CHAPTER VIII

CONSTRAINTS TO THE GROWTH OF HANDLOOM INDUSTRY IN SOLAPUR
CHAPTER VIII

CONSTRAINTS TO THE GROWTH OF HANLDLOOM INDUSTRY IN SOLAPUR

An effort has been made in this chapter to identify the various problems being faced by the handloom industry in Solapur.

8.1 PROBLEMS FACING HANLDLOOM INDUSTRY:

Inspite of considerable efforts made to lift the handloom industry out of its difficulties, the industry continues to be in the grip of problems.

The Handloom Industry in Solapur is suffering from the following difficulties and problems.

The basic problems of the handloom industry have not changed since long and have, in fact, worsened in certain directions. Competition from mills and powerlooms and continually depressed markets are still the main problems of the individual and co-operative weavers. The scarcity of finance, the obsolete technique of production, with small output and high cost of production, the disadvantages of procurement of raw material and the difficulties regarding profitable marketing of the goods are some of the main disabilities of the handloom industry. These disabilities lead to meager earnings and low staying capacity of producers. 1

The forces of colonialism, unrestrained competition from modern technology, destroyed handloom weaving in India. The general problems of low wages, the indebtedness of weavers, the slow pace of acceptance of new technology and growing competition from the mills. Hitches to raw material procurement, low productivity and financial bottlenecks, all led to a feeling that the future of the handloom weaving in Solapur was bleak.

Inspite of all the above said constraints, the researcher has tried to identify the problems being faced by the handloom industry as follows:

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8.2 **FINANCE:**

The first and foremost problem that hangs like a millstone round the neck of the handloom industry and the handloom weavers is lack of finance. There is no exaggeration in the statement of the Fort Foundation Team that "Without proper financing, there can be no efficient planning of small industry, nor purchase of raw material nor production nor marketing nor any fair profit."

In a large and advanced weaving centres of Solapur district where warps are long, a large quantity of yarn has to be purchased at a time. In these centres, much of the work in the preparatory processes is done by specialized workers and money is required for making payments of them. The weavers are facing financial difficulties while purchasing yarn, die, chemicals, colours and other raw materials. Therefore, the handloom industry over-burdened with several types of expenditure required for its progress. The rising prices of yarn, colour and chemicals have endangered the handloom industry in Solapur. The Handloom weaver are in great financial difficulties due to the rising prices. The thousands of the weavers have to face the problem of unemployment due to their dependence on the some occupation. The yarn prices have been increasing tremendously. So the occupation has been deeply affected. The WEMCOTEX has to suffer a monthly loss of 6 to 7 lakhs rupees. The production of 13 and 14 crore rupees is lying in the godown. Therefore, it is difficult for the weavers to get jobs.

Whether in a village or a town, in a backward weaving centre or an advanced weaving centre, an average individual weaver or member weaver of co-operative lives on the day to day production and the sale of his goods or wages of his production by co-operative society. The individual weavers are in great distress when the cloth is not disposed on a particular day. Such

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days are of course, many during slack season. For sometimes the weavers carry on production by purchasing yarn on credit. But their financial position is so weak that they cannot get yarn on credit for long. Many weavers, therefore, have to give their independence and work under cloth dealers or master weavers or cottage employes.

According to the survey conducted personally in Solapur out of 293 looms in 185 weaving units as many as 93 looms i.e. about 31% were found to be idle. For about 72% of idle looms all the equipments and accessories existed. They were not used merely because finance for working capital was not available. The want of working capital is a general problem faced by all the small scale industries. Most of the witnesses examined by the Fiscal Commission were of the view that want of working capital was major handicap of the small scale industries.4

The household unit require short term and long term capital in term of advances and loans, long term loans required for purchase of equipments, the construction or repair of residence-cum-work place in installation or purchase of new looms and social expenses. Advances are generally utilised to cover current expenses, particularly for the purchase of raw materials, for holding the stocks of finished goods, for meeting working expenses, marketing, household consumption needs and other charges. An attempt was made to collect the relevant data with respect to the sample units with a view to ascertaining the extent of such finances available to the weavers, and the sources from which such funds are obtained. It was difficult to know in most of the cases, the exact period and purpose for which a loan or an advance has been transacted. Hence, it is appropriate not to treat loans and advances separately. Both the items have been treated as borrowings under one head.

It was found, on the basis of the data collected, that the aggregate amount of borrowings outstanding against 185 sample units was Rs. 4,45,863 at the time of inquiry. The sowcar weaver's unit were, however, excluded because in general, they are the creditors to the weavers. It may be noted that a tendency among the weavers to show their poverty in order to draw public sympathy has been observed while interviewing them. Hence, there is a possibility of exaggeration in the borrowings amount. The task of electing correct information becomes more difficult at they do not maintain any record for the purpose.

The following table shows the relative position of the different sources of borrowings at the time of inquiry.

Table No. : 8.1
Table Showing Relative Position of Different Sources of Borrowings as on March, 2000

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Sources</th>
<th>Amount in Rs.</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sowcar Weavers</td>
<td>2,56,491</td>
<td>57.53</td>
</tr>
<tr>
<td>2</td>
<td>Money lenders</td>
<td>58,746</td>
<td>13.18</td>
</tr>
<tr>
<td>3</td>
<td>Co-operative Societies</td>
<td>64,812</td>
<td>14.54</td>
</tr>
<tr>
<td>4</td>
<td>Corporation</td>
<td>6,798</td>
<td>01.52</td>
</tr>
<tr>
<td>5</td>
<td>Banks</td>
<td>41,619</td>
<td>09.33</td>
</tr>
<tr>
<td>6</td>
<td>Relatives</td>
<td>10,443</td>
<td>02.34</td>
</tr>
<tr>
<td>7</td>
<td>Other sources</td>
<td>6,954</td>
<td>01.56</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>4,45,863</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source : Field Survey.

The above table reveals that the sowcar weaver is the major source of loans and advances. He supplies loans and advances for both productive and unproductive purposes. The primary weavers co-operative societies as source of credit, occupy the second position next only to the sowcar
weavers. The co-operatives supply raw materials to the weavers. But such supply of raw materials is not treated as advances. The poor performance of banking institutions as sources of credit to the weavers indicate that these institutions have to go a long way to emerge as important sources of credit to the weavers. The weavers have little to offer as securities which the banks demand against the credit faciliteis.

