

The Crisis in the Bhiwandi Power Loom Sector

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Abstract: India manufactures 5% of cloth through the organized sector, 20% through the Handloom sector, 15% through the knitting sector and 60% of Indian cloth is produced through the decentralized power loom sector. The decentralized power loom sector is the lifeline of the Indian Textile Industry. India has approximately 19.42 lakhs of power looms weaving almost 19,000 million meters of fabric and provides employment to more than 7 million workers. The industry now produces a wide range of fabrics ranging from grey, printed fabric, dyed fabric, cotton fabric, varied mix of cotton, synthetic, and other fibres. The country exports Rs. 44,000 million worth of goods to countries like U.S.A., France, Germany, Bangladesh, Hong Kong, Italy, etc. Bhiwandi has approximately 6.5 lakhs power looms, which constitutes 33% of the country's total power looms. Of the 6.5 lakhs power looms, about 15,000-20,000 looms are Automatic and mostly China-made Rapier (about 2.5%). The turnover of this segment is projected to be around Rs. 10,000 crore annually. With approximately 1.6 lakh customers, this industry is spread across 700 sq.km area (3). Today, Bhiwandi has 24,500 units, producing 5 billion meters of cloth per month, 20 yarn dyeing units, 40 fabric processing units, 100 sizing units and 250 RMG (Source: Survey).

I. INTRODUCTION

The importance of the Bhiwandi Power Loom sector in relation to the mass production of cheap cloth and massive employment, especially of medium-to-low skilled people, cannot be ruled out. It is one of the oldest decentralised power loom sectors in India. Being close to the Bombay Textile Market and Port, it has gained importance and fame.

Today, 40% of the power looms are closed (Times of India, Mumbai, 3.10.19). Goods and Services Tax (GST), Demonetization, etc. have added fuel to their crisis. Old machineries, lack of technical knowhow and commercial knowledge, hunger for loans and subsidies, and fluctuating yarn prices are the root causes resulting in a crisis. On the other hand, those who are quality producers with Auto looms are not unhappy, except for the high power tariff and poor infrastructure. Adequate support and technical advice by TRAs (Textile Research Associations) would have improved their sustainability to a great extent.



Figure 1 - The agitated power loom owners



Figure 2 - A closed power loom shed

II. BRIEF HISTORY OF THE BHIWANDI TEXTILE INDUSTRY

Bhiwandi is a well-known name on the textile map of the country. It has the distinction of having a large concentration of cotton textiles and also most of the country's man-made textile units. Another distinction is that both cotton and man-made textiles are entirely in the decentralized sector. Bhiwandi believes "small is beautiful". There are various types of textile fabrics manufactured in Bhiwandi including saris, shirting, dress materials, etc. At present, Bhiwandi produces 10,000 million metres of greige fabric per annum on maximum utilization of looms installed. The total number of installed looms are about 9.5 lakh, which have now reduced to 6.5 lakh looms.

Bhiwandi is a commercial city in the Thane District of Western Maharashtra. This city is located on a major link between Mumbai and the rest of India through Mumbai-Agra highway.

With the decline of the textile industry in Mumbai after the strike called by then Trade Union leader Dr. Datta Sawant, Bhiwandi became an industrial attraction due to the convenience of transport and 24-hour power supply. Bhiwandi produces and transports most of the power loom for the textile industry all over India. All the major multinational companies in India have their godowns in Bhiwandi, since it is in an octroi-free zone.

Bhiwandi is the second largest cluster of synthetic fabric manufacturing from power looms and is known for its power loom industry. It accounts for around 9.5 lakhs (installed) looms out of 65 lakh looms in the country.

III. THE FACTORS AFFECTING THE PROGRESS

3.1 Yarn Prices (1)

The manufacturers in Bhiwandi are plagued with cheap Chinese products. Traders have to pay a duty on ready-made stock produced in Bhiwandi whereas Chinese products are exempt from it. Indian cloth became costly due to vacillating polyester yarn prices with 12% GST, high electricity charges and duty imposed by the government. Chinese manufacturers are at an advantage as China provides material at low prices. About 35% of the looms in Bhiwandi have closed down and more than 2.5 lakh people have migrated to other places in pursuit of their livelihood. The prices as well as the supply of yarn should be balanced or reshuffled on a regular basis (fortnightly) to provide some relief. GST for cotton is 5%; GST rate for both cotton and polyester should be the same.

