

Report on

**Socio-Economic status of the entrepreneurs and work force of
Textile and Apparel manufacturing Cluster of
Solapur**



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PREFACE

This report is an outcome of four months study on “Socio Economic Conditions of the Solapur Powerloom Entrepreneurs and Workforce conducted by the National Institute for Small, Medium Enterprises, an organization of the Ministry of MSME, Govt. of India. Through this report we aim to we explore the issues underlying the growth of socio economic conditions of the Powerloom industry in Solapur both with the entrepreneurs and the workers through the intensive field study and interaction with the concerned groups. Interactions with the major associations of the industry, some of the prominent industrialists to small entrepreneurs were the major source for this study. Visits to individual units and seeing the conditions of the work environments, interactions with the workers have given good insight about the industry.

We would to thanks to Mr.Dharmanna M. Sadul, Ex-MP, EX-Mayor (Solapur) and Present President of Solapur Zilla Yantramag Dhark Sangh for his valuable time to discuss the issues of the Solapur Powerloom industry and efforts made by him as Member of Parliament and also to share the some of the representations made to Hon’ble Textile Minister. We are also thankful to Sri P I Gaddam, Chairman, who has given full support to inform all the Powerloom entrepreneurs to extend the support to this study.

We also express our sincere thanks to all individual entrepreneurs who co-operated this study and allowed us to visit the units and to interact with their workers for the interviews.

Our special thanks to the officials of the Textiles Committee, Ministry of Textiles, who has given a good support for this study.

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1. Executive Summary

The textile industry holds significant status in the India. Textile industry provides one of the most fundamental necessities of the people. It is an independent industry from the basic requirement of raw material to the final product, with huge value-addition of every stage of processing with its contribution of 14% of the total industrial production and It contributes to nearly 30% of the total exports. This industry has the potential of generating a large number of employments to opportunities and stands as second largest employment generator after agriculture. About 35 million people are already engaged with this sector. That is why the Indian textile industry occupies a very important place in the economy of India.

The ongoing economic reforms and changes at the international economic scene including the emergency of World Trade Organization (WTO) have brought about certain challenges and several opportunities before the textile industry of India. The Indian textile industry exemplifies many of the opportunities and the threats from globalization. The impact of globalization is strongly felt in all sectors and types of business in India. Many have benefited and some have becomes victims of it, one such victim is the entrepreneur of textile of Solapur.

Solapur is one of the important textile centers in Maharashtra state and known for Bed Sheets with approximately 16000 power looms as on date providing employment to more than two million people directly or indirectly. Even Solapur was known for the composite mills right from cotton into yarn and yean into cloth. But from the year 1988, the composite mills were stated to face the problems and were closed down one by one due to financial, marketing, labour, technology problems. Since then, power loom industry, emerged in the informal sector when the mills were closed. Many power loom workers who were migrated to work as power loom weavers from Andhra Pradesh has started their own small units with 3-4 looms are now became the entrepreneurs and now they are dominating in Solapur Textile Industry.

Power loom industry has grown up over the period of time on its own by setting up of looms as household by the ex-mill employees /workers. Though they are producing high quality terry towels, bed sheets the industry is highly unorganized due socio economic conditions of the entrepreneurs. Today the industry is facing number of problems such as non-availability of sufficient funds, skilled labour, lack of latest machinery faulty marketing system, price fluctuation in raw material etc. Low cost, threat of latest technology, multinational trading

rules, labour and environmental standard issues, mergers and accusations are some of the challenges posed by globalization.

More than 25000 workforce are involved in the Solapur power loom industry in the activities of preparatory, warping, sizing, weaving, post weaving operations etc. Most of the work force are migrated workers and work on weekly wage basis, which is an age old wages payout pattern of Solapur Industry. Socio economic conditions of the workforce involved in the power loom industry is very poor and they are deprived of many the facilities from the employer like PF, overtime, bonus, leaves, housing, insurance, etc and also not aware of any Govt Schemes.

Hence, this study has focused mainly on the Textile and Apparel manufacturing located at Solapur Municipal Corporation areas to know the present status of the micro enterprises involved in the production of textile and apparel manufacturing with reference to socio-economic status of the entrepreneurs and work force. Aim of this study to bring out the role of public and private business development service providers, critical bottle necks involved, and inclusive development of minorities in these areas, etc.

a. Challenges faced by the entrepreneurs of Powerloom Industry:

Based on the study conducted among enterprises and the workforce and the personal interactions with the Associations, owners, service providers and the actors of backward and forward linkages, following are the major challenges observed for the well being of entrepreneurs:

1. Getting a finance from banks is very a biggest task for a Powerloom MSME
2. Agricultural loans are given at 5% to farmers while the second largest employer of Textile sector is not given priority.
3. High fluctuation of yarn rates
4. Benefits of TUFS are not being properly utilized by the Solapur Powerloom sector
5. Duty Drawback on the exportable items are very less
6. Absence of support from the public and private service providers
7. Yarn market is under the control of few people in other communities
8. International marketing knowledge
9. Dependency on Mumbai, Delhi and other exporters
10. Biggest challenge of labour absenteeism of 1-3 days after every weekly pay out.

b. Challenges faced by the Workforce of Power loom Industry:

1. Meager wages & high rate of inflation
2. No proper housing for workers
3. No proper facilities at workplace
4. Workers are paid on piece rate / yardage only
5. Not directly employed by any enterprise
6. No paid holidays
7. No Provident fund as they are not employed
8. No ESI / Insurance
9. Children's are not given proper education
10. Not aware of Government schemes of Insurance, Children education allowance etc
11. Poor living conditions

c. Quick Recommendations To Enhance The Wellbeing Of The Entrepreneurs

1. Educating the entrepreneurs on adopting TUFs
2. Facilitation with banks for the better disbursement of loans under TUFs
3. Formation of Raw Material banking for the cost effective inputs
4. Making use of Group Workshed Scheme to synergize the resources of micro enterprises
5. Aggregating the work force in to small groups, preferably in to SHGs; linking them to the mainstream financial institutions
6. Engaging with attaches' (mentors to the Federations of workers as well as Specific activities like – interface meetings with govt departments which are relevant, bankers, marketing departments, input suppliers etc
7. Developing Development Plans for both the workers associations and small entrepreneur associations with a specific focus of social benefits and financial benefits
8. Promoting an independent association for the work force and providing required capacity building through an independent agency with a specific curriculum
9. Counseling to workers on the work ethics and co-operation for the win-win position of workforce and entrepreneurs
10. Creating awareness on the Govt Schemes to the entrepreneurs for better utilization
11. Similar awareness to the workforce on Insurance, Children Education etc.,
12. Promoting group insurance through the aggregated community based organizations

3. STUDY BACKGROUND

The idea of the study has emerged keeping in view of the current crisis that prevails in the Solapur textile cluster. Several of the current generation is leaving the profession due to various reasons. Being the second largest supporter of the livelihoods of the millions of populations of India, the Powerloom entrepreneurs and work force are facing several challenges. If the situation prevails, the crisis takes away several lives similar to the dry land agrarian crisis that is prevailing in India. Hence it was decided to undertake a study which understands various challenges faced by the Powerloom workers in the region. The study is expected to bring out specific recommendations so as to improve the situation. The study has been conducted in three clusters of Textile and Apparel manufacturing located at Solapur, Bhiwandi and Malegaon cities viz., Municipal Corporation areas to know the present status of the micro enterprises involved in the production of textile and apparel manufacturing with reference to socio-economic status of the entrepreneurs and work force. The study would also involve bringing out the role of public and private business development service providers, critical bottle necks involved, and inclusive development of minorities in these areas etc.

a. Objectives of the Study

1. To undertake study in three clusters of Textile and Apparel manufacturing located at Solapur Municipal Corporation areas.
2. To study the **present status of the micro enterprises involved in production of textile and apparel manufacturing.**
3. To study the **socio-economic status of the entrepreneurs and work force** involved in production of textile and apparel manufacturing.
4. To analyze the **backward and forward linkages** to understand details of business operations of the clusters.
5. To analyze the **role of public and private business development service providers.**
6. To identify the **critical bottle necks that is hindering development of the clusters** particularly from the point of view of inclusive development.
7. To analyze the **strengths, weaknesses, opportunities and challenges** of the clusters.
8. To prepare a **cluster specific action plan** along with the **scheduling of the activities** for development of the clusters based on the problem analysis.
9. To **validate the action plan** with the help of the cluster enterprises and other development agencies involved in the clusters.

b. Scope of the Study

To undertake a study of Textile and Apparel manufacturing located at Solapur Municipal Corporation areas to know the present status of the micro enterprises involved in the production of textile and apparel manufacturing with reference to socio-economic status of the entrepreneurs and work force. The study would also involve bringing out the role of public and private business development service providers, critical bottle necks involved, and inclusive development of minorities in these areas.

4. STUDY METHODOLOGY

The study has been conducted through the local Cluster Development Executive who is trained on the UNIDO Cluster Development Methodology. Field visited to individual units to get full details mentioned in our scope and analyze the forward and backward linkages of the industry. Also met the individual public and private service and supporting institutions to analyze their services and role to suggest strengthen their services to the local industry. Similarly, meeting the stakeholders of the cluster and getting their feedback on the social economic status of the industry and the bottlenecks of the industry growth, present level of support received from the State/ Central Government organizations, pending issues and grievances pending with the concerned authorities

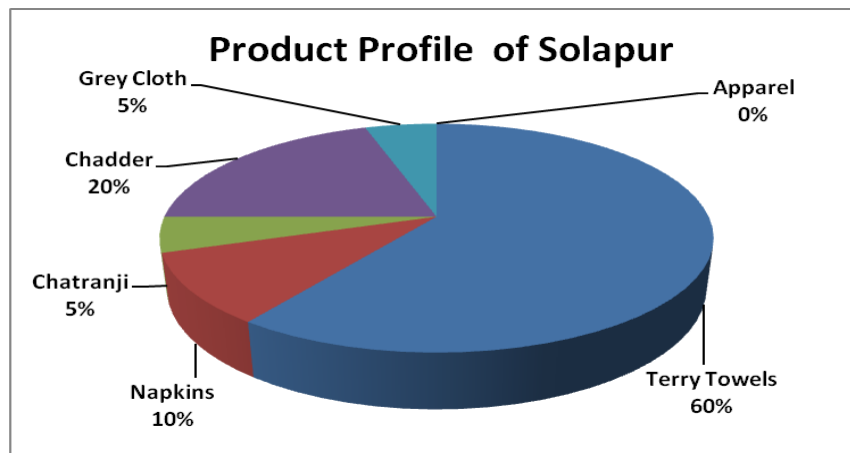
Based on the data and inputs from various meetings, SWOT analysis was prepared and specific action plan also being suggested based on the gap analysis done through our study.

SAMPLING

Entrepreneurs sample size	153	Purposive sampling
Work force sample size	50	Random sampling

5. Analysis and interpretation of results:

a. Present status of the micro enterprises involved in production of Textile and Apparel manufacturing



The above product profile shows that the Solapur Powerloom micro enterprises are majorly focusing on the Terry towels, Bed Covers, Napkins and very little focus on the plain fabrics. All these are these productions are of Powerloom production and there is no activity of Apparel industry in Solapur. Earlier there was an ROBOTEX garment unit functioning in Solapur and it was closed for many years. Though the Powerloom produce are given a value addition of embroidery and stitching towels/bed sheet ends, these are either outsourced to women to stitch at their homes. Some units have set up 3-5 machines in-house to cut and stitch the bedcovers / napkin. So this activity of is considered as making of Made-ups and not as apparel manufacturing.