8.3 RAW MATERIAL:

Next to finance, the second major problem faced by the handloom industry is that of raw material. Yarn is the basic raw material for cotton handloom industry. The yarn consumed by the handloom industry in Solapur are mostly cotton yarn and silk yarn. Barring very few percentage of silk weavers, most of the weavers are cotton weavers. The cost of raw material constitutes about 50% to 70% of the total cost of production. The cotton weaving is the most important section of handloom industry and the chief raw material used in the production of cloth is cotton yarn. Any proper cost accounting of handloom cloth is very difficult task. The Fact Finding Committee, however, had arrived at some broad conclusions, from which it is known that the cost of raw material, namely that of yarn, varies from 50% to 80% of the total cost of production, depending upon the fabric woven.\(^5\)

It is therefore, clear that the availability of yarn of the required quality in adequate quantity and at a reasonable price, is a primary condition for the success of the industry. The principal raw materials used by the Handloom Industry are cotton yarn, silk yarn, zari, artificial silk yarn, dyes, colours and chemicals sizing materials etc. Yarn made of Rayon, staple fibre and polyser are also used by Handloom Industry. Handlooms and Powerlooms are depend on Textile Mills for supply of

cotton yarn. Handloom industry generally required yarn in the form of hank and powerloom industry obtains it in the form of cones and sized beams.6

Cotton handlooms in Solapur get their yarn from the spinning mills and the composite mills. The cotton mill industry is the biggest organised industry in Solapur. There are two composite textile mills and two co-operative spinning mills and about ten private spinning mills in the organized sector of textile industry in Solapur. These mills consume a part of yarn production in their own weaving sheds and meet only the demand of handlooms and domestic powerlooms. In Solapur city there are two co-operative spinning mills :-

1) Yeshwant Sahakari Soot Girni - which supplies yarn to powerlooms.
2) Solapur Sahakari Soot Girni - It supplies yarn to the handlooms.
   This mill mainly produces yarn of 40s, 60s, 80s and staple yarn 60/2 (Sixty doibt) counts which are mainly required by the Handlooms. The mill is organized by the handloom weavers co-operative societies in Solapur. All these handloom weavers co-operative societies are the member of the mill.
   Handloom weaving requires yarn of 40s, 60s, 80s, 120s, 80 double, 60 double counts.

Solapur has big yarn market situated at Sakhar Peth. The other source of supply is import of yarn from outside. The imports comprised coarse, medium and high count yarn and rayon. They are imported from Bombay, Hyderabad, Madras, Bangalore, Kerala, Madras, Gokak and Coimbatore mills. In this way yarn from different states of mills are sold through their agents in Solapur. Well-known yarn merchants are

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Table No. : 8.2
Table Showing Quality and Price of Yam in Solapur as on March, 2000

<table>
<thead>
<tr>
<th>COUNT</th>
<th>WARP QUALITY (Rs. per Bag)</th>
<th>WEFT QUALITY (Rs. per Bag)</th>
</tr>
</thead>
<tbody>
<tr>
<td>40s</td>
<td>Rs. 7500/-</td>
<td>Rs. 5500/-</td>
</tr>
<tr>
<td>60s</td>
<td>Rs. 10000/-</td>
<td>Rs. 8000/-</td>
</tr>
<tr>
<td>80s</td>
<td>Rs. 12000/-</td>
<td>Rs. 10000/-</td>
</tr>
</tbody>
</table>

*Source: Field Survey.*

Table No. : 8.3
Table Showing Prices of Yam as on March, 2000

<table>
<thead>
<tr>
<th>Quality of Yam</th>
<th>Price Per Bundle in Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 Double Border</td>
<td>Rs. 750/- per bundle</td>
</tr>
<tr>
<td>80 Double Gundi</td>
<td>Rs. 1000/- per bundle</td>
</tr>
<tr>
<td>120 Double Chamak</td>
<td>Rs. 275/- per Kg.</td>
</tr>
<tr>
<td>150 Single Chamak</td>
<td>Rs. 225/- per Kg.</td>
</tr>
</tbody>
</table>

*Source: Field Survey.*

The difficulties of the handloom industry regarding the procurement of raw material are, however, general and confined to only high count weaving. They arise mainly from a costly organisation, consisting of a host of middlemen through whom yarn reaches the weavers. Further, the decentralised nature of the industry itself makes the steady flow of raw material to small weaving centres in the interior very difficult.

The organisation by which yarn is made available to the weavers consists of mills, agents, wholesale and retail yarn merchants. Most of the weavers purchase dyed yarn on credit from retail merchants for dyed yarn the weavers have to pay higher price.

In Solapur yarn is supplied to the handloom industry by three different sections:
1) Firstly, there are two composite mills a) Laxmi Vishnu Mill, b) Jamshri Mill which supply after their own requirements have been met.

2) Second section consists of the purely co-operative spinning mill. Solapur Sahakari Soot Girni which has good business with handloom weavers in Solapur.

3) The third section which supplies yarn to the handloom consists of Nationalised mill i.e. "Narsing Girji Mills".

All the handloom co-operative societies purchase yarn from Solapur Sahakari Soot Girni and supply yarn to their members. The co-operative societies get sarees and other material prepared from their members on wages and thereafter they sell them.

The handloom industry has to depend for its basic raw material on composite mills and spinning mills. The policy of these mills regarding the supply of yarn is not always formulated in the light of requirements of the handloom industry. It is in the context that the Kumarappa Committees pronouncement that, "The welfare of the weaver depends on the extent to which he can control his raw material" seems to be reasonable. It is found in the survey that, the individual and Master weavers purchase yarn directly from the yarn merchant. Individual weavers purchase yarn 1 or 2 times in a week. Generally, yarn is purchased on credit from local yarn merchant. For one loom 4 to 5 boxes of yarn is required for a month, each box contains 4½ Kg. yarn. The poor individual weavers who are at the lowest level live a difficult life. They have no funds for the purchase of the yarn and therefore, they are exploited nearly as labourers by the master weavers. The master weavers (who are financially strong, who may or may not be an actual weaver) supply yarn to these poor weavers and take back the cloth woven at the pre-agreed rates of wages. Generally cloth dealers, yarn merchants

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money lenders, commission agents etc. act as the master weavers. Master weavers have their 10-15 looms.

Apart from master weavers, there are few "Karkhandars" they are very rich persons holding large number of looms. They employ hired labourers on their own looms and get sarees and other cloth material prepared or sometimes they purchase woven cloth from the master weavers. They use their own label and sell the sarees and other cloths directly to the consumers by opening their showrooms and shops or they sell cloth to wholesalers are 1) Chatala, 2) Gangii, 3) Birru, 4) Sheral, 5) Bomdyal, 6) Vidap, 7) Bolli etc.

The mill-made yarn has helped the handloom industry in the struggle against technically advanced sections. The use of handspun yarn by the entire population of weavers in impracticable and definitely harmful to the handloom industry.

