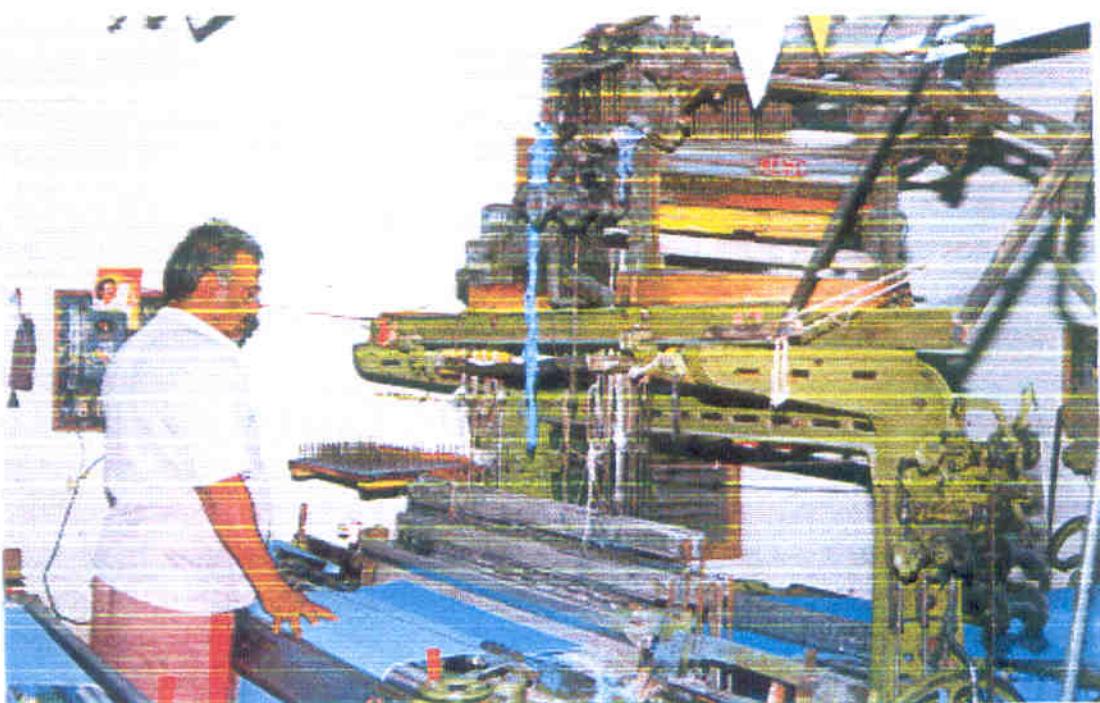


CHAPTER - 10



CHAPTER 10

Focus Areas for Strategy Formulation

The textile sector in Tamilnadu contributes well over one fourth of the country's total textile manufacturing meant for domestic consumption as well as for exports. The role of powerlooms in the state, therefore, is very significant as it produces different types of cotton textiles in more than four lakh powerlooms. As evidenced from the survey, the cotton textiles manufacturing is predominant and blended/man-made fibre fabrics are produced in meagre quantity. This powerloom sector produces grey fabrics using cotton yarn of counts 2s to 10s, 17s to 100s and yarn dyed fabrics for dresses as well as home textiles. With this product mix, the sector has a crucial role to play in the export performance of the country. As the strength of the Indian textile industry lies in cotton textiles, the performance of the Tamilnadu powerloom sector has a direct bearing on the textile economy in particular and country's economy in general. The target of \$ 50 billion set for textile export by the year 2010 can be achieved only if the cotton textile production undergoes major changes and get modernised to achieve higher quality levels commensurate with global standards. Therefore, the modernisation of the powerloom sector of the state is an urgent necessity.

Currently, the sector is unable to capitalise on the growing market for wider-width processed fabrics as well as made ups due to lack of wider-width looms besides processing facilities for such fabrics. So “the industry and government need to work on a well defined agenda to successfully capture India’s potential for textile exports. The industry needs to focus on four areas : developing a market focus, reducing cost, improving product features in quality and significantly improving service levels”.