Apparel manufacturing means cutting the fabrics as per the measurements and customizing to a garment is considered as apparel which are to be used to wear. Whereas, made ups are just cut from a running cloth and give a stitch at both ends of the piece. This can be seen in towels, bedcovers etc.,

In absence of Apparel sector in Solapur, our main focus of this study is given on micro enterprises of Powerloom enterprises whose investment is upto 25 lakhs on plant and machinery

b. Interpretation Of The Enterprises

TABLE 1: AGE & EXPERIENCE OF THE ENTREPRENEURS

Table 1: AGE OF THE ENTREPRENEURS			
Sno	Age category	Number	%
1	20 to 30 years	12	8%
2	31 to 40 years	30	20%
3	41 to 50 years	48	31%
4	Greater than 50 years	63	41%

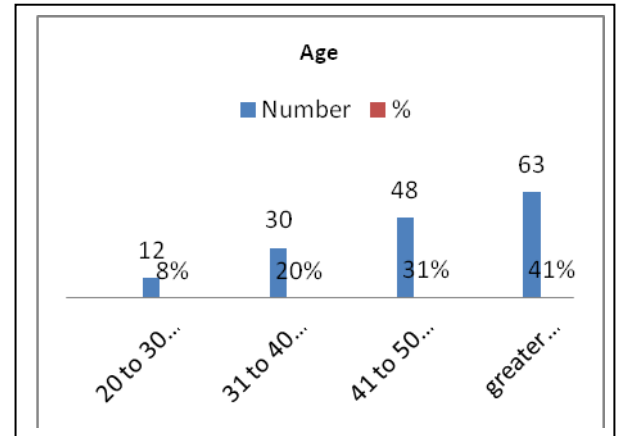


TABLE 2: EXPERIENCE IN THE PROFESSION

From the 153 respondents in the cluster, more than 40% of the entrepreneurs are in the age group of above 50 years, this indicates that the entrepreneurs in Solapur carries a rich experience and operating in the profession for the several years. When compared the age of the entrepreneurs with the experience in the profession (table 2), it gives an interesting observation that the about 75% of the entrepreneurs carries an experience of between 10 and 20 years.

Table 2: EXPERIENCE IN THE PROFESSION			
Sno	No of years in the enterprise	Number	%
1	< 5 years	24	16%
2	5 - 10 years	33	22%
3	10 - 20 years	75	49%
4	> 20 years	20	13%

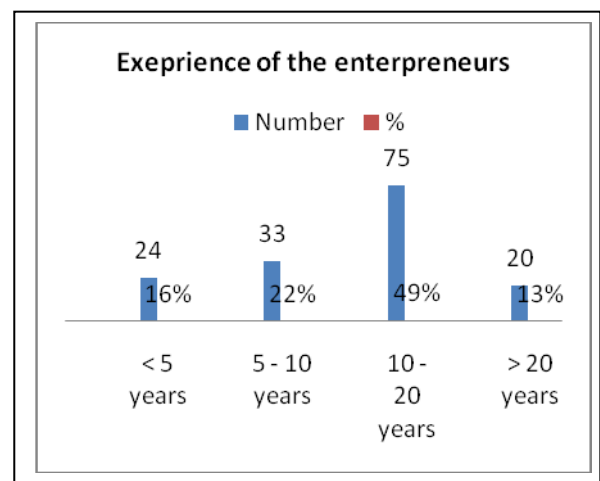
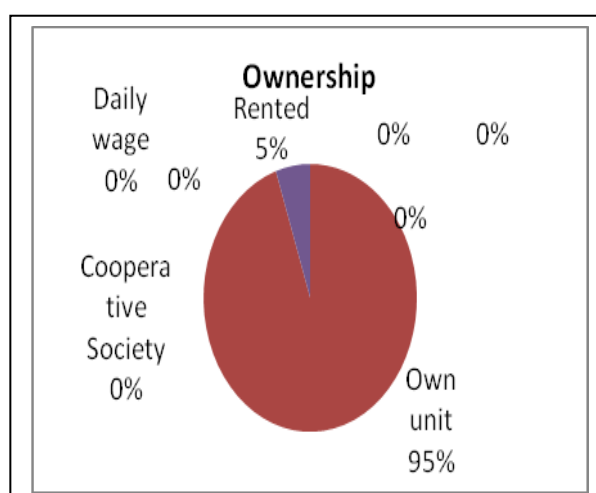


TABLE 3: OWNERSHIP OF UNITS IN THE CLUSTER

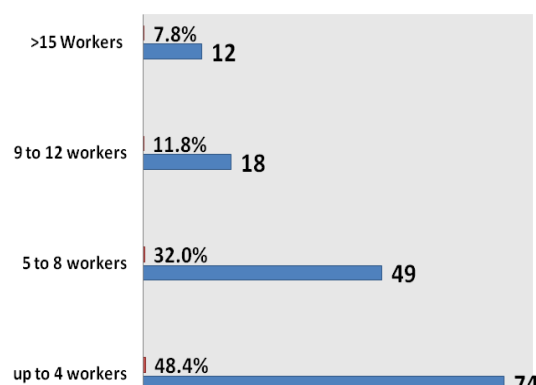
Sno	Type	Number	%
1	Own unit	145	95%
2	Rented	8	5%
3	Cooperative Society	0	0%
4	Daily wage	0	0%



Majority of the units in the cluster which the team had studied, the units are owned by the entrepreneurs. 95% of the units are own units and only 5% of the units are rented. No unit is run by the cooperatives in the study area. This implies that the existing units in the Solapur are set up by the entrepreneurs with their own capital investments. Ownership of the units needs to be compared with the financial assistance from the banking system in the subsequent analysis part. There are several schemes for the textiles promotion for both the enterprise promotion as well as for the workers who are working in the textile clusters. Very few entrepreneurs have got the access to either the beneficial schemes for starting up of the textile units or for the working capital requirements. An in depth probing is further required to see how the capital requirements are met, what are various debt options, the interest rates, the existing pressure from the informal lending institutions etc to know more about the nature of working capital and related vulnerabilities.

TABLE 4: GENDER ASPECTS

TABLE 4: MALE WORKERS			
Sno	No of male workers	Number	%
1	up to 4 workers	74	48.4%
2	5 to 8 workers	49	32.0%
3	9 to 12 workers	18	11.8%
4	>15	12	7.8%
		153	100%

Male Workers in Industry

Enterprises recruit workers in the units. 74% of the entrepreneurs engage up to 4 workers in their units. There are 10 units out of 153 engaged more than 12 workers in the units. There are female workers in the units. 95% of the units, 146 units out of 153 units engage up to 4 female workers. 5% of the units engage more than 4 workers in the units mainly on the preparatory.

The study observation pertaining to the work place facilities is negligible. The female workers toilet facilities, resting places, cresches for children, first aid facilities, rest rooms, canteen facilities etc are a distant reality among the enterprises. The entrepreneurs are still struggling with the fundamental problems of sustenance and continuity, viability of businesses. Hence as a whole the cluster needs an outside intervention, particularly the financial grant assistance through appropriate mechanism for enhancing the working conditions in the units. Lab labour laws are completely ignored in this cluster.

TABLE 5: FEMALE WORKERS			
Sno	Female workers	Numbers	%
1	up to 4 workers	146	95%
2	More than 4 workers	7	5%

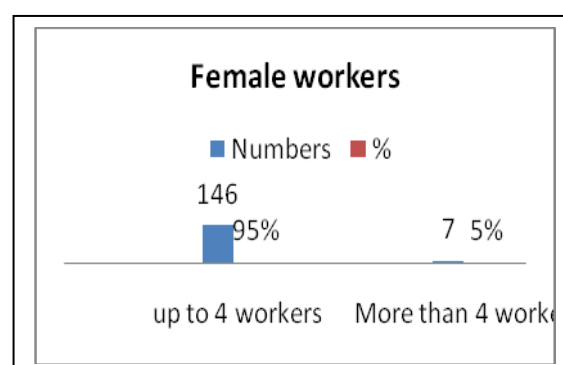


TABLE 6: TYPE OF PRODUCT MANUFACTURED COVERED UNDER STUDY

Variety of textile products manufactured in the cluster. 6 types of products are produced in the cluster. Terry Towels are the major products in the cluster. About 61% of the units produce Terry towels. 33% of the units produce the Chaddars. Bedsheets, Grey cloth and Chatranji are the other products produced in the cluster which have a high potential for exports.

TABLE 6: TYPE OF PRODUCT MANUFACTURED			
S.no	Product	Number	%
1	Terry towels	77	61%
2	Bed sheets	18	1%
3	Grey cloth	7	5%
4	Chaddar	43	33%
5	Chatranji	8	1%

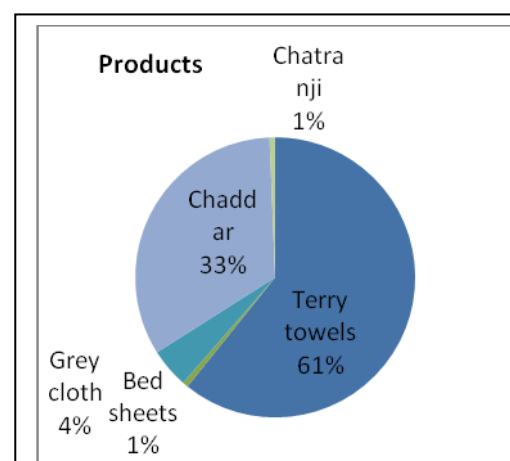
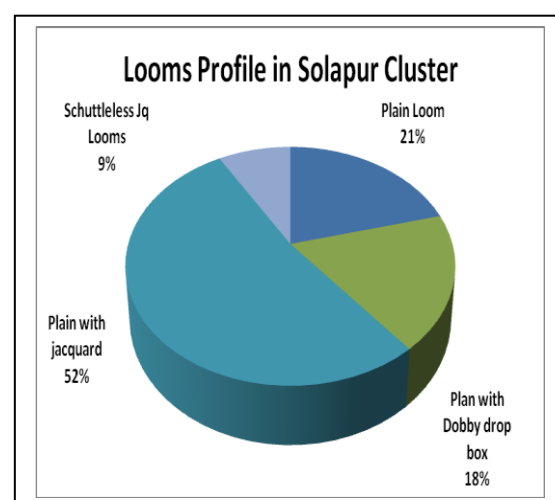


TABLE 7: TYPE OF LOOMS

Over all plain looms with some additional attachments of drop box or the jacquard are dominating the cluster in the ratio of 21%, 18% and 53% respectively. It is evidence from the following data that there is less focus on technology upgradation by the micro enterprises and only 8% of the looms covered under the study are having shuttle looms. Another interesting observation is that, there are about 69% of the units with more than 4 looms per unit. This has a highest significance of eligibility under the Govt of India's TUF schemes for the Textile units. An analysis of the number of looms per unit versus the extent of accessibility of the schemes is of paramount importance in the study.

TYPE OF LOOMS IN THE CLUSTER

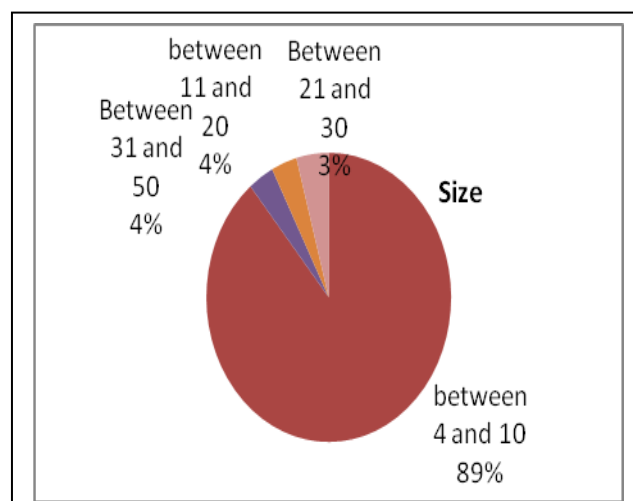
Table 7: Type of looms in the cluster			
S.no	Loom type	Numbers	%
1	Plain Loom	32	21%
2	Plan with Dobby drop box	28	18%
3	Plain with jacquard	80	52%
4	Shuttle less Jq Looms	13	8%
		153	99%



There are few units: only 6% of the unit's possess more than 20 looms per unit in the study area. This means that the units prevailing in the study area are of small scale nature. Looking at the ownership of these units, 95% of the units are owned by the entrepreneurs. 89% of the entrepreneurs are depending on their own funds in these units. Over further analysis would be done on the nature of investments – either own investment, investment available from the banking system, assistance available from the govt schemes and different associations infer various supporting services available for the entrepreneurs.