The problem of short supply of yarn to the handloom industry is not peculiar to Solapur exclusively. This is a common problems confronting the handlooms in most of the states. This problem is not new, it is in fact a chronic one. In 194, the Fact Finding Committee had pointed out, so far as yarn is concerned, there is hardly any doubt that the handloom weaver is being mulcted on several fronts by a host of middlemen and parasites, whose existence leads to a pyarming of the prices yarn and who have far long carried on nefarious practices regard to the quality as well as the quantity of yarn supplied and fully exploited the ignorance, poverty and helplessness of the weavers. The problem still exist.

The rising prices of yarn, colour and chemicals have endangered the handloom industry. The yarn prices have been increasing tremendously, so the occupation has been deeply affected. Handloom industry is on the bed of death. Handloom Industry is an ancient occupation like agriculture. Yet

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it has to go under difficulties due to carelessness of government. The rates of yarn required for handloom have increased nearly 3 times in a period of 13 years even the prices of chemicals have increased by 300%. Thus the handloom industry face great calamity.

Table No. : 8.4  
Table Showing Prices of Yarn as on Dec. 2000

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>40s</td>
<td>195 (Per 10 pound)</td>
<td>530</td>
<td>271%</td>
</tr>
<tr>
<td>2</td>
<td>60 Double Hanks</td>
<td>275 (Per 10 pound)</td>
<td>750</td>
<td>273%</td>
</tr>
<tr>
<td>3</td>
<td>120 Double Art Silk</td>
<td>360 (Per 5 Kgs.)</td>
<td>1375</td>
<td>381%</td>
</tr>
<tr>
<td>4</td>
<td>40s Cones</td>
<td>215 (Per 5 Kgs.)</td>
<td>550</td>
<td>255%</td>
</tr>
</tbody>
</table>

Source: Field Survey.

The raw material has become very costly, beyond the reach of the weavers. Mushroom growth of mills and factories and throat cutting competition in the market have fallen like thunder bolt on the handloom industry. Still the industry is existing with the help of government, the future is dark. Therefore, the government should support it from heart and soul. The handloom weavers belong to the lower and weaker section of the society. They cannot raise their voice against government. The prices of yarn, colour, silk are already in great demand from the owners of mills and factories. It creates a burning problem for the handloom weavers in Solapur.

The former Primer Minister Late Indira Gandhi had great sympathy for handloom. Therefore, the welfare of handloom weaver was one of her '20' point programme. Cheap cloth and sarees were made available cheaply for the poors. The fluctuations in the prices of yarn and colour and chemicals has been a major problem for the handloom industry. It affects

the production process leading to rise in the cost of production and price of handloom cloth.

No handloom weavers society in the world might have struggled for longer period than the Indian handloom weavers. The struggle started with the arrival of British East India Company and it is still continued nearly 225 years. It is fact that greatest industrial power of India lies in the hands of countless handloom weavers. If the weavers make proper use of their skill India will get highest place of honour in the whole World.¹¹

The powerlooms produce the stereotyped cloth on a large scale. On the other hand handloom weavers have tremendous capacity to produce cloth according to need and likings of the people.

The powerloom industry requires cone yarn whereas the handloom industry needs hank yarn with reasonable price and high quality. It was decided that the spinning mills must produce hank yarn on large scale in order to meet the requirements of handloom weavers. Such system was constantly violated as selling the cone yarn gives more profit, as a result the handloom weavers have to purchase yarn at the highest rates. Moreover, the yarn is of poor quality.

As the handloom weavers do not get quality yarn, there is no production of quality cloth though the weavers have tremendous skill and art. Father of Nation Gandhiji had realised this thing long back. In his historical message to the handloom weavers he had mentioned that 'the handloom weavers must be independent so far as getting of yarn is concerned.' He had also warned the weavers that their dependence on spinning mill cannot make them self dependent. Therefore, Gandhiji introduced 'Charakha' for yarn. He had advised to his countrymen that each and every house should have at least one 'Charakha' (spinning wheel). He

¹¹ Article written by late M L A. Vithal Rao, Dikonda, President WEMCOTEX in Daily Newspaper Solapur Kesari, on 8th Dec 1987, P.2.
had also advised to produce raw cotton in each and every village for self
dependence of the handloom weavers and to increase the income villagers.

Gandhiji's warning has proved to be true even in this modern age. His fruitful advise can be strictly followed even today.

Mr. Sushilkumar Shinde, MP and former General Secretary of
Congress I, asked the question in the Parliament on 31-12-2000 regarding
the scarcity of raw cotton in the Solapur District. He also pointed out that
the handloom weavers and powerloom weavers have to purchase required
yarn at the highest rate.\textsuperscript{12} He requested the government to provide cheap
yarn for the handloom industry. Mr. Kanshiram Rana the Central Textile
Industry Minister assured in the Lok Sabha to provide cheap yarn in order
to make rough or coarse handloom cloth for the poor.

The handloom weavers have not got the required yarn from the
Handloom Weavers Federation from the last few months. Therefore, the
weavers do not get livelihood.

Now-a-days the transaction has been slack, the workers are in need
of job. The federation cannot help them due to lack of yarn. Now-a-days all
the workers in the whole country have to face the scarcity of yarn, similarly
the yarn prices have risen tremendously.

While answering a question regarding the supply of yarn to
handloom weavers. Mr. Sharad Yadav then Minister of Textiles stated in
the Lok Sabha in May, 1990 that, in order to develop the handloom
industry and improve the socio-economic and living conditoin of
handloom weavers, the Government is implementing the various schemes
in all the states.

\textsuperscript{12} Times of India, Mumbai, 3-1-2001, P.7
8.3.1 SOLAPUR VINKAR SAHAKARI SOOT GIRNI NIYAMIT, SOLAPUR:

Brief History and Development of the Organisation:

The mill is organized by primary handloom weavers co-operative societies in Solapur district in the year 1964, under the name of "The Solapur Co-operative Spinning Mills Limited, Solapur." The name of the mill was changed as "Solapur Sahakari Soot Girni Niyamit Solapur" with effect from 9th January, 1967. The present name of the mill is Solapur Vinkar Sahakari Soot Girni Niyamit, Solapur. The membership of the mill is open to only the primary handloom weaver's co-operative societies in the Solapur District. At present there are 169 societies are the members of the mill. Practically all the active societies of handloom weavers have been members of the mill. The number of member handloom co-operative societies are as follows:

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Type of Member</th>
<th>Number of Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Handloom Co-operative Societies</td>
<td>169 169 169 169 169 169</td>
</tr>
<tr>
<td>2</td>
<td>District Federation Societies</td>
<td>2 2 2 2 2 2</td>
</tr>
<tr>
<td>3</td>
<td>Govt. of Maharashtra</td>
<td>1 1 1 1 1 1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>172 172 172 172 172 172</td>
</tr>
</tbody>
</table>

Source: Annual Reports from 1993 to 2000.