The modernisation/developmental strategy should be based on the existing competitive advantages that are observed in the findings of this sample study. As seen earlier, the powerloom sector is expanding on the strength of cluster/area wise product specialisation, which is a major competitive advantage for this sector. The strategies for development/modernisation will therefore be formulated differently for each cluster. Based on this area wise specialisation, the efforts should be focused on the following:

1. Modernisation of looms, pre weaving and post weaving machinery.
2. Modernisation of yarn dyeing and fabric processing segments.
3. Improving upon design capabilities.
4. Changes in the role of State government.
5. Infrastructure development.
6. Consolidation of smaller units and support to consortiums.

The powerloom sector is a quasi-handloom sector in Tamilnadu and considering its well entrenched handloom mindset, there is need for “Operation Transformation” that will aim at raising its structural composition, technology levels of looms and preparatory machinery as well as processing capabilities, quality compliance in manufacturing processes, man-power training besides aggressive and competent and competitive marketing practices. In order to draw up strategies and implement the programmes for immediate and long-term transformational results, the following are the suggested focus areas:

10.1 Infrastructure

10.1.1 Industrial estates

In order to pull the powerloom sector out of the cottage industry status and elevate it to a moderate industrial level, as a golden path, the creation of industrial estates and marketing complexes should be taken up which can accommodate a majority of the present powerloom units in the state. As seen earlier, around 80% of the powerloom units in the state are operating with a size of 12 looms and majority of them are located in kuccha and semi-pucca structures. Further, more than half of these are attached to the residences of the owners. It is also seen that these units have barest minimum space in which all pre-weaving activities including winding, warping, etc., are carried out. This limitation of the space has got a bearing on quality levels of the woven fabrics as well as the consolidation of smaller units. The supporting services of yarn sizing and warping, dyeing of yarn, processing of fabric, etc., can be better provided to the SMEs if they are placed in industrial estates rather than in residential places. Further, considering the training needs, technology inputs, marketing information, etc., the industrial estates specifically for textile weaving and processing units are very much required. Also, in some of the areas the medium sized powerloom units are reluctant to come under co-operatives and this problem

can be tackled through industrial estates whereby an alternative consortium type of mutually beneficial arrangement can be thought of. As mentioned in preceding chapter, these industrial estates may be able to have their own captive power generation facilities that will go a long way in solving the long-term problems relating to power besides making them cost effective. The industrial estates also can be thought of as an integrating instrument to bring together the handloom and powerloom segments. The state government has already developed one or two industrial estates like the Small Industries Promotion Corporation of Tamilnadu (SIPCOT) industrial estate in Perundurai near Erode where common ETP facilities are being provided. But, there is no such facility for the larger concentrations of powerlooms producing grey fabrics in Somanur, Avinashi, Palladam, etc. Therefore, the development of industrial estates of varying sizes with required facilities will facilitate the growth of powerlooms.

10.1.2 Marketing complexes

Presently, the Erode weekly market is serving the marketing needs at the national level. The market, which sits bi-weekly, provides opportunity for selling their goods to the agents and merchants from all over the country. This can be strengthened by putting up a large-scale marketing complex which will provide facilities for showrooms. The place can act as a meeting and interaction point for national and international buyers. Such a demand for a marketing complex is persisting for a long time and an immediate action is called for. It may not be enough to develop a marketing complex at Erode alone. There is a crying need for developing marketing complexes in Somanur for the fast expanding grey fabric demand, besides in Salem for the export shirting and dress material demand. 2 similar such complexes are demanded for Karur (Home Textile), in Madurai (industrial fabrics and medical textiles) etc. Based on segmenting the product categories, marketing complexes need to be developed in all major clusters and sub clusters.

10.1.3 Expansion of PSC capabilities

The number and size of the PSCs are not commensurate with the size of the sub clusters where they operate at present. The effort should be to provide each sub cluster with a PSC combined with resource centres with liberal financial and infrastructural assistance from the state government that is presently unavailable. These PSCs should be

in a position to control atleast 10-15 manufacturing units for providing on the job training on modern shuttleless looms and also should have decent classroom facilities. For training the workers on large scale, the PSCs are to be strengthened further by increasing their numbers and providing larger accommodations.