TABLE 8: SIZE OF THE ENTERPRISE

Table 8: size of the enterprises			
sno	no of looms exiting	numbers	percentage
1	between 4 and 10	105	69%
2	between 11 and 20	4	3%
3	Between 21 and 30	4	3%
4	Between 31 and 50	5	3%



When we look at the impact of technology up gradation in these units, the respondents clearly articulates that the technology upgradation has not been reached to the entrepreneurs due to the several reasons. Ability of these entrepreneurs in accessing the support from TUFs has been not enhanced for the past few decades. Though Maharashtra Gov came up with a good scheme, the local entrepreneurs are unable to meet the requirements of the scheme, caught up in the web of poverty. Only 7% of 153 respondents have said that the upgradation of technology has no positive impact and they are happy with the present technology. But, 93% of the respondents agreed that technology up gradation scheme has impact for the growth and they are not able to cope up with the finance as banks are not supportive for Powerloom enterprises.

TABLE 9: Impact of technology up gradation

Sno	Technology	Numbers	%
1	Technology up gradation has positive impact	11	7%
2	Technology up gradation has no impact	142	93%

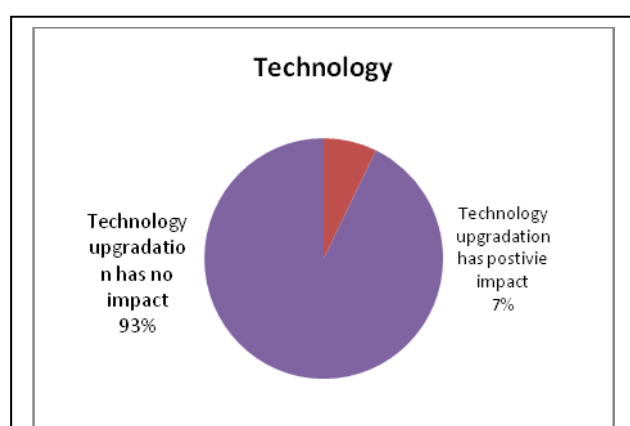
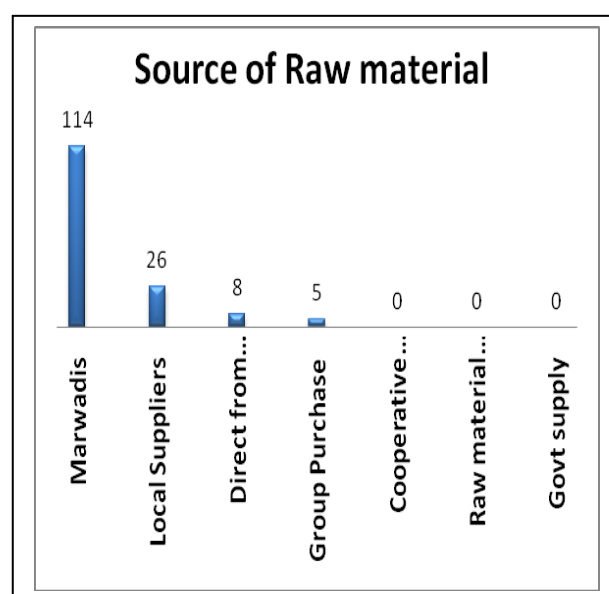


TABLE 10: SOURCES OF RAW MATERIALS

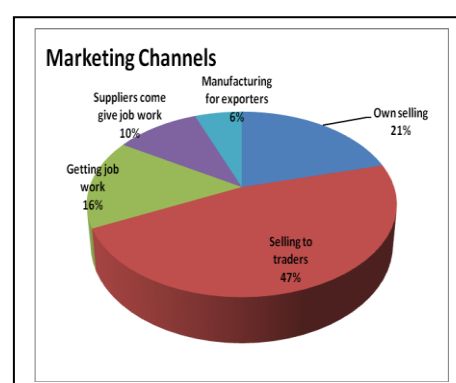
Table below clearly illustrates the dependency of the entrepreneurs on local Marwari's for their raw materials to the extent of 75% and few suppliers of other community to the extent of 17%. Some entrepreneurs are getting raw materials direct from the mills and some are making group purchases from the mills and dealers from Mumbai and mills from south. Whatever the raw material supplied by the local suppliers are to be taken by the entrepreneurs without having choice. Moreover, the cost of the raw material also highly fluctuates and controlled by Marwari community.

TABLE 10: SOURCES OF RAW MATERIALS			
S.No	Source	Number	Percentage
	Others (local Marwari's)	114	74.5
1	Local Suppliers	26	17.0
2	Direct from Mills	8	5.2
3	Group Purchase	5	3.3
4	Cooperative Society	0	0.0
5	Raw material Bank	0	0.0
6	Govt supply	0	0.0
		153	100.0



Aggregating the enterprises raw material demand, strengthening of their associations to establish raw material banking is the immediate priority for the welfare of micro enterprises.

TABLE 11: Nature of marketing interventions in the cluster			
Sno	Nature of marketing	Numbers	Percentage
1	Own selling	32	20.92%
2	Selling to traders	72	47.06%
3	Getting job work	24	15.68%
4	Suppliers come give job work	16	10.46%
5	Manufacturing for exporters	9	5.88%
6	Direct exporters	0	0.00%
		153	100.00%



Marketing channels are also very weak as they are dependent on the local traders who exploit the micro enterprises in pricing as they need the immediate cash or the counter trade of taking yarn from the same traders in exchange. This is one of the weaknesses of this cluster and intermediaries are playing a key role in controlling the markets of yarn and also the final product pricing. About 20% of the enterprises are only doing the direct selling through some agents at different locations. Some are doing job work of only conversions and very few are working for the exporters of Mumbai to make the products as per their specifications. There is no focus of exports from the micro entrepreneurs as they are not aware of the marketing channels and not having financial capability.

TABLE 12: Potential untapped markets:

When we look at various marketing support channels, the cluster is deprived of various important marketing support mechanisms. Still the entrepreneurs need support from govt and various other service providers for reaching the untapped markets like – Mumbai, Ichalkaranji, Surat, Rajasthan and South markets. Strengthening of these marketing channels enhances their income levels in turn their net incomes from the businesses. Hence, a separate marketing strategy needs to be evolved for these units.

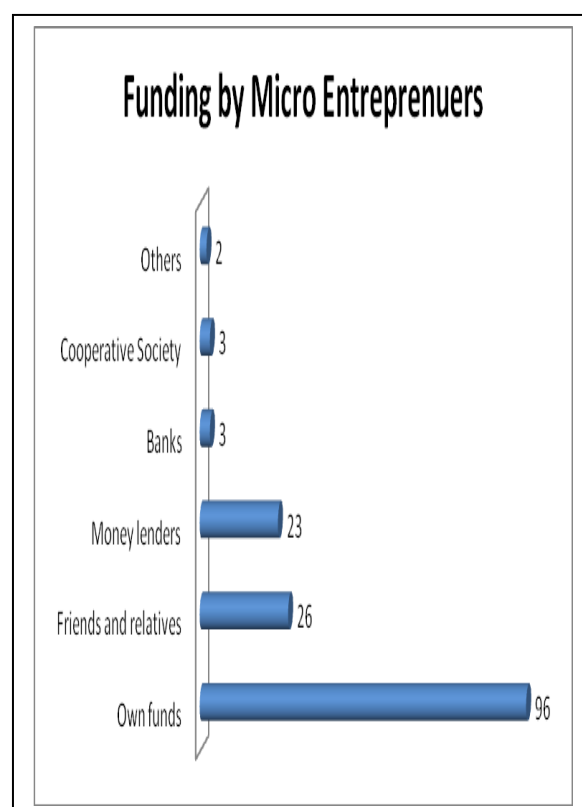
TABLE 12: Potential untapped markets		Choice 1		Choice 2		Choice 3	
Sno	Market place	Number	%	Number	%	Number	%
1	Mumbai Market	24	16%	50	33%	48	31%
2	Ichalkaranji market	43	28%	34	22%	36	24%
3	Surat market	44	29%	34	22%	31	20%
4	Rajasthan market	33	22%	25	16%	23	15%
5	South market	9	6%	10	7%	15	10%

TABLE 13: Sources of Funds:

Table 13 clearly elucidates the pattern of sources of investments for the entrepreneurs. 96% of the entrepreneurs have invested their own funds for setting up of their units. Banking sector contributed only about % 2% against a huge potential for SME lending. Influence of cooperative societies is insignificant. Even the involvement of the money lenders is also spelt out to be substantial with 15%, and an observation is that for the input procurement, the units depends on the local Marwadis, in turn these suppliers procures the products at a less price and there is a double loss. Hence it is important for the bankers and govt to plan for a system of organising a systematic way of lending to the entrepreneurs. The entrepreneurs credit absorption capacity to be assessed by an independent expert, agency. Proper ways of organizing community into Community Organizations needs to be explored. An independent Business Development service providers needs to be appointed in this cluster to provide requires support for the entrepreneurs. Business Development Service providers' needs to be organizing various meeting with other service providers.

TABLE 13: Sources of funds

Sno	Nature of source	Number	%
1	Own funds	96	67.24%
2	Banks	3	1.96%
3	Cooperative Society	3	1.96%
4	Money lenders	23	15.03%
5	Friends and relatives	26	16.99%
6	Others	2	1.30%



Access to Government Schemes:

Following are the list of different Government schemes for the benefit of the Powerloom Industry and the copy of the each scheme is given as annexures:

Central Government Schemes:

1. Technology Upgradation Fund Scheme:
 - a. 5% interest subsidy schemes
 - b. 15% capital subsidy schemes
 - c. 20% Margin Money scheme for Powerloom SSI
2. Modified Group Workshed Scheme(MGWS)
3. Revised Group Insurance Scheme for Powerloom workers

Government of Maharashtra Schemes:

(Under the Textile Policy of the Government of Maharashtra, for the year – 2011 – 2017.

1. Scheme of interest subsidy on long-term loans linked to the Centrally sponsored TUF scheme.
2. 10% Capital Subsidy for **modernization of existing Powerloom** unit belonging to Scheduled castes/Tribes and minority communities Under the Textile Policy- 2011-2017. (besides Central subsidy)
 - a. Projects of Scheduled Castes / Tribes / Minorities eligible if more than 80% of the share belongs to the respective categories.
 - b. Provision of own share capital, Government Share Capital and Loan in the ratio of 5:45:50 instead of 10:40:50 will be considered in consultation with the concern Departments.
 - c. Besides the concessions received from other sources, by such units 10% capital subsidy of the capital investment [i.e. 10% of the permissible investment for the purpose of interest subsidy for projects which are approved in TUFs] on machinery will be provided for SC/SC/Minorities.
3. 10% capital subsidy to units in Vidarbha, Marathwada and North Maharashtra.

TABLE 14: Access to Govt Schemes

Sno	Accessing govt schemes	Number	%
1	Have access to Govt Schemes	9	6%
2	Have no access to govt schemes	144	94%

TABLE 15: Access to Govt schemes

Sno	Name State or Central govt scheme	Number	%
1	No scheme	141	92.15
2	TUFs	9	5.88
3	Margin Money	0	0
4	House cum workshed	3	1.97

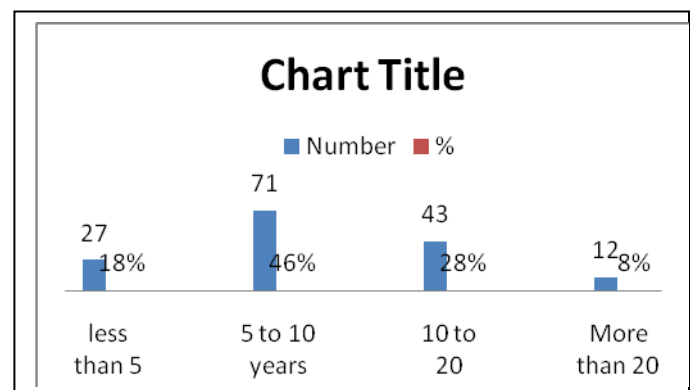
From the above tables, it is evidence that communities do not make use of the govt schemes effectively for the benefit of the industry as a whole and for their individual growth. Only 6% of the households access the Govt schemes. 94% of the households do have not accessed to the govt schemes which are meant for the development of the textile workers and enterprises. Access to margin money scheme and house cum workshed schemes are completely ignored by the industry as they are not able to encash.