At present mill is spinning mainly cotton yarn in the counts of 34s and 40s in hank/cone form, single/double yarn. It is sold to the member of others. Quantity of members has gone down because of their handlooms are not working satisfactorily and reduced demand for their end products, the mill, therefore, has to sell yarn to outsiders. The yarn is allotted to members on the basis of their handlooms and shares held by them.

Yarn is also sold to District Federation and Regional Apex Federation i.e. WEMCOTEX for production of "JANATA CLOTH".

Share Holding Pattern:

The total share capital provided by the Handloom weavers co-operative society and contribution of Government of Maharashtra towards share capital at the different years are shown below:

Table No. 8.6

<table>
<thead>
<tr>
<th>Year</th>
<th>Handloom Co-operative Societies Share Capital Contribution</th>
<th>Government of Maharashtra Share Capital Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>85.79</td>
<td>269.69</td>
</tr>
<tr>
<td>1990</td>
<td>88.11</td>
<td>283.69</td>
</tr>
<tr>
<td>1991</td>
<td>98.74</td>
<td>273.19</td>
</tr>
<tr>
<td>1992</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>1993</td>
<td>100.28</td>
<td>266.53</td>
</tr>
<tr>
<td>1994</td>
<td>100.28</td>
<td>266.53</td>
</tr>
<tr>
<td>1995</td>
<td>100.28</td>
<td>266.53</td>
</tr>
<tr>
<td>1996</td>
<td>100.28</td>
<td>266.53</td>
</tr>
<tr>
<td>1997</td>
<td>100.28</td>
<td>266.53</td>
</tr>
<tr>
<td>1998</td>
<td>100.28</td>
<td>266.53</td>
</tr>
<tr>
<td>1999</td>
<td>100.28</td>
<td>266.53</td>
</tr>
<tr>
<td>2000</td>
<td>100.28</td>
<td>266.53</td>
</tr>
</tbody>
</table>

Source: Reports of different years.

It is very much clear from the above table No. 8.6 that, the share capital of Handloom Co-operative Societies is fixed from 1993 to 2000 i.e.
100.28 lakhs and in the same way the share capital contribution of Govt. of Maharashtra is also fixed from 1993 to 2000 i.e. Rs. 266.53 lakhs only.

Table No. : 8.7
Table Showing Sale of Yarn by Solapur Spinning Mill
(Figures in lakhs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sale of Yarn in Kgs.</th>
<th>Sale of Yarn in Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>30.37</td>
<td>1306.35</td>
</tr>
<tr>
<td>1990</td>
<td>32.95</td>
<td>1495.87</td>
</tr>
<tr>
<td>1991</td>
<td>25.58</td>
<td>1113.69</td>
</tr>
<tr>
<td>1992</td>
<td>39.08</td>
<td>2408.13</td>
</tr>
<tr>
<td>1993</td>
<td>40.95</td>
<td>2582.53</td>
</tr>
<tr>
<td>1994</td>
<td>38.82</td>
<td>3073.76</td>
</tr>
<tr>
<td>1995</td>
<td>41.25</td>
<td>3403.04</td>
</tr>
<tr>
<td>1996</td>
<td>N.A.</td>
<td>3308.13</td>
</tr>
<tr>
<td>1997</td>
<td>N.A.</td>
<td>3634.99</td>
</tr>
<tr>
<td>1998</td>
<td>40.18</td>
<td>3709.04</td>
</tr>
<tr>
<td>1999</td>
<td>39.45</td>
<td>3683.17</td>
</tr>
<tr>
<td>2000</td>
<td>35.91</td>
<td>3569.13</td>
</tr>
</tbody>
</table>

Source : Reports of different years.

The above table No. 8.7 shows that the mill was flourishing up to 1994-95 and thereafter the sale of yarn is decreasing due to rising prices. In 1995 there is maximum sale i.e. 41.25 lakhs Kgs. of Rs. 3403.04 lakhs. After 1995 due to financial crises the mill is not working properly.

8.3.2 WEAKER FINANCIAL CONDITION OF THE MILL:

At present the financial condition of the spinning is not good. Because of rising prices of yarn, colour etc. Handloom weavers cooperative societies not purchasing the yarn from the mill, their looms are not working satisfactorily. The spinning mill is bearing burden of losses. It has to face several financial difficulties because of rising prices of raw
cotton, world depression and competition from organised mill sector and
growing burden of loans and interest thereon.

It has resulted into weaker financial condition of the spinning mill.
Upto March, 2000 the spinning mill has suffered heavy losses.

8.4 MARKETING

The problem of marketing handloom cloth produced in Solapur needs a careful study since marketing is a vital factor for the survival and growth of the industry. Marketing organisation, exploitation of markets and strategic options for marketing of handloom cloth have been taken up for discussion in the section.

An important point to be borne in mind is that the Indian cotton textile industry comprises the well organised large scale mill sector and the decentralised sector consisting of small powerloom and handloom units. Still competition from the well organised, well mechanised large scale mill sector and powerloom sector threatens the very survival of the handloom industry.  

The conflict between the mills and the handlooms represents the conflict between higher techniques, greater production and cheaper goods on one hand and a lower technique, greater employment and costly goods on the other. This is the main reason why the handlooms have been fighting a losing battle all these years. The mill sector produces fine cloth at comparatively cheaper rates and in large quantities in short span of time. Their cheapness and fineness attract the customers. All these factors are stumbling block for marketing activity of Handloom Industry. Hence, the development of marketing facilities for the handloom products constitutes in integral part of the plan for all round development of the industry in the Solapur District.

Despite the reputation of the handloom cloths and its popularity which spread to its neighbouring countries, the marketing of the handloom production never developed on expected line. Infact, no organised efforts were made to market the handloom products of the Solapur. As a matter of fact, the fine texture and durability of the handloom product attracted buyers from outside the province.

Assistance to the handloom industry at the production level without developing marketing facilities will necessitate protection of the industry for a long time to come at the cost of the public exchequer. But let be made clear that the industry should not always look-up to the state for protection, nor should the state give that kind of protection to the industry for a long period. Both are neither desirable nor possible.

Thus, marketing of handloom products is not only a problem for the producing unit alone, but also a problem for the district and for the state.

The government's approach to the problem of marketing of handloom products will determine the future course of the industry. It was only after independence that the state government took some initiative to develop a modern marketing mechanism so that the weavers of the state could find some marketing outlet for those products.