10.1.4 Power

(i) Ensuring Uninterrupted Power Supply

Tamilnadu as compared to other states is in a better position so far as the generation and distribution of power is concerned. The state has got wider coverage of power supply and has been giving free power for agricultural purposes. The powerloom industry has come up on a larger scale by the mushrooming units in small villages because of free power supply for irrigation. Since March 2002 occasional power cuts are stated to be prevalent creating hardships to powerloom weavers. The demand for power is growing very fast due to the all round industrialisation as well as expansion of textile industry. The hosiery industry in Tirupur has become a major sector that needs more power. Considering all these factors, the state may have to ensure adequate supply of power to the weaving units through the common grid as well as captive power generations within industrial estates.

(ii) Improvement in Quality of Power Supply

In addition to uninterrupted power supply, there is also need to improve the quality of power supply. Currently, the voltage and frequency variations in Tamilnadu are stated to be very grave. Thus there is need to ensure proper quality of power. Electricity board officials claim that since the southern grid connects the four southern states, excess power withdrawal by any one state (more than the stipulated quantity allotted to them) would disrupt supplies across the four states. This problem has to be sorted out to have proper voltage and frequency.

(iii) Reducing the Cost of Power Supply

Presently, the power rate in the state is Rs. 3.20 per unit upto 10 KVA and thereafter that reaches upto Rs. 5.00 per unit. The power rate in other southern states is i) Andhra Pradesh – Rs. 3.71 per unit ii) Karnataka – Rs. 3.45/ Rs. 3.70 per unit iii) Kerala – Rs. 2.39 per unit. In Maharashtra, it is stated that the powerlooms are getting concessional power at less than Rs. 3.00 per unit. Considering the predominance of small

powerloom weavers with weak capital input capacity, the state may consider provision of concessional/economical power.

10.1.5 Water

Water has been a major problem in the state of Tamilnadu not only for the textile industry but also for the agricultural sector. The fortunes of the agricultural and industrial sector have been fluctuating on the basis of the availability/ non-availability of river water in every season. Even with good monsoons, the areas like Tirupur have to depend on ground water which is further treated for softness at enormous cost. The powerloom industry like the hosiery industry has to carry out dyeing of yarn as well as dyeing and printing of woven fabrics. As stated earlier, near about half of the production of the powerloom sector is yarn dyed fabrics and therefore without sufficient water the industry will not be able to continue with the present production. Due to the fast growth of the export market in hosiery sector, the Tirupur Exporters Association has been successful in taking care of its own infrastructural facilities including water which is not possible for the powerloom industry due to lack of co-operation and joint action. In the case of powerloom sector, the major centres of yarn and fabrics processing are seen to be at Coimbatore, Erode, Salem and Karur as well as the interior places of Madurai, Virudhunagar etc, only by ensuring adequate supply of soft water, the industry will be able to improve its processing capabilities.

10.1.6 Provision of common effluent treatment plants

The treatment and disposal of effluents by the textile processing units engaged in yarn dyeing and fabric processing has been a major problem. The small-scale hand dyeing units are presently located in residential areas and individual ET Plants cannot do effluent disposal, as these small units have no financial capacity. Moreover, they are reluctant to shift their operations to special industrial estates. Therefore there is need for common ETPs along with special industrial estates for powerlooms.

10.2 Technology upgradation/modernisation

10.2.1 Looms

In view of the dichotomy of production process into job work and entrepreneurial units, the modernisation of looms and preparatory machinery poses a herculean task for the sector. Without the assistance of liberal funding programmes, a majority of the units will find the modernisation beyond their reach. With liberal subsidies, the introduction of shuttleless looms as well as upgradation of the plain into semi automatic status can be achieved. The modernisation strategy will consist of the following