Role of Associations

Association plays a vital role for the development of any sector. **Solapur Zilla Yantramag Dhark Sangh** is one of the active association providing the services to the MSMEs of the Solapur Powerloom industry. Most of the members felt that the association would provide support for the marketing of products, sales promotion, information of various products in demand in the market, market prices, legal issues, training to the labour, information on various govt polieis

Table 17: Active participation in the Association

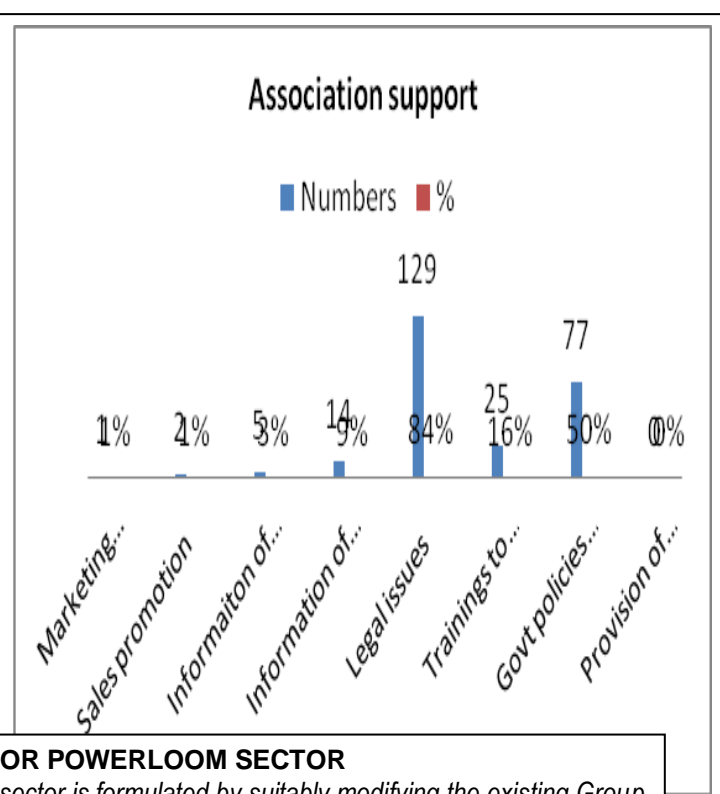
Sno	Length of Association	Number	%
1	less than 5 years	27	18%
2	5 to 10 years	71	46%
3	10 to 20 years	43	28%
4	More than 20 years	12	8%



When we look at the active participation of members in the association meetings, members are regular in attending the association meetings. More than 50% of the members attend the association meeting regularly. But the value for these members lies in the kind of services and support that is extended by the association. Awareness with in the association on required aspects is also a big question. Hence it is essential to build the capacities of the leaders of the associations. A strategic business plan for the association with specific set of activities is vital at the point of time.

Table 18: attendance in the association meetings			
	Attendance	Number	%
1	Very regular	77	50%
2	Once a while	70	46%
3	My representative attends	4	3%
4	Do not attend	2	1%

Table 19: Support from Association			
Sno	Support from Association	Numbers	%
1	Marketing support	1	1%
2	Sales promotion	2	1%
3	Information of products	5	3%
4	Information of other units	14	9%
5	Legal issues	129	84%
6	Trainings to the labour	25	16%
7	Govt policies and procedures	77	50%
8	Provision of inputs and services	0	0%

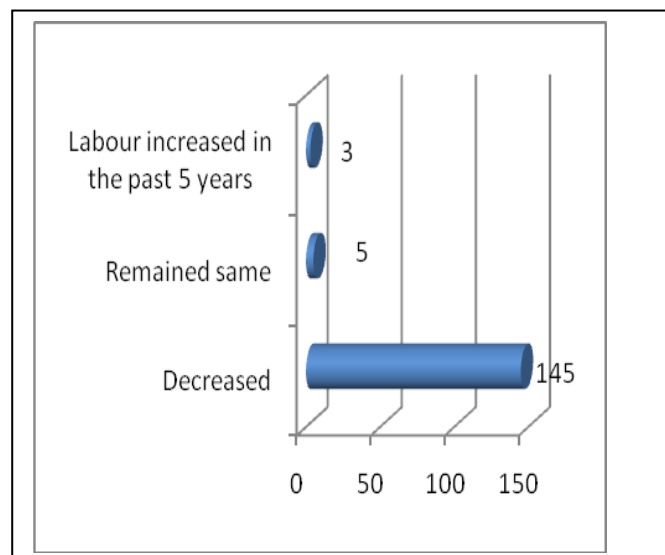


Box 1: SCHEME FOR GROUP WORKSHED FOR POWERLOOM SECTOR

The "Scheme for Group Work shed" for Power loom sector is formulated by suitably modifying the existing Group Work shed Scheme for decentralized power loom sector to organize power loom units in a cluster and to provide improved working condition in terms of more space, work environment, improve the work efficiency to enhance their 'competitiveness' in the global market. The beneficiary will be eligible for infrastructure benefit i.e. internal road to the extent of 10% of eligible expenditure provided the total number of sheds is 4 (four) and above and at least one of the sheds is proposed to house weaving preparatory equipments i.e. sizing, warping etc. with or without power looms.

TABLE 20: LABOUR ISSUES

Table 20: labour issues			
Sno	Past 5 years labour availability	Numbers	%
1	Labour increased in the past 5 years	3	2%
2	Remained same	5	3%
3	Decreased	145	95%



There are various other issues related to the availability of labour skilled labour, lack of skill up gradation, exclusion of communities from the social security programmes etc. The entrepreneurs felt that only 12% people felt that the available. 18% of the units have got the skill up gradation for their entrepreneurs. For instance the skill up gradation for the work force is a top most priority in the cluster. A well designed curriculum with suitable skills needs to be provided. Following table 21 shows that there is a severe shortage of skill labour availability to the cluster and they give on job training and do not provide any training for the workers. Present jobbers were started as assistant weaver and over the period of on job experience, they become experts without any technical knowledge on the loom and mechanism.

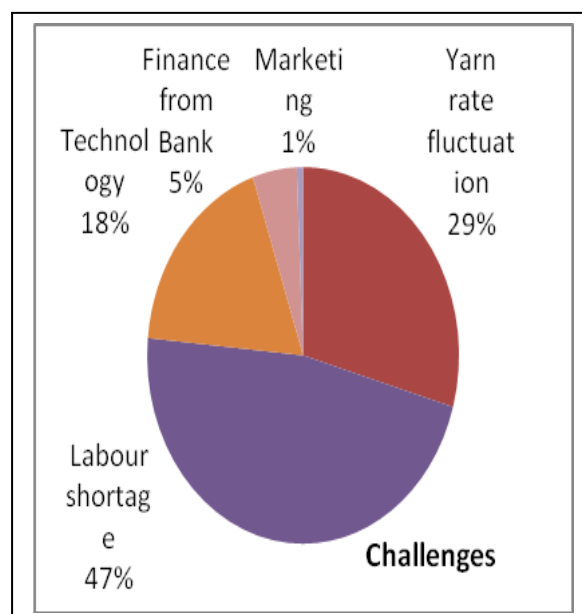
Table 21: Labor issues			
Sno	Activity	Number	%
1	Non Availability of skilled workers	117	76%
2	Any skill up gradation/training undertaken	36	24%



TABLE 22: INDUSTRY CHALLENGES AS PERCIEVED BY THE MEMBERS

Yarn rate fluctuation is one very important problem faced by the enterprises in the cluster. 29% of the members felt that the yarn rate fluctuation has reduced the profitability of the enterprises. Labour shortage, lack of skill upgradation training to the work force as well the small entrepreneurs, lack of support from financing from Banks are some of the major challenges faced by the entrepreneurs in the cluster.

TABLE 22: Challenges faced by the industry			
Sno	Challenges	Number	%
1	Yarn rate fluctuation	45	29%
2	Labour shortage	72	47%
3	Technology	28	18%
4	Finance from Bank	7	5%
5	Marketing	1	1%



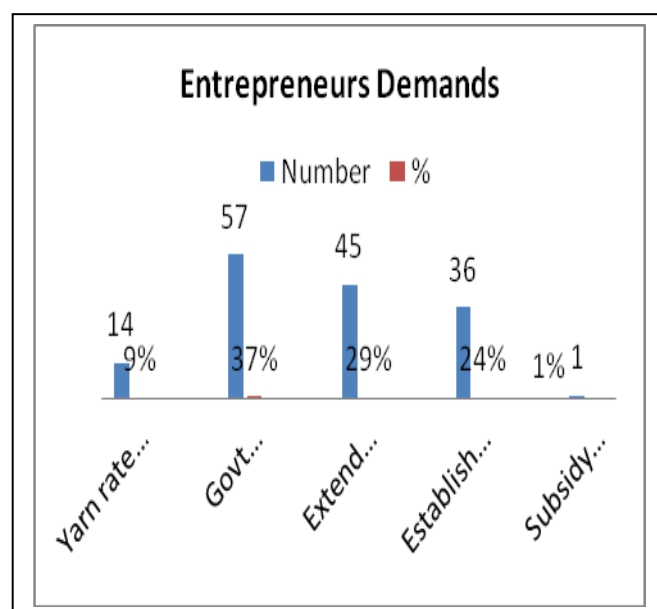
A list of demands/actual requirements were shared by the entrepreneurs. These requirements includes the efforts to stabilize the yarn rate fluctuation, Govt support in the form of loans and grants, extending TUFs for the **old looms modernization**, Establish labour training centers and subsidize the yarn prices, supply the yarn through the govt distribution centers. 9% of the entrepreneurs shared that the yarn rates stabilization will enhance their conditions. 37% of the units asks for govt support in the form of loans and grants will improve the condition of the entrepreneurs. 29% of the entrepreneurs felt that extending the TUF for the old loom modernization helps the entrepreneurs, 24% of the respondents told that – by establishing the labour training centers, the business situation of the units in the Solapur cluster will be enhanced.

Based on the above demands, how these are going to be implemented is a point for discussion. At this point of time all these facilities are more or less available for the textile workers. Enhancing the capacities of these entrepreneurs in accessing these schemes is a vital point. In the entire Country, community organization is helping the communities in various forms. An

example of the that is the recent trend of evolution of Self Help Groups in India, the way, the groups are getting the financial assistance from Commercial banking system is a good example. Several SHGs are getting a credit of up to 5 lakhs under total financial inclusion. Hence some discussion should happen among these community leaders on how they can be brought together, what the community needs are? Who takes the leadership with in the community? What motivates them in taking a larger leadership role with a cause of strengthening of both the enterprisies and the work force etc.

TABLE 23: Entrepreneurs requirements

Sno	Requirement	Number	%
1	Yarn rate should be stabilized	14	9%
2	Govt support to issue loans to PI industry	57	37%
3	Extend TUF for the old looms modernization	45	29%
4	Establish labour training center	36	24%
5	Subsidy required on yarn and textile components	1	1%



6. Analysis of Business Operations:

Business Status

Almost all of enterprises were working as sole proprietorship started with 4 looms at the residence and slowly expanded to 12-16 looms in the same locations and living at the same place. So it is like a cottage industry and house cum workplaces. So most of them are on ownerships and run as individual entity for business. But in recent times some have advanced to more organized status and converted their enterprises to Pvt. Ltd Companies.