Another factor which contributed to the development of marketing channel is the constitution of the "All India Handloom Board" which was set up in 1952. The Board formulated comprehensive schemes for integrated development of the industry in the co-operative sector, which includes development of the marketing channel.16

Market Development Assistance (MDA) as name indicates, is a scheme of NABARD meant to assist the apex society as well as the primary societies to develop their marketing. Till 2000 the primary societies used to receive 15% cash credit sanctioned as MDA.17

The major parameters in defining the performance of the handloom sector remains the same almost everywhere. The nature of markets, the marketing channels, the responses of the weavers to the changing environment, their economic conditions and the role of the government are the larger realities which determine the functioning of handloom weaving.

Further the current economic climate of international markets and globalisation, the future of traditional economic activity like handloom weaving is more uncertain than ever.

While the average value of cloth at the district level has gone up by 108.49%, the average sale price per meter is lagging behind and has gone up only by 107.4%. This in fact, sums up the dilemma of handloom marketing for government agencies in the present decade.

Since, handloom textiles suffer from a cost disadvantage vis-a-vis the powerloom/Mill cloth, the Government has followed the policy of offering a substantial rebate to have better sales. In effect, handloom cloth is being continuously subsidised in order to make it competitive. The failure of the government in marketing would also imply a longer failure on the part of the government to fulfil its role in the handloom sector.¹⁸ On the other hand, it could also indicate that there is a general crisis of lack of demand for handloom products which the sector has to contend with undeterred by its own experience of failures, the government has pushed ahead with the same policies again and again. The disastrous results of the experiment with 'Janata Cloth' in Solapur is just one more example of this. The government is also implementing a number of development programmes to improve the co-operatives. Many of these schemes overlap with each other in terms of their objectives.

These schemes cannot successfully implement without sufficient sanctioning of money.

The main drawback of this multiplicity of schemes is that they are all devised by the Central Government and implemented by the State Government without any reference to regional requirements. State Government should make an evaluation of the suggested schemes and implement those which is most beneficial to the handloom sector in the region.

The Government, unfortunately, persists in emphasising the potential only for exports, inspite of the fact that this posses many problems. It should find out local markets also. The inefficiency of government agencies to market handlooms is ascribed to the deficiencies of handlooms and not to the ineffectiveness of the government. In the first phase of globalisation (in 19th Century) handloom survived because of local markets.

Now, in the present scenario of globalisation, we are facing situation where even village markets are integrated with outside markets.  

8.4.1 Marketing Channels:

Handloom products reach the consumers through two major channels - co-operative societies and master weavers. They in turn sell to other traders both in the local areas as well as in other cities. All information about markets, changing tastes and patterns of demand is communicated to the weavers only by the master weaver or co-operative society. The co-operative societies also supply the information to WEMCOTEX and other government agencies.

Four kinds of markets exist for handlooms local, within the state, all India and export. The societies and master weavers have well established links with large retailers in Bombay and other major cities or to export houses in Mumbai, Pune and Madras.

8.5 METHODS OF SELLING HANDLOOM PRODUCTS IN SOLAPUR:

The oldest method of selling in Solapur is sale by hawking or the 'gujari system'. It is obtained by private individual weaver having 3 to 4 looms. Under this method weavers, move from door to door or from bazar to bazar and dispose of their goods direct to consumers. Sometimes the weavers produce goods according to specific orders placed by consumers. This method became gradually impracticable and is fast disappearing from the city as maximum looms are covered by co-operative societies.

The second practice is the sale of goods to cloth dealers having permanent shops in the city. In Solapur city "Chati Galli" is important marketing centre (Bazar Peth) where a large quantity of goods (sarees) are sold by weavers to cloth dealers. Individual weavers and small master weavers dispose their products to these shop keepers, important among them are:

1) Mogale
2) Pawar
3) Bhadange
4) Konapure
5) Manikchand Shaha
6) Wale
7) Tambakhe
8) Vibhute
9) Jawanjal
10) Kalekar.

In case of independent karkhandars however, most of them maintained their own small house-shops and sold their manufactures by retail through it by using their own brand. But such sales were very limited, taking into account their total production. So they sold their goods either
directly to retailers or through brokers. The dependent master weavers were bound either by a price contract or by a wage contract to deliver their goods to a big cloth dealer or a stockiest dealer. Sometimes independent master weavers supply raw material to independent ordinary weavers and get sarees prepared from them on a fixed margin (just like wages) and sale it to cloth dealers. The third important practice of marketing is the sale of goods to any agency (may be a consumer or a wholesale merchant or a retail cloth dealer) through an intermediary or a commission agent, locally known as "aditiya" or "dalal".

Anyhow, a finished product passed through four or five stages, beginning with the producer and ending with the consumer. From the survey it is found that, the Handloom industry in Solapur, has been classified into two sectors:

1) The Co-operative Sector,
2) Private Sector.

The co-operative covers around 90% of the total loom, 10% looms with in the private sector. Among the private weavers nearly 70% are individual weavers holding 1 or 2 or 3 looms and most of them are engaged in work on petty wages under the master weavers and remaining 30% are master weavers. In private sector the Individual weavers mostly weave for the master weavers on wages and their products are sold by the master weavers. Those of the individual weavers who manufacture their own product sale them to the retail cloth dealers in Chatigalli. Some such important retail cloth dealers are:

1) Konapure
2) Mogle
3) Pawar
4) Jawanjal etc.
Master weavers themselves prepare warp beams or get prepared through hired labourers and give readymade warping beams to the workers for actually weaving.

Master weavers are wealthy persons. They have their own 4 to 15 looms. They get sarees prepared through hired labourers and individual weavers, they sale their products big retailers or wholesale cloth dealers. The known among them are :-

1) Burra
2) Adam
3) Chilka
4) Panche
5) Vibhute
6) Bomdyal
7) Chatla
8) Vidap
9) Gangaji
10) Bolli etc.

Some of the wealthy Master Weavers or Karkhandars have their own small shops in their own premises, where they exhibit their products for sale. The important among them are :-

1) Tawati
2) Sheral
3) Abbatinni
4) Lachhumayya Chatala
5) Chandrayya Birry
6) Minayya Burra
7) Balaram etc.

There are agents of many dealers from the surrounding towns and states with them these master weavers negotiate for the sale of their products.
8.6 MARKETING OF THE PRODUCTS THROUGH CO-OPERATIVE SOCIETIES.

Solapur is the only city in Maharashtra wherein nearly 90% of the total handlooms are under co-operative fold. In Solapur there are 164 weavers co-operative societies. These co-operative societies supply yarn or sometimes readymade beams to their members and get sarees prepared through them. The co-operative societies have two different markets for the different products.