Intekhab Alam Ansari, a labourer associated with a power loom, said that his forefathers were also associated with the power loom sector and claimed that 15 years ago, the price of yarn was changed monthly, but now there is no control over the price of yarn. Alam said that there was no fixed price, quantity or quality mark on the boxes of yarn, and yarn traders had been given a free hand to change prices at any time. The loom owners had no option but to follow prices and sell products in the market at the rate fixed in advance by ready-made purchasers.

Suhail Ansari, president of the Panchpeer Islampur Quresh Power Loom Association (PIQPLA) said that price of yarn should be fixed, and price changes cannot be made more than once in a month. Faizan Azmi, president of the Maharashtra Power Loom Federation, said that black marketing in cotton and cotton yarn supply badly hit the industry. For years they have been seeking intervention from the government to assess the situation, but neither the previous nor the current government had shown any interest in the matter.

Power loom owners claim that ups and downs in the yarn prices were a gamble and they incurred enormous losses. Such unstable economic situations make it difficult for them to pay salaries on time.

3.2 Bad working conditions: They reduced the workforce in order to tackle some of the losses they incur on a daily basis. Nothing much can be done since decline in the local textile industry augmented problems.

Sensing inhuman work conditions in the looms, the young generation has shied away from taking up employment in these units. Educated young people take up jobs in corporates and various organisations and earn in a month what their parents were earning in a year. Uneducated youth look for work in other businesses rather than in this segment. A mass of them are shifting to the newly built warehouses at nearby areas with higher wages and better working atmosphere.

A federation of various smaller organisations of loom workers, working under the banner of “Sangharsh Samiti” is trying to address the issues faced by the power loom industry. One hopes that the authorities will take heed to improve the financial and social conditions of this industrial town and protect the livelihood of the many labourers who depend on the power loom industry.

Poor infrastructure, bad roads, haphazard growth of the loom shed, tremendous traffic chaos in the city, and unhealthy working conditions deter the youth from seeking employment as weavers in the loom shed.

3.3 Silence of the looms (2): The power loom sector in Bhiwandi, Maharashtra, bleeds from demonetisation and GST. If India Inc has been reporting losses and its head honchos have been speaking out against GST and the after-effects of demonetisation, it does not take much to imagine the situation of small businesses. Backed by financial and technical resources, big businesses have managed to roll with the punches and are likely to land on their feet, but small businesses have had to deal first with the sudden shock of demonetisation and then the red tape of the world of GST. In Maharashtra, the plight of Bhiwandi encapsulates what demonetisation and GST have done to small businesses.

The nightmare of demonetisation, as experienced in the country, kept snowballing until finally in December 2016, Bhiwandi’s looms were switched off. There was a paucity of workers and a cash crunch ensued because of no-sale, no-purchase. The situation was bad enough for Union Textile Minister Smriti Irani to visit Bhiwandi and assess the situation, after which work resumed.

The power loom industry had been on a downward spiral for some years. About 30 per cent of the looms had shut down over a two-year period because of unstable yarn prices, high export duties and competition from China.

But “never once did we think Bhiwandi’s future was dark,” says Mohsin Mohammed Tarir, who owns about 100 power looms, “but this time we have doubts about the survival of the entire industry.”

3.4 Power Cost: The power cost in the cluster is around Rs. 8.25 to Rs. 8.30 per unit. However, the government provides a power *subsidy of Rs 3.00 per unit so the net power cost to the company is about Rs. 5.25 – Rs. 5.30 per unit. * Till now it is limited to the Dyehouses. There have been allegations that one needs to grease the palm of the concerned officers to get the subsidy.

- The cost of water is Rs. 17 per cubic metre without any subsidy provided by the government.
- There is no Common Effluent Treatment Plant (CETP) in the cluster, which is a big challenge for the industries in the cluster.
- However, the power situation is very good now with hardly any power cut (2-3% only) (Source: survey)

3.5 Modernisation: The ordinary power looms are as old as 50 years and most of the auto looms are not only second hand, but older too. Hardly anyone has a humidification plant to run the looms efficiently. To compete in the global market requires good machines, good raw material and skilled manpower. The owners expect incentives for the modernisation. The Technical Upgradation Fund (TUF) though implemented, the weavers say that they are yet to get refund (survey as on August `19). The office of the Commissioner of Textiles (TC) which takes care of the TUF says that the fund is ready, but because of incomplete data, it is taking time to process. The weavers say that the banks are not coming forward to support them. The TC office says that bank loans can be granted subject to proper feedback and clear records.