Finance

All of the businesses were being mostly finance by equity. No banking institute had yet recognized the potential of the cluster and hadn't come up with any type of scheme for the enterprises. This situation is mainly due lack of accounting and no banking relations with the banks. Simply entrepreneurs file income the returns through CA to fulfill the formalities of income tax returns with minimum turnover to evade the taxes. But those who had obtained financing for either machinery or working capital needs had been enjoying good pay-back history with banks.

Human Resource

Upper Management tasks were performed mostly by the owners of the companies, who in most cases were not appropriately educated and trained because of limited vision and local supply. Other hierarchy levels were very limited. Production floor labor was available but, unskilled and irregular and irresponsible for duties. Availability of labour is the biggest challenge for the cluster.

Raw material Procurement

Raw material was purchased locally, either from Marwari agents or other community agents. Since the micro enterprises do not have capacity to purchase bulk in advance, they procure as and when required. This causes high rate from the local suppliers and rates are also highly fluctuative.

Product Sale

Enterprises located in this region were selling their products directly to the local markets and some are having agents. Some are doing job work and some directly producing for the exporters as per the order requirements. Local selling and purchasing yarn against the sales from the same party is affecting the profit ratio to the enterprises.

Some major firms do participate in International exhibition for buyer-seller meet but small and medium firms can't afford and hence seldom participate in Int'l fairs and exhibition.

Social & Regulatory environment

As far as domestic laws of the country were concerned, firms don't face much difficulty in complying with them. Workers are engaged on contract for piece rate are paid weekly for the work done. Hence workers are not on the rolls of company. Of course, companies are following other regulatory compliances of the local administration and state government.

Very few examples of a firm being ISO certified could be seen in the cluster and those also engaged in export or a medium/large unit.

7. Role of Public and Private Service Providers:

Role of Public Service Providers:

1. BTRA Powerloom Service Center

Bombay Textile Research Association situated at E 5/2, MIDC, Akkalkot Road, Solapur is rendering the services of Powerloom training if any one deputed their workers for the weaving, testing, dyeing and designing etc. They also provide testing services of various yarns, dyes and chemicals etc locally and also act as a collection centre for critical tests.

- Importance of BTRA for the micro enterprises is very negligible.

2. Powerloom Export Promotion Council

Tough PDEXCIL does not have the office at Solapur, they have the committee member from this cluster – Shri Dharmanna M.Sadul who is representing all the concerned issues of the industry to the EPC.

- Since the micro enterprises are not direct exporters, not much relevance.

3. Textiles Committee

This office used to conduct the pre-shipment inspections and also gives ISO and renders the third party inspections. Issues GSP and other compliances certificates to the exporters with its regional office at Solapur.

- Importance of TC for the micro enterprises is very negligible.

4. Banks:

Solapur has almost all the branches of all commercial banks and private banks. Medium and large textile entrepreneurs are having good close relations with the banks in utilizing the finances and having regular banking. Micro entrepreneurs are shying away from the banking and not able to utilize the banks for the growth and development

- Importance of banks are very vital for the micro enterprises

5. Associations:

Solapur Zilla Yantramag Dharak Sangh is playing an active role in advocacy for the benefit of the industry as a whole and also rendering various other services to industry.

Private Service Providers:

1. Designers:

Local CAD designers are giving an excellent doorstep services to the industry

2. Yarn Suppliers:

Giving local supply of yarn any quantity and any time

3. Machinery Parts suppliers:

Most of the spare parts for the looms / other textile machinery are locally available.

4. Chartered Accountants:

Presence of local CAs are helping them to file the returns and making bankable proposals for the industry.

5. Marketing

Local agent for the marketing is enabling the micro enterprises for more turnover of the business.

8. SWOT of Powerloom Entrepreneurs:

Strengths	Weakness
<ul style="list-style-type: none"> ➤ Self Entrepreneurship ➤ Quality with vintage looms ➤ Traditional business background ➤ Good Technical knowledge ➤ Capability to produce multi products ➤ Marketing capabilities on their own ➤ Unique creation of designing and excellent colour combinations ➤ Solapur branding for the quality products ➤ State Government own Textile Policy with lot of perks for Powerloom and SC/ST/Minorities 	<ul style="list-style-type: none"> ➤ No proper accounting of business ➤ Banking sector is not supportive ➤ Not able to expand their capacities ➤ Still running on low technology ➤ More labour dependent ➤ Lack of Marketing knowledge ➤ Dependent on local markets ➤ Not able to encash the Govt Schemes ➤ No direct raw material purchases
Opportunities	Threats
<ul style="list-style-type: none"> ➤ Use of TUFs for new looms ➤ Expansion of their capacities ➤ More productivity with technology ➤ Skill up gradation to labour on high end technology ➤ Less labour orientation ➤ Exploring direct export markets ➤ Becoming suppliers to exporters ➤ Formation of co-operatives to get the full support of new textile policy 2011-2017 ➤ Make use of private business development service providers for competitiveness ➤ Use of CAD facilities for new design developments ➤ Establishing raw material banking for collective bargaining and low cost/unit ➤ Formation of consortium for marketing 	<ul style="list-style-type: none"> ➤ High fluctuation of yarn rates ➤ Competition from Mill sector ➤ Tough competition from china products imitating Solapur designs and home textiles ➤ Govt. may anytime send the local industry to shift to industrial areas. ➤ Pollution control may also ban the dyeing in the individual local units ➤ Shortage of power to the local industry ➤ Hike in power tariff may hit the profits ➤ Allowing exports of cotton may inflate the cotton yarn prices and adversely affect the cotton yarn prices to the Solapur industry

9. Review of Schemes for Decentralized Powerloom Sector

i).Technology Upgradation Fund Scheme:

The Technology Upgradation Fund Scheme (TUFS) was launched on 01.04.1999 for 5 years. It was subsequently extended up to 31.3.2007. The Scheme has been restructured w.e.f. 28.4.2011 and approved upto 31.03.2012. Restructured TUFS has been approved with the enhanced 11th Plan allocation under TUFS from Rs. 8000 crore to Rs. 15404 crore. Following are the different schemes under TUFS:

A] 5% Interest subsidy Scheme under Technology Upgradation Fund Scheme for any textile unit including powerloom unit.

B] 15% Credit Linked Capital Subsidy under TUFS for any textile unit including Power Loom unit in the SSI sector.

C) Margin Money Scheme @ 20% TUFS for exclusive small scale powerloom units

Powerloom unit can opt either of the above Schemes and the details are as follows:

- (i) The Scheme mainly provides for reimbursement of 5% (4% in respect new standalone/replacement/modernization of spinning machinery) interest charged by the financial institutions/banks for technology upgradation projects.
- (ii) In addition, the Scheme provides coverage of exchange rate fluctuation not exceeding 5% (4% in respect of spinning machinery) points per annum in respect of foreign currency loans instead of 5% interest support
- (iii) The Scheme provides an additional option to the powerlooms units to avail of 20% Margin Money subsidy in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 500 lakh and ceiling on subsidy Rs.60 lakh.
- (iv) The Scheme provides 15% Margin Money subsidy for SSI textile and jute sector in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 500 lakh and ceiling on subsidy Rs.45 lakh.
- (v) The Scheme provides 5% interest reimbursement plus 10% capital subsidy for specified processing machinery excluding CETP, garmenting machinery and machinery required in manufacture of technical textiles.

- (vi) The Scheme provides 25% capital subsidy on purchase of the new machinery and equipments for the pre-loom & post-loom operations, handlooms/up-gradation of handlooms and testing & Quality Control equipments, for handloom production units.
- (vii) The Scheme provides Interest subsidy/capital subsidy/Margin Money subsidy only on the basic value of the machineries.\
- (viii) The Scheme provides 5% Interest subsidy or 25% capital subsidy on benchmarked machinery at par with handloom sector.

Budget Allocation and year wise release of funds towards reimbursement of interest/capital subsidy under the TUFs is as follows:-

Financial Year	Budget Provision	Amount released to Nodal Agencies			Amount released to additional nodal agencies	O/o TXC (20% Capital Subsidy)	Total amount released
		IDBI	SIDBI	IFCI			
1999-00	1.00	0.75	0.23	0.02			1.00
2000-01	70.00	67.84	2.096	0.064			70.00
2001-02	200.00	168.08	30.674	0.14			198.89
2002-03	220.00	172.00	30.00	0.59			202.59
2003-04	250.00	199.00	48.00	1.97		0.09	249.06
2004-05	284.00	220.83	54.244	2.53		6.00	283.61
2005-06	485.00	244.34	67.3	1.86	151.5	20.00	485.00
2006-07	835.00	214.29	62.65	7.98	479.14	59.86	823.92
2007-08	1143.37	274.28	108.63	0	715.40	45.06	1143.37
2008-09	2632.00	635.02	829.01	0	1127.97	32.48	2632.00
2009-10	2890.00	391.13	62.52	2.95	2383.40	46.00	2886.03
2010-11	2786.68	186.38	70.96	0.89	2500.78	25.17	2784.18
2011-12	2980.00	239.71	14.90	0	2208.00	25.69	2488.30
Total	14777.05	3013.65	1381.214	18.994	9566.19	260.35	14247.95

Segment-wise progress of Restructured TUFs as on 29.6.2012 (IN Cr)

Category	No. of Application	Project Cost	Sanctioned Loan amount	Loan under TUFs	CAP for Project Cost	Subsidy for All	CAP for Subsidy Amount	Subsidy claimed	
								No. of Applications	Amount
Spinning	216	7933.22	4326.27	3980.55	12194	820.94	210	115	15.40
Weaving	515	1475.64	1067.02	1032.36	6097	280.46	225	190	18.74
Processing	221	1051.61	685.56	651.31	9849	183.02	424	87	13.76
Garmenting	241	406.90	273.29	243.01	3752	63.62	200	97	8.72
Others	1332	16266.93	9232.52	8388.86	15008	2237.56	799	727	79.13
Total	2525	27134.30	15584.66	14296.09	46900	2585.60	1858	1216	135.75

It may be seen from the segment wise table of claims under TUFs, though there was a provision for 280 cr earmarked for the Powerloom sector, only 18.74 crs were utilized during 2012-13, that too, may be major industrial clusters. Solapur powerloom industry could not take the full advantage of the TUFs mainly on the following criteria :

A] Plain looms are not eligible under TUFs. Only TUF compatible machinery as identified / notified in TUF Guide Book by Government of India.

Solapur powerloom industry is highly decentralized and mainly running the plain looms. The investment ranges from 5 lakhs to 25 lakhs to establish 4 looms to 24 / 32 looms as per the make of the looms. Many entrepreneurs have established old plain looms by purchasing from the closed Mumbai Mills/NTC/Solapur composite textile units. They have added jacquard to the looms to produce designed towels and bed sheets. Also added the drop box mechanism to produce check fabrics. With the simple plain looms industry is producing excellent designs, quality products and quantities.

Though establishing an auto looms will enhance their production and profits, small entrepreneurs are not able to invest huge capital for the automatic looms. Investment for the Auto/Shuttle less looms comes to 8 to 15 lakhs depending upon the features and origin of the make. China looms are available right from 4 lakhs. To start a small unit, they need to set up with minimum 4 looms for viability. It costs about 16 lakhs and need working capital. Similarly to establish 4 plain looms it may cost them ONE LAKH investment. Hence, small entrepreneurs of Solapur are not able to avail the benefits of TUFs.

B] Taking a term loan from a Schedule Bank identified by the Nodal Agency is mandatory for availing any incentives under TUFs.

Present Scenario: Most of the small and medium enterprises of the powerloom industry transactions are on cash basis and nor proper accounts are maintained and banking transactions are nominal. Only just to file the returns, entrepreneurs approach to CA and they file the income tax returns for the nominal amount. In this kind of practice, most of the units does not have the proper accounting and banking relations. Hence, Banks are not favouring to extend the loan to powerloom units in absence of

their profitable track record.

But, under the scheme, TUFs are getting eligibility only if the unit is getting eligibility from the banks. This is one of the drawbacks for the Powerloom entrepreneurs to avail the benefits of this scheme as they are not able to submit the bankable proposals under this scheme.

C] A minimum 15% of contribution from the entrepreneur is expected.