1) Janata Sarees and dhoties (controlled cloth)
2) Non-janata cloth.

As for as preparation of Janata Cloth is concerned, yarn is supplied by an apex society or federation situated at Sakhar Peth which is popularly known as "WEMCOTEX" (The Western Maharashtra Weaver's Central Co-operative Association Ltd.). Most of the handloom weavers co-operative societies are the members of this federation. Federation supplies the cheapest yarn (40s) to the weavers societies which in turn is supplied to their members by the societies, the members get Janata sarees prepared on wages and return it to them to their societies which in turn sale to this federation, and it "WEMCOTEX" which arranges the sale of such cloths through their sales emporiums. (Selling Centres) popularly known as "WEXCOTEX EMPOURIUM".

In case of non-janata cloth is concerned, yarn is supplied by the society to their members and get sarees weaved from on a fixed margin. The non-Janata cloth (mostly sarees) is sold by the weavers co-operative societies themselves with the wholesale dealers in "Chatigalli" and "Sakhar Peth". Some of the important dealers in handloom products are:

8.6.1 EXHIBITIONS:

In order to ease the situation created by supplies stock remaining unsold with the co-operative societies, there is a special scheme of organising exhibitions at the cost of Directorate of Handloom Industries. Advertising is made by Directorate of Handloom Industries. All Co-operative societies are invited to participate in the exhibition for selling their handloom products. Generally 20% rebate is granted on every such sale by way of incentive to the co-operative societies who avail this opportunity of selling their surplus stocks.20

It is found that the production of the handloom industry is slack during the period between June to October. The production in industry is the highest during February to May. May be because this period happens to be a marriage season, when these sarees are much on demand.

Though cotton is the most important textile material used in the production of handloom goods, the varieties of cotton fabrics are extremely limited. The Sari is the most important fabric produced in the Solapur City. Course dhotis are produced on small scale in some places.

8.6.2 ROLE OF WEMCOTEX IN THE MARKETING OF HANDLOOM GOODS IN SOLAPUR.

The problem of marketing has been solved to some extent by WEMCOTEX. Wemcotex has been established on 7-9-61 at Solapur for the purpose of providing raw material at reasonable rates to the primary handloom weavers co-operative societies and arrange the sales of the finished products (generally Janata Sarees, and dhoties) of these societies. Details about WEMCOTEX has been discussed in Chapter V.

8.7 **MARKETING ORGANISATION**:

The market mechanism for handloom fabrics in Solapur can be classified into four broad heads:

1) Marketing by independent weaver.
2) Marketing under master weaver.
3) Marketing under the co-operative organisation.
4) Marketing under the Government owned corporations/departments.

The textile Inquiry Committee referred to the following systems of handloom weaving that are common throughout the country:

1) Individual Weaver, 2) Master Weaver, 3) Factory Weaver,
4) Co-operative weaver, 5) Corporate Weaver.

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CHANNEL OF DISTRIBUTION OF HANDLOOM GOODS IN SOLAPUR

Source: Field Survey.
8.7.1 ROLE OF INDIVIDUAL WEAVER:

Weaving is a household occupation and also the sole occupation in many cases. Weaving usually requires two persons, though not always working together. Both the husband and wife, often with the help of their children are involved in the textile production. The husband and wife alternate to get in about fourteen hours of weaving per day. Usually a man & a woman weaving together.

In Solapur nearly 7% of weavers were independent, about 5% worked for master weaver and about 2% worked for corporation. In reality, it is virtually impossible to make such clear cut distinction.

Individual weaver means an artisan who manages and controls the production & marketing processes. The independent weaver is one who owns his own establishment, purchases raw materials by himself, undertakes production on his own with the help of the household member and markets his product in the local market or sells it directly to cloth merchants. He is completely free to organise his production in such a way as to maximise his profits without the intervention of any outside agency.

Weaver members usually supply cloth to the co-operatives as well as to master weavers. They retain their membership because it enables them to enjoy the benefits to the various schemes for which the societies get government funds.

The attitude of the weavers makes it clear that they do not consider themselves to be servile and that they have a working relationship with the master weaver. Weavers do not hesitate to say this in presence of the master weaver: "Yes, we are the one who do all the hardwork & the Sahukar [as the master weaver is generally referred to] is the one who earns the profits."
One weaver said [in presence of the office bearers of society], sowcar society, what is the difference? we do the work & they get the profits.

There is evidently a clear understanding of loss of their independence in these relationship, which is also accepted as an inevitable condition to survive. Truly independent weavers are rarely to be encountered in Solapur District. Researcher have come across few independent weavers in Valsang, Maindargi & Wagdari - Centres. They buy inputs on their own and sell directly to traders, big shops or Master Weavers.

Some weavers are employed as 'job weavers' and work for a wage on the employers looms. Many of them have migrated looking for work because of the steep decline in weaving in their home areas & some probably do not own looms. Job weavers can be further divided into two categories those who work in household weaving units and those who work in work-sheds or karkhanas.

The case of weavers who work in work-sheds is quite different. Both co-operative societies and big master weavers run such work-sheds, though the co-operatives are strictly speaking, associations of independent weavers who have their own looms. In some areas like eastern part of Solapur City and MIDC area, the co-operative societies have started the sheds to provide work to weavers.

The independent weavers who are outside the co-operative fold, sell their products either direct to the consumers or to the intermediaries like the sowcar weavers. The necessary finances may by provided by his own resources or borrowed money. The establishment of the independent weavers do not employ outside labour in weaving.
Because of lack of working capital, independent weaver has to depend upon master weaver for credit, raw material and marketing of products. Lack of sound financial position of the weavers is the root cause of this situation.  

The independent weaver has to approach the middlemen to dispose his cloth. He has to move from shop to shop bazar to bazar, fair to fair to sell his cloth. Even small time lag between production and marketing hurts the weavers. The second type of weavers can be termed as dependent weavers. They generally work on their own looms for piece wages and work under the master weaver or under the co-operative societies. Even in certain cases this class of weaver have depend upon the looms and other benefits provided by co-operative societies and master weavers.

The last and certainly the central, agent in Handloom weaving is the weaver himself. In Solapur weavers have a very well defined perception of their identify as skilled workers which sets them apart from the rest of the rural people. Many weavers have had to give up weaving because of poor wages. The larger process of socio-economic change which is transforming traditional society and providing better income and job opportunities is also important factor.

Evidently, weavers will continue in strength only if their income become more viable. One way of increasing earnings is to increase the productivity of the weaver. The alternative a workable option is that weaver's wages should be increased, which can only happen if there is sufficiently large demand for handloom products.