(i) Upgradation of Plain looms into Semi- automatic level

The process of upgrading the plain looms to semi-auto looms is under progress in the state in a moderate level through the state government initiatives. The upgradation of the plain looms involves the addition of warp and weft stop motions as well as positive let off motion. The total cost of installing all the three additional mechanisms ranges from Rs. 10,000 to 15,000. A majority of the powerloom units are possessing upto 12 looms only and subsidies and loans are required to be provided for such upgradations. The subsidy component is desired is upto 40 to 50% in order to motivate the majority of the loom owners (additionally provision for loans for meeting the above expenditure through specified agencies should be thought of). Under the scheme of upgradation of plain looms into semi-automatic looms, the addition of the warp stop, weft stop and positive let off motion are stipulated under TUFS. But Tamilnadu powerloom units are unable to comply with the above stipulations as the space between two looms in the loom shed is very less and therefore it does not permit the installation of positive let off motion in all cases that requires additional two feet space. The issue, therefore, needs to be re-examined for its viability.

(ii) Discarding of Narrow Width Looms

A majority (65%) of looms have widths falling in the range of 55" to 60" and also another 8% of the looms are less than 54". In order to increase the productivity as well as improve the cost ratios, these looms are to be replaced with wider width looms of more than 90", which will provide flexibility in the product mix and the freedom to adapt due to changes in the market place. Suitable measures are required for providing incentives for the discarding of narrow width and very old looms. In the short run the programme for

discarding of narrow width loom should be implemented. Also the long-term strategy should be to replace the looms which are less than 90" with shuttleless looms costing around Rs. 2 lakh.

(iii) The third aspect of loom modernisation involves the installation of shuttleless looms in place of the existing low speed plain and semi-automatic looms. This will provide greater competitive advantages to the powerloom sector in Tamilnadu. As majority of the powerloom units are working on job basis; they have no investment capacity for shuttleless looms. The master-weaver-manufacturers including the exporters in major powerloom centers have funds but reluctant to go for their own weaving factories. They should be attracted with novel schemes to put up modern shuttleless looms.

10.2.2 Pre-weaving machinery

The condition of pre-weaving machinery including winding, warping is at very low level. The majority of the powerloom weavers have either very old or low level warping mechanisms leading to poor quality of weaving. In order to improve the technology level in these machines, efforts are required to attract better technologies into the system of warping and winding mechanisms.

10.2.3 Yarn dyeing facilities

In order to build on the existing design and weaving expertise to produce a variety of yarn dyed textiles, major efforts are called for to develop sufficient number of yarn dyeing process houses. There is an immediate requirement of yarn dyeing units (that can process cone/ cheese yarns) to replace the manual hank yarn dyeing facilities. This will improve the quality of processing and therefore the end products. Therefore, an all out effort should be made to help improve the present level of processing facilities.

10.2.4 Post-weaving processing

Presently there are only a handful of fabrics processing units in and around Erode with limited processing capabilities that are very insignificant as compared to the fabric producing capacity. Therefore the fabric processing facilities are to be strengthened and immediate steps are required for putting up process houses that are able to process wider width fabrics. Without this, the sector's growth is bound to stagnate.

10.3 Raw material and related aspects

10.3.1 Yarn pool depot

This is a co-operative system to procure and supply yarn centrally to the participating units that will be more systematic and efficient. Such a Yarn-Pool arrangement will aim at minimising the present daily fluctuations in the prices of yarn that are needed by this sector. This will ensure the easy and ready availability of the required counts, conforming to quality, and also in the form of cone/hank that may be preferred by the consuming unit. Under this scheme, the main depot may be established at Erode with sub-depots in all the important sub-clusters. A co-operative of all stakeholders should control and operate this yarn-pool. This can act as the representative body of the weavers for negotiating the agreements on stabilised prices and also undertake contract spinning arrangements with specific mills which will go a long way in solving the vexed question of price fluctuation and short supply of the required counts. Thus, it will function as an arm of the powerloom sector for the negotiations with the spinners and also governmental wings for solving various issues.

10.3.2 Improvement in yarn quality

There is need for improvement in yarn quality being produced by the organised mill sector as well as the small spinning units. The small units producing lower count yarn should also follow quality norms and be capable of producing different blends and as well as speciality yarns.