Some of the entrepreneurs who wish to avail the TUFs have to invest upfront 15% of the project cost. For micro and small entrepreneurs this 15% for the minimum set up of 4 looms would cost about Rs. 4.8 lakhs. (ie., 15% of 32 lakhs each loom costing Rs. 8 lakhs). If the entrepreneur is having about 4.8 lakhs investment, they can establish 16 ordinary plain looms unit with any financing.

With this concept, MSMEs of Solapur Powerloom Industry have neglected the scheme and they do not want to have the burden of bank loan.

D]. Only approved list of machinery is eligible under the TUFs Scheme.

ii). Modified Group Workshed Scheme(MGWS)

With a view to improve the working environment and enable powerloom workers to obtain higher productivity, the Central Government has approved a **Group Workshed Scheme**, to provide subsidy for construction of worksheds, limited to 40% of the unit cost of construction subject to a maximum of Rs.120/- per. sq. ft. In order to improve other infrastructure facilities the scheme envisages a link with the Textile Centre Infrastructure Development Scheme (TCIDS), which provides central assistance for improving critical infrastructure in existing or emerging textile centers.

Silent Features for review are:

1] A group of minimum 4 powerloom weavers constituting an Executive agency for implementing Group Workshed Scheme is eligible to avail the benefits.

Real Scenario:

Powerloom weavers do not have the capacity to go for construction of new shed while

they are not having funding to set up their looms in their living places itself.

2] Under the said scheme, 40% of the unit cost of construction subject to maximum of Rs.120/- per sq ft. will be given by the Government as subsidy for construction of Worksheds.

Though the subsidy is increased from 25% to 40%, still workers are not able to come forward as they are not financially strong to invest on infrastructure.

3] The maximum subsidy per beneficiary is restricted to Rs.12 lakh. Each group has to install minimum 24 Nos. wider width looms or 48 Nos. shuttleless / automatic looms. The unit should function for a minimum lock-in period of three years

The looms prescribed under these are again need to be complied with the list of approved looms under TUFs . They can't install any plain looms of old ones. Investment for infrastructure and looms are a big burden for weavers community. Banks are also not supporting them for various reasons mentioned earlier.

Under the light of above facts, MSMEs are not able to encash the full benefits of the schemes.

iii). Revised Group Insurance Scheme for Powerloom workers

A Group Insurance Scheme for Powerloom Weavers has been introduced in association with the Life Insurance Corporation of India since July 2003. This Scheme has two components-- **Janashri Bima Yojana & Add on GIS for Death**. Under **Janashri Bima Yojana** powerloom workers aged between 18 to 59 years and below the poverty line (BPL) or marginally higher than the BPL are eligible for an insurance coverage of Rs. 50,000 on accidental death / permanent disability; Rs. 25,000 on permanent partial disability; or Rs. 20,000 on natural death / partial disability.

The total annual premium per beneficiary is Rs.330/-, which is shared by Government of India apart from Social Security Fund of the Government of India as under :-

- GOI contribution - Rs.150/-
- Weaver's contribution - Rs. 80/-
- Contribution from social security fund - Rs.100/-
- Total premium - Rs.330/-

Benefits:

1. During the working age of 18 – 59 years, in the event of natural death of a member, a sum assured of Rs.60,000/- will become payable to the nominee.

2. On death or permanent disability due to accident a sum of Rs.1,50,000/- and partial disability due to accident, a sum of Rs.75,000/- will be paid to the nominee.
3. The scheme is operational on yearly basis and premium paid will cover for one year.
4. Additional benefits like educational grant of Rs.600/- per child per half year for two children of weaver's family, who are studying in class IX to XIIth Std. for maximum period of 4 years under Shiksha Sahayog Yojana.

Real Scenario:

Weaver are not aware of the existence of this scheme for the own benefit and also for the benefit of their children education . this is an excellent scheme and need to disseminate the benefits among workers to make the aware of the benefits.

This Group Insurance Scheme for powerloom workers and small powerloom weavers those having 4 looms are eligible

10. Critical bottle necks that are hindering development of the clusters particularly from the point of view of inclusive development.

Based on the personal interactions with the association members, stakeholders and the individual entrepreneurs, following are the major findings of the study.

- 1) Reorganization of textile sector has to be done at two leaves i.e at firm level and at industry level. This reorganization ,as well as technology upgradation will require highly skilled workforce which the textile industry in Solapur currently does not have a whole.
- 2) The Solapur textile industry is now facing a slowdown in business due to the downturn in the textile market. In the textile city of Solapur, many textile units owners depend on the textile industry only. Like most business the textile industry is going through a bad patch and this has been reflecting due to obsolete technology .
- 3) The major problem area for the textile sector is not only relating for the technical side but highly sophisticated marketing area where are has to play their rate effectively. Due to the present pre-occupation with traditional textile products, the small viewers are not having the rudimentary knowledge and management skills in the area of marketing. It was observed that in majority of the cases, the proprietary states are prevailing and therefore the Powerloom owners are not having sufficient time or knowledge to undertake marketing activities.
- 4) The major obstacle for the small as well as big textile units in the sector is the absence of marketing information.
- 5) It was also observed that global competition point of view market realization is

poor and this is mainly because of standard quality. No attempt has been made to diversity and plan more profitable product mixes. There is lack of accountability at all levels and also lack of through monitoring and reporting system.

- 6) Low wage workers, especially with no or little training old machinery which requires heavy breakdown maintenance extending environment costs to the society clever accounting practices and product mix that has not changed yet. It has directly impacted on marketing strategy.
- 7) The wage levels in Solapur are low which are almost half as compared to other cities in India. When on factor lies in the quality of the workforce the impact of wages on competitiveness decreases as the ability of the workforce to bring about sustained enhancement in the productivity is limited. This is one of the reasons why textile industry does not indulge indigenous research and development.
- 8) Use of Government schemes would help the MSMEs to improve the production and profitability of individual entrepreneurs.
- 9) Ignorance of excellent Central Govt schemes for the inclusive growth of Powerloom industry for the micro enterprises.
- 10) Non utilization of State Government support provided under Textiles Policy 2011-2017 for the benefit of all sectors of textiles and including all the segments of caste wise incentives of 10% additional subsidy.

11. Suggestions

- 1) to boost the Powerloom textile industry of Solapur, 'Co-operative marketing society' maybe established to overtake the middleman and to avoid exploitation by master weavers. But these co operatives should not have political and should run with full professional manner. National Textile Policy has accepted that the Powerloom sector has to overcome by identifying the thrust areas like innovative marketing strategies technology upgradation ,financing arrangements etc.
- 2) An advanced technology centre should be setup which holds displays of the state- of-the-art textile technology from world over coordinates the floors of industry and networks with machinery producers and research centres to provide solutions to various technical problems.
- 3) In order to remain competitive in the international market and withstand increasing competition in the domestic market, it is necessary to insure the large human resource development programmes.
- 4) Family welfare schemes should be established in each textile units to support the workers. Training department should be established to train the workers and to enhance skill required to increase the productivity.

- 5) An independent certification agency should be developed for rating the units and quality of products. This will help the units to raise funds for long term investments in technology.

12. Conclusion

On the basis of the above finding obtained in the study it is concluded that,

- 1) The Solapur textile industry is now facing a slowdown in business due to the downturn in the textile market. In the textile city of Solapur, many textile unit owners depend on the textile business only. Like most business the textile industry is going through a bad patch and this has been reflecting on the information technology business and marketing.
- 2) As far as traditional and older industries like textile are concerned the crisis in them is attributed to technological obsolescence. The government policies in this sector, its argued has been based against fresh investment and import restriction on capital goods and advanced technology have condemned entire industries to obsolete technologies.
- 3) It was observed that despite textile friendly schemes from Central and State Governments motivating decentralized Powerloom sectors, Solapur Powerloom industry has not taken the full advantage of the schemes.
- 4) Because of low rate of investments in micro enterprises (Rs. 25 lakh to 1 crore) majority of the textile product are in low cost, low value added segment, which will never generate enough economic surplus for continuous investment in technology, practices and research.
- 5) Many unit owners don't know about various government policies, schemes of subsidies, seed capital formation etc. and policies regarding development of textile industry. It was observed that efforts are not being made by unit owners for obtaining such information. From the point of view of unit owners, it is very difficult and time consuming procedure of obtaining subsidy for technology up gradation, due this reason also there is no any response from the unit owners.
- 6) Because of using low cost and inferior quality of machinery and equipment in production process, the productivity is less, which is resulted in high cost of production and less profit margins
- 7) As owners of textile units are least aware of modernization of the textile units and benefits their from, they are not taking interest in the technically up gradation of unit, that is why they are unable to earn sufficient profit, which resulted in lack of working capital unable for repayment of loan instalment etc.
- 8) Due to cut throat competition, raw material deficit, marketing problems more than 71% unit owners facing financial problems. They either closed down their units or were in red. The hike has further put the crunch on power loom owners and threatened to render

many jobless. Hike would paralyse the market as they had to compete with the product from the South and Panipat which sell at cheaper rate; that is why many owners have been forced to close their business unwillingly. They need the government financial help to get business on track.

- 9) In the entire marketing process wholesaler are planning significant role and have monopoly in price fixing. There is no scope found that there is no any collective efforts by unit owners for controlling the malpractices such as hoarding of yarn by some trader. Because of hoarding yarn there is no any control over the price of yarn and therefore unit owners are always facing the problem of price fluctuation.
- 10) Due to recession the Solapur textile industry's position in the export of textile would not be as comfortable as it may appear. In addition, competition from other states likes Tamilnadu, Gujrath etc. who are slowly climbing up the technology ladder. Textile units of Solapur, whose source is of low cost. Many unit owners are not aware about vision skill about marketing motivation utilization of available resources action plan poor efforts for sales promotion etc. Due to these lacunae there is an anxiety of gradual change, frustration and fall starts in the business and unit owners are facing marketing problems.

Majority of unit owners have not maintained direct contact with their end users to know their needs, like and dislikes. They have no any knowledge about the needs, like and dislikes of the consumers. Actual market recession in textile sector of Solapur started from 1995 due to protecting workers and lack of demand, unwanted production and overhead expenditure of units has increased and many units have closed down.

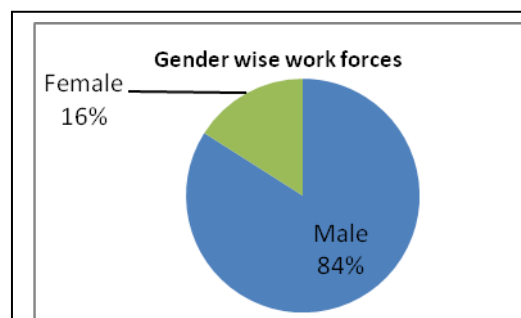
In order to remain competitive the global market and to withstand increasing competition in domestic market it is necessary to ensure the large investment in modernization and expansion. This will be possible only if the Technology up gradation fund scheme (TUFS) is properly utilized.

The government should also provide a conducive environment to enable the textile industry of Solapur to realize full potential, to achieve global excellence and to fulfill obligations to different sections of the society.

13. Interpretation of socio-economic status of enterprises

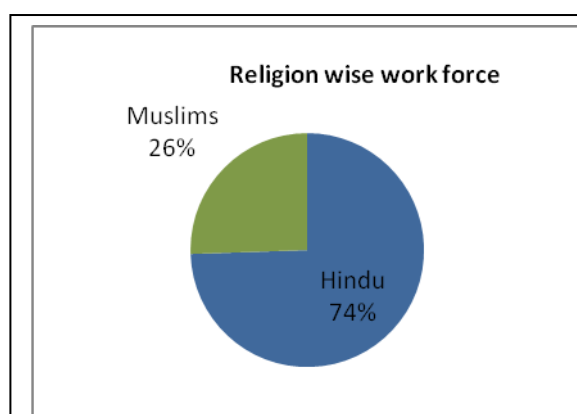
i. Interpretation of study results:

Table 24: Gender wise work forces			
Sno	Sex	Numbers	%
1	Male	42	84%
2	Female	8	16%



Work force are more vulnerable compared to the small entrepreneurs in the cluster. Among the 50 respondents that we have studied in the cluster, majority of the workers are excluded from the mainstream social protection assistance from the govt. 84% of the respondents are male and 16% of them are female. 24% of the respondents belongs to Muslim Community. 70% of them are Hindus.