Thus, in the ultimate analysis, the key to the survival of handlooms is the 'Market'. If there is genuinely no demand for handloom products, no amount of government initiatives and spending can keep the sector going. Considerations of quality, and design, all contribute to the demand for

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22. T. Yogaiah, Handloom Industry in India, Yaiana, 23 (23), 16, December, 79, P.11
handloom products. Further, we find that, the market for handloom cloth has also, if belatedly, become a more integrated and developed market.

8.7.2 ROLE OF MASTER WEAVER:

In the sample of 185 units the Master Weavers owned only 5.86% of the total number of units.

The master weaver is similar to the independent weaver in many respect, except for the fact that he employs outside labour for weaving. He and the members of the household may also work in the unit. At the same time, he advances materials or cash or both to the weavers on the condition that they should supply him certain pieces of fabrics of specified dimensions, quality and pattern etc. within stipulated period of time. There is another class of master weavers who cannot strictly be called weavers, they belong to the traditional weaving community. They let the weavers to work in their own homes with their own looms. As they get the work done and pay for that they sell the cloth. This is indeed analogous to the "Domestic System" which prevailed in the English Textile Industry before the Industrial Revolution.24

It is very clear that the handloom weaving has survived to a large extent because of entrepreneurial initiative marketing skills and dynamism of master weavers.25

Master weavers in some parts of Solapur city are weaver who have gone exclusively into trading, though many of them continue to be the members of co-operative societies. None of them continues to operate a loom at home, not do they run work-shed or employ weavers to work directly on their looms.

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Master weavers are in many cases elected as president of co-operatives because of their standing in the local weaving community, while continuing to run their own business also. There are many weavers who state clearly that they weave only for the co-operative society. In some cases master weavers are the president of the co-operative societies. In some part this is due to the fact master weavers are able to have themselves elected as president of co-operatives and siphon off the funds received from the government under various schemes.

In particular, the immediate need of the individual weaver for money for consumption needs is met only through, the master weaver. As an institution, the co-operatives to some extent has failed to provide this support. The master weaver is certainly more aware of the market and the necessity to maintain a continuous support to keep his business running.

Some master weavers are able to give employment throughout the year to the weaver, they give loans, with no security, they take risk of bad debts & the risks in marketing also. Some master weavers exploit the poor individual weavers by giving very low wages or very low price for the cloth. The presence of well functioning co-operative society is the best counterbalance to the possible exploitation by master weavers.

8.7.3 CO-OPERATIVE SECTOR:

Small Handloom weavers require help in marketing, finance and organisation for their development. The weavers co-operatives in recent times are expanding their activities in the marketing of Handloom cloth to save the weavers from the clutches of the sowcar weavers and the like. The weavers will never be able to get full time work which will give him a reasonable wage throughout the year, unless supply of yarn to the weaver and a co-ordinated off-take of his cloth is assured.

The co-operatives supply raw materials to the weavers and take back finished goods after payment of wages. In other words, production and marketing activities are combined in co-operative sector. Thus, the marketing of handloom fabrics had been undertaken in the co-operative sector by providing a network of service to augment the market of cloths they produce. The detail discussion of co-operative working and functioning is made in chapter V. The marketing of handloom in the co-operative sector is organised though the primary weavers co-operative societies's the Apex Society. In Solapur there are 164 primary handloom weavers co-operative societies and WEMCOTEX is an Apex Society.

The primary weavers co-operative societies supply raw materials to the member weavers and take back the finished product after paying wages. Some active primary societies have their own sales outlets. The societies sell the products after adding 12.5% margin to the cost of production.

The Apex Society procures [WEMCOTEX] handloom cloth from primary weavers co-operative societies at 7% discount. It adds 12.5% margin to the cost of procurement and disposes the cloth through its own outlets.

8.7.4 WHY DO WEAVERS CO-OPERATIVE FAIL ?:

The only function of these co-operatives was to distribute yarn supplied at subsidised prices by the government to the weavers. In general the amount of yarn supplied was inadequate & not of the required count. Weavers therefore, had to buy yarn in the open market. Since the Co-operatives did not get involved in either production or sales. The weavers remained heavily dependent upon the sahukar for working capital as well as marketing. 28

In 92-93 because some societies were either defunct or running at great losses, the state government decided to liquidate such co-operatives.

In the eastern part of Solapur City. The number of handloom societies increased, whereas in other parts the number of co-operatives remained almost the same.

8.7.4.a REASONS FOR THE FAILURE OF CO-OPERATIVES:

The following are the reasons for the failure of co-operatives.

1) The amount of yarn supplied by the co-operative societies was inadequate and not of the required counts. Weavers therefore had to buy yarn in the open market.

2) The co-operatives did not involve in either production or sales, the weavers remained heavily, dependent on the 'sowcar' for working capital as well as marketing and thereby they started exploiting the poor weavers by charging higher rate of interest and giving very low price for their product. (Cloth)

3) In some part this is due to the fact that master weavers were able to have themselves elected as president of co-operatives & siphon off the funds received from government under various schemes. There is concentration of economic power of society in the few hands of Directors and President and they misuse the funds & property of society for their self interest.

4) There are many schemes and policies, which are chalked out by the central government for the welfare of handloom weavers & they are to be implemented by the state government but state government do not implement & execute the schemes properly.

5) Apart from the problems ensuring from the concentration of the control over inputs, credit & market in the hands of the traders were also heavily in debt. The debts, on an average, represented ten month's earnings which the weavers could never pay. Therefore,
sowcars had stopped advancing money to the weavers and many weavers had to give up weaving.

6) The wages for independent weavers are very low and they cannot even satisfy their basic necessities with such low wages, they are living life below poverty line.

7) There is domination of political leader on the working of co-operative societies. Therefore, there is mismanagement and corruption in society. The co-operative becomes the conduct of patronage, since subsidies, credit and other financial assistance are all routed through the co-operative society, which becomes the personal fieldom of the president and the other office bearers. The result is that the financial assistance rarely reaches the weaver. Such office-bearers, political leader, master weavers are able to misappropriate funds on a large scale.

8) There are some bogus co-operative societies or non-working co-operatives which are able to siphon off a high proportion of funds allocated under government schemes to the handloom sector. This seems surprising, since even in short field visit it is easy to establish whether a co-operative is functioning or not. Yet, it is a common experience to see these defunct societies selling their products in exhibitions organised by the government for selling handloom fabrics of co-operative societies.

9) The government controls the margin that co-operative can earn over the cost of production, which is fixed 12%. This seems to be due to the belief that the handloom sector has a social obligation to provide cloth at a reasonable price. The consequences of this regulation is that the wages that weavers receive are also controlled. The further restriction on the co-operatives that they are not permitted to give
loans to weavers. Weavers do not get working capital for replacing the parts of the loom.

