

## **SOLAPUR TEXTILE INDUSTRY AN OVERVIEW ON MARKETING AND FINANCIAL PROBLEMS**

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### **ABSTRACT**

The textile industry holds significant status in the India. Textile industry provides one of the most fundamental necessities of the people. It is an independent industry from the basic requirement of raw material to the final product, with huge value-addition of every stage of processing.

One of the earliest to come into existence in India, it accounts for 14% of the total industrial production. It contributes to nearly 30% of the total exports and it is the second largest employment generator after agriculture. This industry has the potential of generating a large number of employments to opportunities. About 35 million people are already engaged with this sector. That is why the Indian textile industry occupies a very important place in the economy of India.

Now the textile industries in developing country like India are facing intensified competition in both, their export and domestic markets. The ongoing economic reforms and changes at the international economic scene including the emergency of World Trade Organization (WTO) have brought about certain challenges and several opportunities before the textile industry of India. The Indian textile industry exemplifies many of the opportunities and the threats from globalization. Typically build up under import substituting policies, it now has to adjust to increased international competition. The growth of textile and garments exports from well established producers such as china, UK etc.; and the increase trade in second hand clothing has put the Indian textile industry under sever pressure due to outdated technology, lack of innovative marketing strategy, non-availability of working capital etc. The impact of globalization is strongly felt in all sectors and types of business in India. Many have benefited and some have becomes victims of it, one such victim is the entrepreneur of textile of Solapur.

Solapur is a city in South Eastern Maharashtra and is a Municipal Corporation, making it a self-governed entity, under provincial or state laws and has a municipal charter. Solapur is near

the Karnataka boarder and is the administrative headquarters of the Solapur district. It is located on an important junction for the North-South railway line, a good base for its industries for logistical reasons, with approximately 98 medium and 8986 smaller industries. As stated the Solapur district consists of medium and small scale industries, although Solapur is one of the leading centre for power looms and cotton mills. Chaddars (Solapur Bed sheets) have earned Solapur a name and fame for their durability and novel designs. Solapur is known for its textile products, hence, the number of handlooms and power looms units is more in Solapur. Even Solapur was known for the composit mills right from cotton into yarn and yeau into cloth. But from the year 1988, the composit mills were stated to face the problems and were closed down one by one due to financial, marketing, labour, technology problems.

The power loom industry, which emerged in the informal sector when the mils closed, is under threat. The government has cancelled the 9% subsidy. The looms are empty, now the workers get work for only three or four days. Former Chief Minister Sushilkumar Shinde announced a revival package for power looms with various concessions for reopening of closed mills/units, but the entire textile sector of Solapur is still in the depression. This industry generally includes manufacturers, wholesalers, Suppliers of Cotton textile etc.

## **KEYWORDS**

**TEXTILE:** The word “Textile” can defined as extensive categorisation of cloths or fabric made by varied patterns of weaving and knitting.

**MARKETING:** The word “ Marketing” has been defined by many people in many ways.the subject has been undergoing changes as fast as and at every stage of evolution where new potentials continue to be recognised. Economist have viewed marketing as a process of creating place and time utilities. Transportation makes place utility.Warehouse create time utility,product planning creates form utility.

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## **INTRODUCTION**

### **I) STATEMENT OF THE PROBLEMS:**

With globalization, many changes are taking place in the textile industry. There is a pressure on textile industry to produce quality product with increased competition. In case of Solapur textile industry, there is a need to become cost effective and efficient. The major problem area for the textile sector is not relating to the technical side but 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 per-study observation researcher found that, in majority of the cases, the proprietary status is prevailing and therefore the power loom owners are not having sufficient time or knowledge to undertake marketing activities. Due to globalization, the changing markets conditions demand that the manufactures are capable of performing their roles as marketers of

their products. The major obstacle for the small and big units in the textile sector is the absence of marketing information and innovative marketing strategy.

In spite of having a better market for textile production not only in Maharashtra, but also in other study and abroad, the Solapur textile industry is not progressing because it is not able to produce quality textile product with competitive price. Today the industry is facing number of problems such as non-availability of sufficient funds, skilled labour, lack of latest machinery faulty marketing system, price fluctuation in raw material etc. Low cost, threat of latest technology, multinational trading rules, labour and environmental standard issues, mergers and accusations are some of the challenges posed by globalization. The main purpose of this research study is to highlight the problems facing by textile industry of Solapur in the era of globalization.

## **II) OBJECTIVE OF THE STUDY**

The present study is a modest attempt to highlight the problems facing by textile industry of Solapur. The main objective of the study is given below.

To identify the problems regarding marketing and finance faced by textile industry in Solapur.

## **III) SCOPE OF THE STUDY**

This study designed with the aim to study the marketing problems financial problems and impact of globalization on textile industry. Therefore, this study has restricted only to the above stated problems.

## **IV) METHODOLOGY**

The essential requirement for any research study is that sample should be chosen in such a manner that the result of the investigation could be generalized and the sample selected from the total textile industrial units in Solapur should be representative.