Table 25: Religion			
S.no	Religion	Numbers	%
1	Hindu	35	70%
2	Muslims	12	24%
3	Sikh	0	0%
4	Christian	0	0%
5	Parsi	0	0%
6	Jain	0	0%

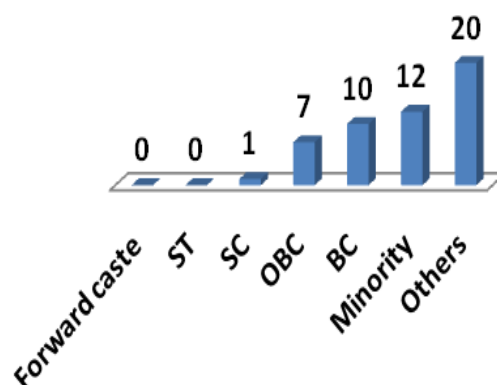


In terms of the caste wise categorization, majority of them belongs to the backward classes and the minority.

TABLE 26: Caste wise segregation

S.npo	Age category	Numbers	%
1	SC	1	2%
2	ST	0	0%
3	BC	10	20%
4	OBC	7	14%
5	Minority	12	24%
6	Forward caste	0	0%
7	Others	20	40%

Workforce castewise

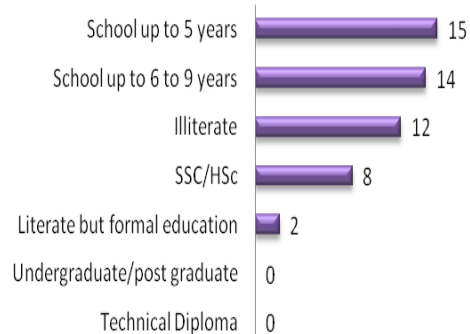


24% of the workforce respondents are illiterate. 58% of them are educated between 1st standard to the 9th standard. There are only 16% of them who are educated up to secondary school education. There are no graduates, technical diploma holders in the work force. This scenario indicates that majority of the populations do not carry a formal education.

Table 27: Education status of the entrepreneurs

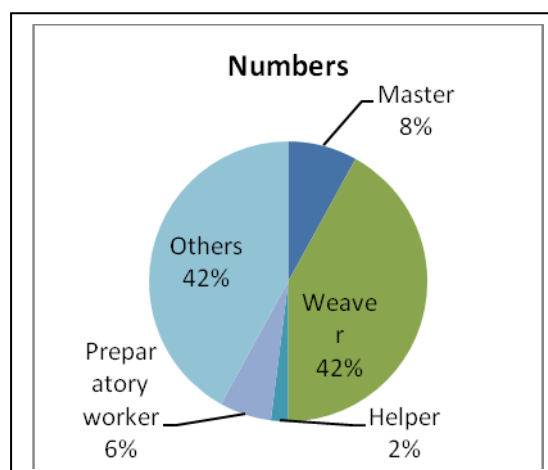
S.no	Education level	Numbers	%
1	Illiterate	12	24%
2	Literate but formal education	2	4%
3	School up to 5 years	15	30%
4	School up to 6 to 9 years	14	28%
5	SSC/HSc	8	16%
6	Undergraduate/post graduate	0	0%
7	Technical Diploma	0	0%

Education level of Workforce



48% of the respondents are weavers and only 8% of them are the master weavers. About 8% of the sample are helpers or preparatory workers category. In the sample there is not even single person who is a mechanic in the study area. Hence this pattern signifies that there is a lot of scope for building some mechanics who addresses the technical problems arrived in the looms.

Table 28: Nature of occupation			
S.npo	Occupation	Numbers	%
1	Master	4	8%
2	Weaver	21	42%
3	Helper	1	2%
4	Preparatory worker	3	6%
5	Mechanic	0	0%
6	Others	21	42%



64% of the worker group possess their own houses and 36% of them are living in rented houses. When we look at the type of houses – 38% of them are living in the huts, 52% of them are living in the semi finished houses and only 10% of them are living in the pucca finished houses. Hence there is a huge demand for investments on housing. It may be explored to see how these workers would be linked to various housing schemes meant for the weaker sections. Housing is linked with the kind of water facilities that they have and the sanitation facilities that the communities enjoy, the kind of roads and other infrastructure facilities that the members are living.

Housing:

Table 29: House ownership			
S.no	Occupation	Numbers	%
1	Own house possessed	32	64%
2	Rented	18	36%

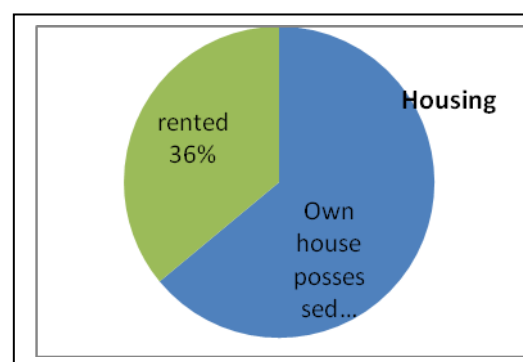
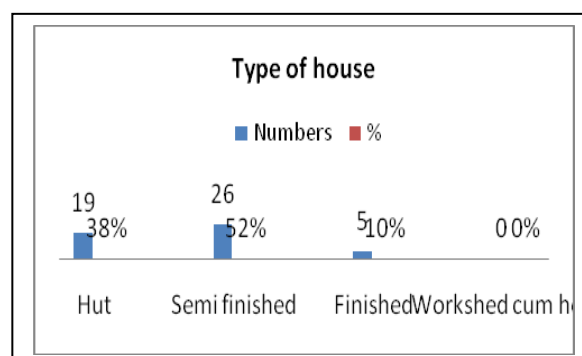
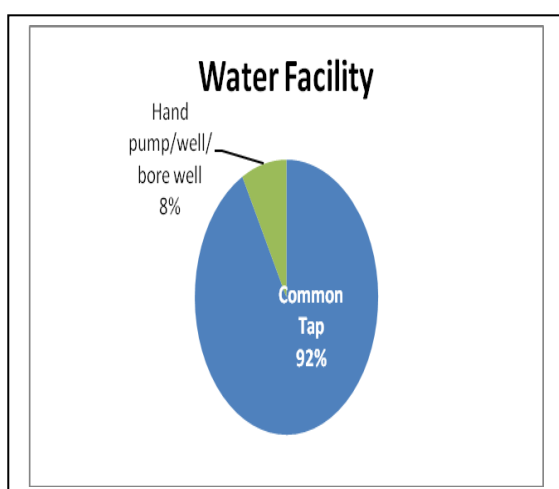


Table 30: Type of house			
S.npo	Type of house	Numbers	%
1	Hut	19	38%
2	Semi finished	26	52%
3	Finished	5	10%
4	Work shed cum house	0	0%

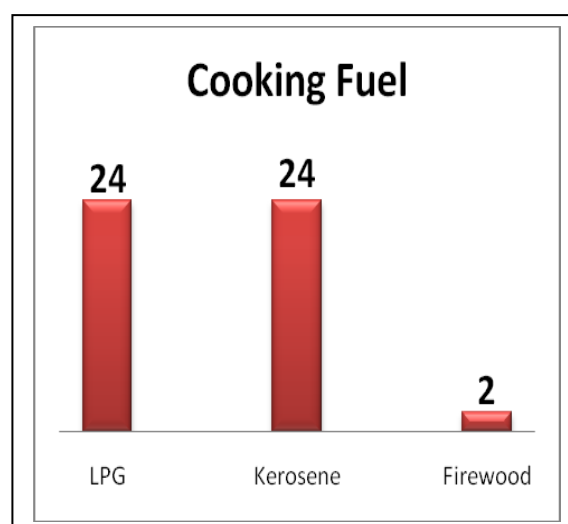


Other socio economic conditions of the workforce:



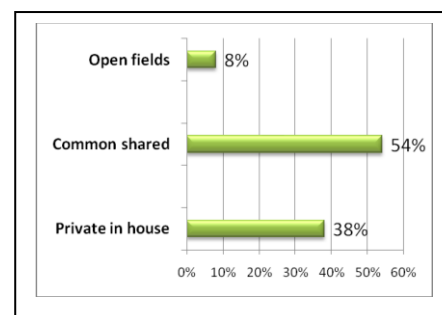
S.no	Type of water source	Numbers	%
1	Tap in the house/common tap	46	92%
2	Hand pump/well/bore well	4	8%
3	tank/pond	0	0%

S.no	Type of source of the fuel wood	Numbers	%
1	LPG	24	48%
2	Kerosene	24	48%
3	Firewood	2	2%
4	Gobar gas	0	0%



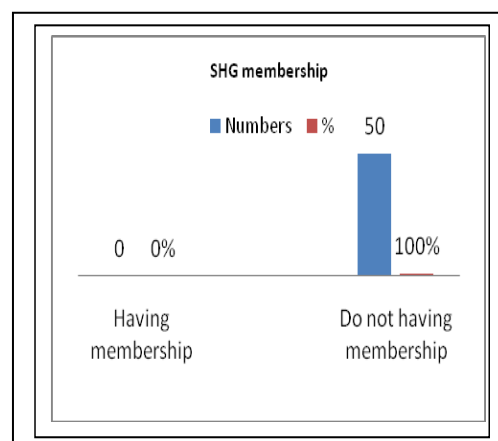
92% of the members are using either own tap for common tap in their neighborhood. 8% of the members are using the hand pump for their water requirements. 48% of the worker members are suing LPG connections, 48% of them are using kerosene and 2% of them are using the firewood for their cooking.

38% of the households uses their private toilet facilities, 54% of the workers families are using the common shared toilets. When looked at the overall scenario of the worker families, there is a poor access to health and hygiene in their habitations, living in vulnerable conditions. There is a dire need for the improvement of their sanitation and living conditions



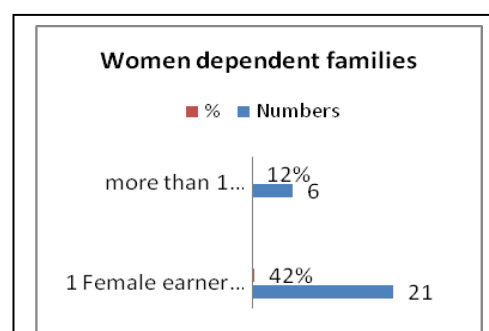
Workforce Socio environment:

Self Help Group movement had picked up in India. Today every state is flooded with various forms of local community based organizations. May it be rural, tribal or urban contexts, several SHGs, neighborhood committees, mother committees, school management committees etc were formed. Farmers were brought in to their Rythu Mitra Sanghas further registered under Producer organisations. Incidentally, in the study area, there were no single worker group members who are part of the Self Help Groups. Unlike the entrepreneur groups where they have a membership in the Associations, worker member families have not part of any formal association.



Hence it is important to consider bringing these workers in to a formal organizations of their own, get the registration status provide required capacity building inputs for strengthening of their own institutions. Formal linkages with the financial institutions is very much possible through the local community based organizations, especially works very well for the worker group members.

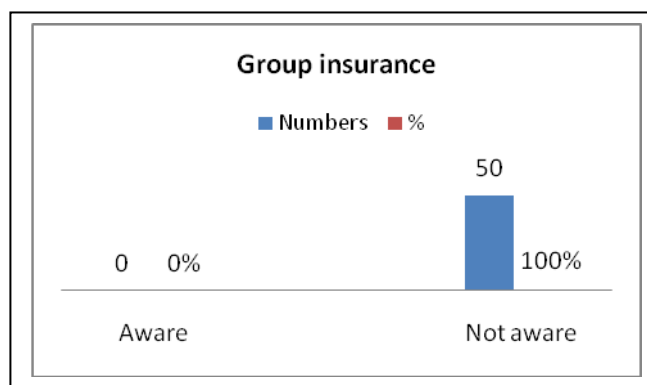
Table 36: Female earnings dependent families			
S.npo	Number of family members	Numbers	%
1	1 Female earner in the family	21	42%
2	More than 1 female earner in the family	6	12%



Women dependent families are there in the study area. Out of 54 of the female earning families: 42% of them consists of one female earner in the family. 12% of the women dependent on more than 1 earner in the family. Women are vulnerable for the unforeseen income aberrations among the work force. Though the Self Help Movement had picked up in the Country, including the Urban Municipalities, the Women in Solapur cluster are not having an opportunity of being par of the SHG movement.