10) The Researcher has identified that there are 4 major factors for the failure of co-operative societies.

1) Politicisation
2) Lack of demand fuelled by competition from powerlooms & mills.
3) Government regulations
4) Mismanagement.

In the Handloom co-operatives under the existing conditions, the whole process of distributing credit and government funds has became a game of political patronage, which positively encourages the elite to loot the co-operative society.

The only solution is to gradually create an atmosphere in which co-operatives begin to function as independent successful enterprise.

8.7.5 CORPORATION:

Corporation is also expanding its activities in the marketing of handloom cloth and to save the weavers from the clutches of the sowcar and Master Weavers. The corporation supply raw materials to the weavers and take back the finished products after payment of wages. In short, production and Marketing activities are combined in the corporate sectors. The corporations has its own sales outlet.

8.8 MAHARASHTRA STATE HANDLOOM CORPORATION:

8.8.1 ESTABLISHMENT:

The Maharashtra State Handloom Corporation Ltd., Nagpur, was registered on the 29th Oct. 1971, under the Indian Companies Act, 1956, with a view of assist the Handloom Industry in general & weavers outside the co-operative fold in particular. This corporation has been registered with the recommendation of Tidke Commission.29

8.8.2 **OBJECTIVES**:

The main objectives of the corporation as per its Articles of Association are as under:

1) The supply improved equipments and accessories required for the handloom industry in private sector.

2) To supply raw materials required for the handloom weavers in private sector.

3) To buy finished product produced by the private handloom weavers.

4) To install and run dye houses for handloom industry.

5) To set-up and run Design centres for Handloom weavers.

6) To guarantee loans granted to handloom weavers by Scheduled Banks.

7) To raise finances for the above purposes.

8) To carry on all kinds of business on agency basis.

8.8.3 **PRODUCTION**:

There are 30 production centers of the Maharashtra State Handloom Corporation in Nagpur, Solapur, Bhandara, Wardha, Gadchiroli Districts. The corporation has so far covered 14-21 handlooms under its productivity by the end of March 82. Out of these, 12467 looms were run on Janata sorts. At present there is non-Janata production in the above centers. Non-Janata products include chaddars, lungis, towel, napkin, polyester shirting, bed covers, super fine sarees etc.

During the year 1981-82 ending March, Corporation produced cloth worth Rs. 1085.20 lakhs and sales affected were to the tune of Rs. 89783 Lakhs, corporation has provided employment to about 40,000 persons i.e. 14,000 families as on 31/3/82.

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30. Ibid, P. 169
Year-wise position regarding looms under production is shown below.

8.8.4 **MODE OF PRODUCTION:**

The weavers covered under the production programme are supplied with dyed yarn with specifications of cloth through the 30 production centers and finished goods are taken back at these centers.32

8.8.5 **DYE HOUSE:**

The Maharashtra State Handloom Corporation has its own ideal Dyeing houses in Solapur and Nagpur. The Dye House at Solapur is located in the MIDC area of Solapur. The dyeing capacity of Nagpur dyehouse is 800 to 900 bundles of yarn daily whereas Solapur dye house has capacity of dyeing 300 to 400 bundles of yarn daily. There are 31 dyers at Solapur Dye house.33 The yarn required for Solapur Dye house, is generally purchased from the spinning Mills located near MIDC area Solapur i.e. Solapur Weavers Co-operative Spinning Mill and Yashwant Co-operative Spinning Mill. Recently the Dye house at Solapur is closed due to financial crisis of corporation.

Table No. : 8.8

Financial Condition of M.S.H.C. Ltd. Nagpur as on March 2000

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Amount Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Working Capital per Month</td>
<td>110.00</td>
</tr>
<tr>
<td>2.</td>
<td>Production</td>
<td></td>
</tr>
<tr>
<td>i)</td>
<td>Janata</td>
<td>79.90</td>
</tr>
<tr>
<td>ii)</td>
<td>Non-Janata</td>
<td>432.61</td>
</tr>
<tr>
<td>3.</td>
<td>Sales</td>
<td></td>
</tr>
<tr>
<td>i)</td>
<td>Janata</td>
<td>210.76</td>
</tr>
<tr>
<td>ii)</td>
<td>Non-Janata</td>
<td>432.79</td>
</tr>
<tr>
<td>4.</td>
<td>Stock</td>
<td></td>
</tr>
<tr>
<td>i)</td>
<td>Janata</td>
<td>26.14</td>
</tr>
<tr>
<td>ii)</td>
<td>Non-Janata</td>
<td>818.77</td>
</tr>
</tbody>
</table>

Source : Annual Report, 2000, M.S.H.C.

32. Ibid, P. 164.
33. Ibid, P. 165
8.8.6 **FINANCIAL CONDITION:**

The M.S.H.C. has the capital of Rs. 10.00 crores and it also received the capital of Rs. 13 crores from the state and the central government. The above mentioned capital is not sufficient. So the M.S.H.C. got a loan of 50.00 lakhs from the State Bank. It is also bearing the burden of interest of Rs. 80 lakhs. It has to face several financial difficulties. So, it purchases yarn from the N.H.D.C. (National Handloom Development Corporation) and the Private businessmen on credit up to 31st March, 1995 the corporation has suffered heavy loss of Rs. 3167.35.  

8.8.7 **MAIN REASONS FOR THE LOSSES:**

1) Tremendous rise in the prices of raw materials, eg. yarn and chemicals
2) Interest on loans, due to raw materials purchased on credit.
3) 18.25% interest on Bank Cash Credit.
4) No financial aid from the government for the weavers.
5) Interest paid on the amount of loan for the voluntary retirement of weaver workers.

8.8.8 **WELFARE SCHEMES FOR THE WEAVERS:**

1) **Thrift Fund Scheme:**
Corporation is implementing the scheme from 1980-81. Accordingly 8% of wages of the weavers is deducted and equal amount is paid by the government. Cash prizes are given to the meritorious children of weavers succeeding in the S.S.C. and H.S.C. examination.

2) **Insurance Scheme:**
Accordingly to this scheme, the goods produced by the weavers of the Corporation is insured from fire, theft, accident and death.

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3) **Shelters and Cheap Plots**: The Government of Maharashtra provides shelters and cheap plots for the poor and homeless weavers through the Nagpur Area housing development Corporation.

To conclude it can be stated that, inspite of the various above said problems being faced by this industry, it still has a very good market potential, provided the industry adopt modern technology, designs, accessories and ready made garments to meet the challenges of globalization.