**A) SAMPLE:** For the purpose of the study 200 units has selected as a sample. The stratified sampling method was used for the study.

**B) QUESTIONNAIRE:** To accomplish the objectives and purpose of the study, the standardized questionnaire has administered on textile unit owners. The questionnaire has divided into 3 parts i.e. questions regarding –

### **1) FINANCIAL PROBLEM,**

### **2) MARKETING PROBLEM**

**1) FINANCIAL PROBLEMS:** In this part of questionnaires, questions were asked about the financial matters like, capital investment, credit facility, profit margin etc.

**2) MARKETING PROBLEMS:** In this part of questionnaire questions were asked regarding marketing process, problems in Marketing and Marketing method etc.

## V) ANALYSIS AND INTERPRETATION

1) **RESULTS ABOUT FINANCIAL PROBLEMS:** The following table no. 1 show the total capital investment of textile unit owners.

**TABLE NO. 1**

### TOTAL CAPITAL INVESTMENT MADE BY UNIT OWNERS

Particulars	Total Capital Investment (In Rs.)				
	Up to Rs. 25 Lakh	Rs. 25 lakh to 1 crore	Rs. 1 crore to 5 crore	More than 5 Crore	Total
Number of Unit owners	10 (5%)	140 (70%)	40 (20%)	10 (5%)	200 (100%)

The above table show that nearly 70% unit owners who has invested capital more than 5 crores.

**TABLE 2**

### NUMBER OF UNIT OWNER WHO HAVE OBTAINED SUBSIDY OR SEED CAPITAL

Particular	Obtained subsidy/seed capital	Not obtained subsidy/ seed capital	Total
No. of textile units	32 (15%)	168 (85%)	200 (100%)

Above table shows that, only 15% unit owners have got subsidy or seed capital from planning and finance department of government of India, and about 85% unit owners have not got any type of subsidy or seed capital from any agencies because of complicated procedure, some have not applied and if applied they are not able to provide any required documents.

The following table No. 3 shows the number of unit owner who have facing the problems regarding financial matters.

TABLE NO. 3

**NUMBER OF UNIT OWNERS WHO ARE FACING PROBLEMS REGARDING  
FINANCIAL MATTERS**

Particular	Nature of problems			
	Lack of working capital	High rate of interest rate	Repayment of Instalment of loan	Low profit margin on sales price
No. of textile owners	22 (11%)	26 (13%)	6 (31%)	182 (91%)

The above table shows that 91% unit owners are stated that they are not getting profit margin on sales price as per their expectation. About 11 % unit owners stated that they are facing the problem of working capital and 13% unit owners stated that they have a burden of high rate of interest on loom. 3% owners stated that they are facing the problem of repayment of loan instalment regularly due to low profit margins.

TABLE NO. 4

**FINANCIAL PROBLEMS DUE TO GLOBALIZATION**

Particulars	Financial Problem faced		
	Yes	No	Total
No. of textile owners	142 (71%)	58 (29%)	200 (100%)

From the above table No. 4 it reveals that 71% unit owners are facing the problems of financial support and competition due to globalization 29% unit owners are of the opinion that they are facing the financial problem not only globalization but also by other reasons. The percentage of unit owners, who are facing the financial problems due to globalization, is very high.

**2) RESULT ABOUT MARKETING PROBLEMS:** The following Table No. 5 shows the actual marketing territory of the textile industry of Solapur.

TABLE NO. 5

## MARKETING TERRITORY OF THE TEXTILE BUSINESS

Particular	Marketing territory			
	Local	State	National	International
Number of textile units	68 (34%)	38 (19%)	142 (71%)	66 (33%)

From the above table one should take into account the fact that the percentage of the units which have only local marketing territory is nearly similar to percentage of that units which have not only local state or national territory but also have international marketing territory should not be negligible

The following Table No. 6 shows the medium of marketability.

TABLE NO. 6

## MEDIUM OF MARKETABILITY

Particular	Marketing through					
	Distributor	Wholesaler	Retailer	Government	Agent	Direct Marketing
Number of Textile units	74 (37%)	120 (60%)	12 (6%)	00 (0%)	54 (27%)	40 (20%)

From the above table it is revealed that 37% units have distributors a a medium of marketability. 60% unit depended on wholesalers 6% unit are depended on retailers and 27% depended on agents. 20% unit shave not any medium for accessing market they themselves directly access the market. It means, the wholesalers are playing significant role and have monopoly in the entire marketing process for their products because they are using conventional marketing system.

The following Table No. 7 provides the information regarding credit duration offered by the textile unit owners to their customers.

**TABLE NO. 7****DURATION OF CREDIT FACILITIES TO THE CUSTOMERS**

Particular	Duration				
	30 days	60 days	90 days	Cash transaction	Total
Numbers of textile units owners	109 (55%)	20 (10%)	62 (31%)	09 (4%)	200 (100%)

55% textile unit owners are offering only 30 days credit to their customers. 10% owners stated that they are offering 60 days credit and 31% stated that they are offering go days credit facility to their customers. Only 4% owners stated that, they have only cash transaction and they are not offering any credit facilities to their customers.