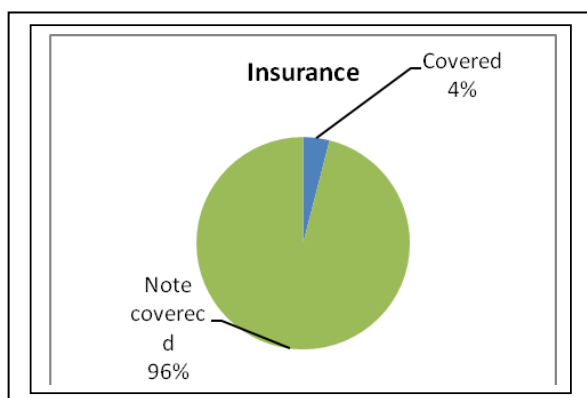
Safety and welfare measures of workforce

Table 37: Awareness on group insurance scheme			
S.no	Awareness level	Numbers	%
1	Aware	0	0%
2	Not aware	50	100%



Though the Government of India has introduced various welfare schemes for the benefit of workers, the respondents covered under this study is not aware of the schemes like insurance scheme, workshed scheme, gruhakul etc.

Following are some of the features of the schemes and findings from the study are as follows:



Only 4% of the respondents are covered under the insurance scheme while powerloom workers aged between 18 to 59 years and below the poverty line (BPL) or marginally higher than the BPL are eligible for an insurance coverage of Rs. 50,000 on accidental death / permanent disability; Rs. 25,000 on permanent partial disability; or Rs. 20,000 on

natural death / partial disability. Additional benefits like educational grant of Rs.600/- per child per half year for two children of weaver's family, who are studying in class IX to XIIth Std. for maximum period of 4 years under Shiksha Sahayog Yojana.

It is imperative that either the entrepreneurs or the workers are conscious of various social protection programmes or schemes. Hence it is important to create awareness among the work force particularly the women members of the families on the both the workers as well as the child welfare schemes.

With a view to improve the working environment and enable powerloom workers to obtain higher productivity, the Central Government has approved a Group Workshed Scheme, to provide subsidy for construction of worksheds,

Knowledge of Govt. of schemes:

Various schemes are being framed by both Central and State Government and there is no dissemination of the schemes to the ground level workers. Concerned Govt officials / local associations should take the responsibility to conduct the awareness seminars to give the benefit to the concerned. As a result many of the respondents in the study revealed that they are not aware of the schemes. Even if they are aware, they are far from their reach. Following are the results of the study of workforce in Solapur.

Table 39: Awareness of Govt Schemes			
S.no	Awareness	Numbers	%
1	Aware of various Govt schemes	2	4%
2	Not aware of Govt schemes	48	96%

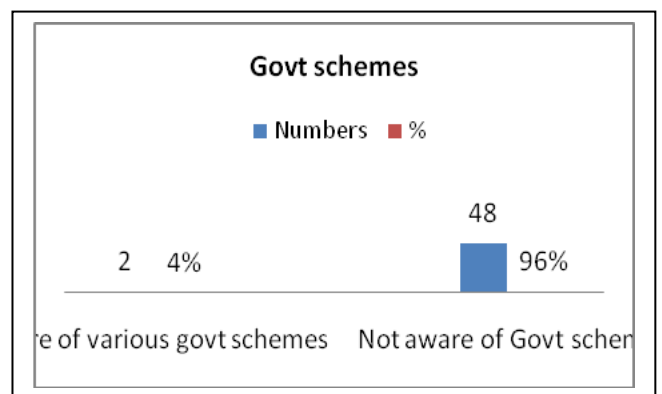
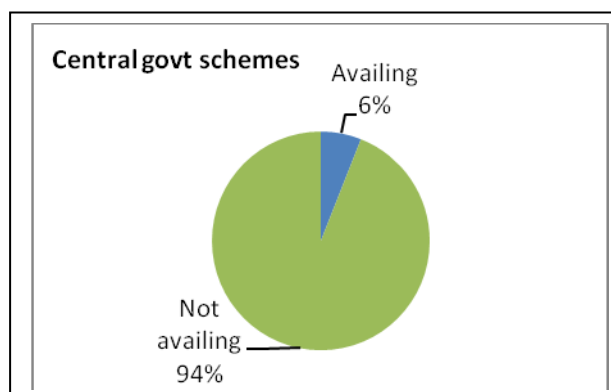
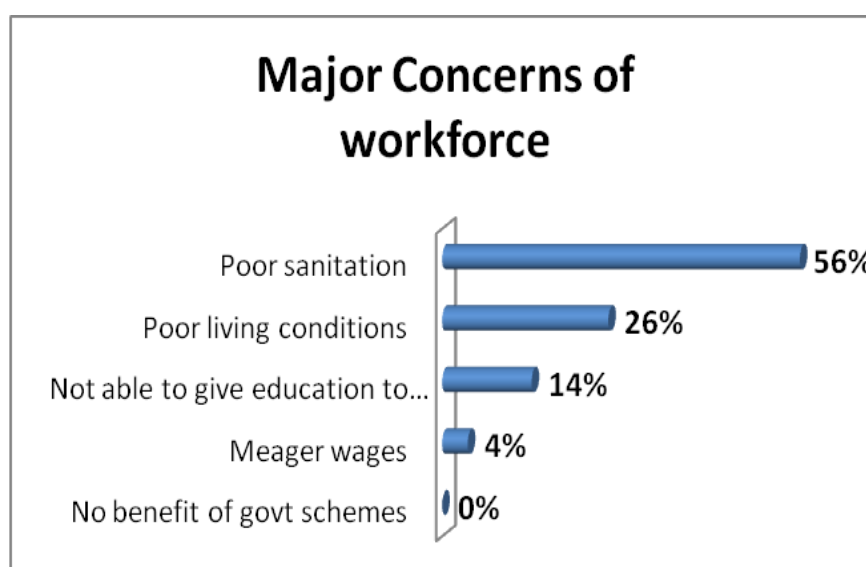


Table 40: Availing of state or central Govt Schemes			
S.no	Status	Numbers	%
1	Availing	3	6%
2	Not availing	47	94%



13.ii. Major Concerns of workforce:



The work force in the Solapur cluster rates their problems as per their practical experiences. Prioritisation of these problems were done. Five major problems were prioritized as they perceived. Only one priority is presented in the form of table 41. The problems were also identified by them in a focus group discussion. The five problems in their locations are: Meagre wages, poor sanitation, Poor living conditions, no benefit of the govt schemes, not able to provide education to the children etc. Poor sanitation condition and poor living conditions are the top most priorities perceived by the work force. Hence a special attention to be given to these two issues on an immediate priorities. Strategies need to be worked out, required measures to be taken immediately by the concerned authorities. Local community organizations need to be promoted to handle the major sanitation issues.

TABLE 41: Problems perceived by the wage seekers			
S.no	Type of problem	Numbers	%
1	Meager wages	2	4%
2	Poor sanitation	28	56%
3	Poor living conditions	13	26%
4	No benefit of govt schemes	0	0%
5	Not able to give education to children	7	14%

13.iii. SWOT of Powerloom Workforce:

Strengths	Weakness
<ul style="list-style-type: none"> • Skill levels are high • All round skills of loom technology • Adoptability of situations with employers • Knowledge in full value chain 	<ul style="list-style-type: none"> • Alcoholic addicts • Absenteeism after taking payouts. • No recognition of workers concern to employers • No PF/Holidays • Not aware of any Govt Schemes • No Govt support of their Children study • No labour law / union • No housing provisions • Poor living conditions • Meager wages
Opportunities	Threats
<ul style="list-style-type: none"> • They can earn more if they work continuously • Govt schemes can be availed to make housing • Insurance can be availed if they pay Rs.200/- per year as premium • Children can be given good education with scholarships • Smart workers can form a group and start workshed cum housing • 	<ul style="list-style-type: none"> • Automation reduces labour dependency • Labour is removed any time by employer • Uncertainty of continuity with any enterprise

13.iv. Major Bottlenecks for the inclusive growth of workforce:

- Working on meager wages
- Poor living conditions prevails among all the workers in the cluster
- Sanitation conditions are very bad, majority of the respondents of the study reports that the sanitation is one of the top most priorities for enhancing their living conditions
- Housing condition: More than 60 % of the work force families are living in unfinished houses. They do not have access to proper defecation facilities.
- Access to potable water is another important issue.
- No proper facilities for the children at work place
- Not able to give the proper education to children
- Not aware of any Government schemes
- No benefits of paid holidays / bonus
- Working on piece rates and no other benefits
- Most of the workers are alcoholic addicts and they take off on the next day of their weekly pay outs.
- No provident fund facility
- No ESI facility for any health issues
- No crèche / school / Hospital benefits from the employers side

Under the light of the above facts, the workforce are not loyal to the entrepreneurs or owners of the units as they are not getting any benefits from the company. Hence, if the workers are given proper benefits and facilities, they can deliver good results to the entrepreneurs and be loyal at any point of time.

14. Action plan for the enterprises

Objective	Strategy	Activity	Expected outcomes/outputs	Resource support (expert/financing)
To organize linkages with the govt institutions and banking	Delivery through Associtaitons / Stakeholders	<ul style="list-style-type: none"> • In depth study of each and every scheme against eligibility • Interface meetings between associations, govt and Banks 	Enhanced access to services and schemes Enabling environment created Entrepreneurs ability to cope with finance and schemes	NGO, professional organizations support required for Business planning
Restructuring of existing schemes for the benefit of Micro entrepreneurs	Delivery through Associations / Stakeholders	<ul style="list-style-type: none"> • In depth interpretation of each scheme and resubmit with proposals which fits eligibility of MICRO entrepreneurs 	Enabling schemes to mend according to the need of the micro entrepreneurs and for the benefit of only SMEs & large enterprises.	With the support of BMOs or professional organizations or political influence through local leaders.
To aggregate the entrepreneurs	Support of ULBs	<ul style="list-style-type: none"> - PRA to identify the neighborhood groups - Membership education 	Field base for the entrepreneurs strengthened for implementation of any form of activities	Trainer Aggregator Participation costs
To strengthen the existing associations	External mentor support	<ul style="list-style-type: none"> - Training to the leaders - Business planning 	Enhanced capacities of leaders, enhance awareness on govt schemes	

			A clear direction to the association	
To provide required assistance for organized linkages for water, sanitation and other timely support	Strategically utilize the services of the local leaders/local bodies	Training on Sanitation issues; Legal aid	Enhance sanitation situation in the location Reduced morbidity rate	Govt resources; and NGO assistance
Establishing Raw material banking	To provide raw materials at the nominal costs	To be operated on co-operative mode by making available of yarn, dyes & chemicals and other accessories and consumables	Increase the profit of the enterprises and easy availability. Rates are under the control stakeholders only	BMOs / Associations / Active Entrepreneurs
Creating a Textile Co-operative Bank	To provide required finance only to textile entrepreneurs	All the Powerloom Entrepreneurs are stakeholders and get finance from the banks and operate as a co-operative bank	Easy availability of finance to the community / trade without having hurdles from the commercial banks	BMOs / Associations / Active Entrepreneurs
Motivational workshop for the on the workers	Educating the workers on ethics and morals	Conduct one day workshop or monthly classes on motivational, vales and ethics	Results reflect in work environments and reduce absenteeism and enhanced production	BMOs / Associations / Active Entrepreneurs