10.3.3 Availability of blended and other special yarns

The spinning mills in the state are predominantly cotton based and they are not able to produce polyester blended yarns to a small measure. As a long-term strategy, the local spinning mills should acquire the capability for producing different blended speciality yarns and also should have the facility for yarn dyeing processes.

10.4 Product diversification

10.4.1 Product flexibilities

In the state, around 50% of the looms are engaged in production of grey fabrics that account for more than 56% of the cloth production. The balance account for yarn dyed fabrics for dresses and home textiles. The weavers are traditionally engaged in the

production of these varieties for decades and their marketing is concentrated on the same segments. In case of the demand for certain textiles dwindling down, the weavers are not able to go for the production of any other textiles. Presently the weavers engaged in export shirting are going over to the production of saree and LDM in Salem areas which are having limited marketing chances. This flexibility in product mix is very much limited. Measures aimed at developing the capability for product diversification are called for.

10.5 Marketing

10.5.1 Marketing information

The major handicap for the small and big units in the sector is the absence of marketing information. The units catering to the domestic market are finding it difficult to effectively market their products due to lack of current information on the demand for different textile items. In the case of exporters also, regular information on the prevailing market conditions is not forthcoming from any source. This necessitates the creation of special institutions for compilation and dissemination of wide spectrum of marketing information to the powerloom sector.

10.6 Design development support

For greater value addition, the designs used in the fabrics play important role be it the dress fabrics including sarees or home textiles of different types. Even in the grey fabrics meant for different uses design will play greater role in value addition. The availability of CAD centres is very limited at present which require augmentation.

10.7 Training

10.7.1 Technical

The present labour employed in the sector is mostly untrained but acquire the skills through experience only. In the case of handlooms, the technology involved is very simple and, therefore, there was no need for formal training for the handloom weaving. However, once the handloom weavers move over to powerlooms, they have to understand the intricacies of the powerloom mechanisms that only will help maintain the quality of the fabric. Further, the moving over from higher level technology of shuttleless looms from the present plain looms warrants for extensive formal training programmes which will help the sector transform itself to an industry status. The role of PSCs, technical institutes, state

textile departments, etc., is very crucial in this area. Strategies involving above agencies in training programmes are to be evolved.

10.7.2 Marketing

The major problem area for the powerloom sector is not relating to the technical side but the highly sophisticated marketing arena where one has to play their role effectively. Due to the present pre-occupation with traditional textile products, the small weavers are not having the rudimentary knowledge and management skills in the area of marketing. In majority of the cases, the proprietary status is prevailing and therefore the powerloom owners are not having sufficient time or knowledge to undertake marketing activities. The changing market conditions demand that the manufacturers are capable of performing their roles as marketers of their products. As seen earlier, the Tamilnadu powerloom sector caters substantially to the export market in the form of grey fabrics, processed textile items, export shirtings for garment manufacturers, a variety of home textiles etc., which demands a high level of marketing efforts. Whereas the present level of knowledge and skill is awfully lacking in various aspects. Extensive training programmes are required in this area also.

10.8 Proactive role of state government

The state government has so far played a moderate role in the development of the sector. This can be no more valid as the global environment is changing very fast and calls for pro active role. In its Textile Policy statement, the state government has indicated that an integrated approach will be followed as regards to the development of the powerloom and the handloom sector henceforth. This responsibility of integrating the decentralised textile industry in Tamilnadu is a welcome stand. It has a major role to play in providing the infrastructural facilities to the satisfaction of the stakeholders and also to support the modernisation of the industry with major schemes and assistance. The developmental measures planned for the powerloom sector needs to be implemented with vigour.

10.9 Awareness on government proposed schemes

There is need to create a mechanism for creating awareness on the programmes and schemes offered by the government. In the sample survey, it is revealed that small powerloom weavers are not aware of the subsidy schemes on upgradation to semi-auto loom level (by addition of warp and weft stop mechanisms) initiated by the state

government. Likewise, majority of jobwork units have not heard about TUF scheme. In order to make them aware of all the old and new schemes for modernisation of the industry, there is need for a mechanism to disseminate current information in local language as well as organising interaction programmes.