3.6 Skilled workforce not available: To operate the looms, especially the auto looms, requires skilled operators, who are not available. The power loom service centres were not capable of training the labour force properly. The Integrated Skilled Development Scheme (ISDS) mission was not successful (the author of this paper was instrumental in setting up the ISDS at the power loom service centre, and hence, well aware of the facts). More service centres are required to strengthen the power loom sector.

3.7 Non-availability of special yarn: New product development requires special yarn supplied by the polyester yarn manufacturers (for example: 1200 denier Micro, or FD of 108 filaments), but they do not supply small quantities. Hence, weavers have demanded for R& D centres to initiate development of new products.

3.8 Low Export Potential: Some prominent weavers say that they are capable of exporting quality products with their automatic looms. As on Sept`19, there are negligible direct exports to any country. Exporters purchase quality fabrics from weavers and export to various countries. Traders gain while producers do not get any profit share.

Prominent power loom owners say that there is no proper modern Dye House in Bhiwandi to provide proper finishing on the fabrics for exports. The current Dye Houses are not well equipped nor follow the pollution norms strictly.

Garment manufacturers are also of the opinion that due to large imports of cloth from Bangladesh and China (via Bangladesh), their businesses are suffering.

3.9 The local Administration: Prominent owners are demanding for robust labour laws to retain workers. Factory owners also expect a good pollution control system in Bhiwandi.

IV. THE ROAD AHEAD

The problems and worries of the Bhiwandi power loom sector continue to exist. Regular meetings between loom owners, yarn suppliers, state administrators, municipality and the Textile Commissioner’s Office to resolve problems on priority basis is imperative for this sector to thrive.

4.1 Strengths

- New varieties of textile are under development.
- In comparison with the organised sector, the unorganised sector is more efficient in manufacturing cheaper varieties.
- Sufficient availability of labour – Rs.11,000 to Rs.18,000 (12 hours) average wages for skilled workers.
- Good Raw material (yarn) quality. Polyester Texturized yarn and Polyester Blended yarn are available round the year.

4.2 Weaknesses

- Poor Infrastructure with bad roads and no separate road for goods vehicles
- Labour cost higher than Bangladesh. Labourers are not stable
- Payments get delayed.
- The Garment sector of Bangladesh is better managed and run by women.
- No processing unit in nearby areas

- No innovation in fibre variety by leading suppliers like Reliance
- High lending rate (12%) and Banks refusing loans to textile units; more incentive and funds required from banks for modernisation of machinery.
- Subsidies are delayed by nearly 3-4 years, including TUFs
- There are a negligible number of service centres at Bhiwandi. Upgraded service centres with R&D is the need of the hour.
- Most power loom owners do not comprehend the concept of quality; they maintain their looms at a lower cost, and they don't appreciate the necessity of a Humidification Plant.

4.3 Opportunities:

- India being a very big market, there is scope to develop fabrics as per the tastes of the people. High level of flexibility in weaving units for various types of textiles
- Technical textiles are emerging
- Innovative Fibre Production
- Skilled supervisory and management
- High export potential

4.4 Threats

- Dumping of goods by China through Bangladesh. Import of yarn, fabrics, readymade from China and Bangladesh.
- A new variety of yarn like micro fibre is not always available
- Latest innovations in Finishing – wrinkle proof, smooth finish and dimension stability are innovations available at Modern Dye Houses and the organised sector is taking the benefits.

V. CONCLUSIONS

- The existence of the Bhiwandi power loom sector is important to safeguard employability and produce cheaper varieties of cloth.
- Polyester yarn manufacturers' business is growing in this decentralised sector.
- Consistent yarn price will help fix fabric manufacturing cost.
- Special product of yarn should also be available to produce special varieties of fabrics.
- There should be good Service centres with R&D facilities. These are not available today.
- Modernisation should be supported by the Ministry and proper facilities must be provided.
- Training centres should be capable of teaching the concept of quality, better maintenance procedures with lower cost and the usefulness of the Humidification Plant.
- Skilled labourers, good labour laws, and facilities for the work force are required.
- Ultra-modern Dye Houses should be established in Bhiwandi area to enhance export potential.
- The subsidy on factories' power bills are not received due to corruption in the state Electricity Boards.
- There should be proper roads for smooth flow of vehicles.
- GST on polyester yarn should be reduced to the rate levied for cotton yarn.

VI. REFERENCES

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