industry of Solapur cannot drive this change.

There is a need by the government to address the issues related to price of raw material, interest burden, high export duty and deficiency in infrastructure. Government of India should attract foreign direct investment in this industry

and should provide a conducive environment to enable the unit owners to realize full potential to achieve global excellence in the market.

Acknowledgement

My Parents, Mr. Omid Amiri, Mrs. Maryam Azizi Rostam and my brother Mr. Maziayr Amiri and also my wife Bahar Sadraei who have been a constant source support, encouragement, and have been instrumental in my life for inspiring me with a positive out look to achieve the task of completion and publication of this article.

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