It was observed that, the problems faced in respect of marketing such as market recession, competition, poor efforts for sales promotion etc. the following Table No. 8

**TABLE NO. 8**

Particular	Reasons of marketing Problems			
	Market Recession	High Competition	Poor Effort for sales Promotion	Dependence on few buyers
Numbers of textile units owners	156 (78%)	244 (72%)	10 (5%)	26 (13%)

**PROBLEMS REGARDING MARKETING**

The above table show that nearly 78% unit owners are facing the problems of market recession. 72% owner has stated that they were facing the problem of high competition in the market. 5% unit owners stated that poor effort were made by them for sales promotion and 13% owner have stated that they were facing the problem like dependence on few buyers.

**VI) FINDINGS**

- 1) Reorganisation of textile sector has to be done at two levels i.e at firm level and at industry level. This reorganisation ,as well as technology upgradation will require highly skilled workforce which the textile industry in Solapur currently does not have a whole.
- 2) The Solapur textile industry is now facing a slowdown in business due to the downturn in the textile market.In the textile city of Solapur,many textile units owners depend on the textile industry only.Like most business.the textile industry is going through a bad patch and this has been reflecting on the information technology business.
- 3) The major problem area for the textile sector is not only relating for the technical side but highly sophisticated marketing area where are has to play their rate effectively.Due to the present pre-occupation with traditional textile products,the small viewers are not having the rudimentary knowledge and management skills in the area of marketing.It was observed that in majority of the cases,the proprietary states is prevailing and therefore the powerloom owners are not having sufficient time or knowledge to undertake marketing activities.Due to globalisation the changing market conditions demand that the manufactures are capable of performing their rates as a markets of their product.
- 4) The major obstacle for the small as well as big textile units in the sector is the absence of marketing information.
- 5) It was also observed that global competition point of view market realization is poor and this is mainly because of standard quality.No attempt has been made to diversity and plan more profitablr product mixes.There is lack of accountability at all levels and also lack of through monitoring and reporting system.
- 6) Low wage workers,especially with no or little training old machinery which requires heavy breakdown maintenance extending environment costs to the society clever accounting practices and product mix that has not changed yet.It has directly impacted on marketing strategy.
- 7) The wage levels in Solapur are low which are almost half as compared to other citites in India.When on factor lies in the quality of the workforce the impact of wages on competiveness decreases as the ability of the workforce to bring about sustained enhancement in the productivity is limited.This is one of the reason why textile textile industry do not indulge indigerous research and development.

**VII) SUGGESTIONS**

- 1) To boost the powerloom textile industry of Solapur ,'Co-operative marketing society' maybe established to overtake the middleman and to avoid exploitation by master weavers.But these co operatives should not have political and should run with full professional manner.National Textile Policy 2000 has accepted that the powerloom sector has to overcome by identifying the thrust areas like

innovative marketing strategies technology upgradation ,financing arrangements etc.

- 2) An advanced technology centre should be setup which holds displays of the state-of-the-art textile technology from world over coordinates the floors of industry and networks with machinery producers and research centres to provide solutions to various technical problems.
- 3) In order to remain competitive in the international market and withstand increasing competition in the domestic market,it is necessary to insure the large human resource development programmes.
- 4) Family welfare schemes should be established in each textile units to support the workers.Training department should be established to train the workers and to enhance skill required to increase the productivity.
- 5) An independent certification agency should be developed for rating the units and quality of products.This will help the units to raise funds for long term investments in technology.

### **VIII) CONCLUSION**

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

- 1) The Solapur textile industry is now facing a slowdown in business due to the downturn in the textile market. In the textile city of Solapur, many textile unit owner depend on the textile business only. Like most business the textile industry is going through a bad patch and this has been reflecting on the information technology business and marketing.
- 2) As far as traditional and older industries like textile are concerned the crisis in them is attributed to technological obsolescence. The government policies in this sector, its argued has been based against fresh investment and import restriction on capital goods and advanced technology have condemned entire industries to obsolete technologies.
- 3) It was observed that despite some motivating steps taken by the government other problems still sustains like various taxes and excise imbalances due to diversification into 35 states and union territories.
- 4) Because of low rate of investments (Rs. 25 lakh to 1 crore) majority of the textile product are in low cost, low value added segment, which will never generate enough economic surplus for continuous investment in technology, practices and research.
- 5) Many unit owners don't know about various government policies, schemes of subsidies, seed capital formation etc. and policies regarding development of textile industry. It was observed that efforts are not being made by unit owners (85%) for obtaining such information. Also there is no proper devilment in the textile industry sector due to negligence of political leaders, some political leaders sector due to negligence of political leaders. Some political

leaders tried to nurture this sector by announcing the revival package for power looms, with various concessions, subsidies for reopening the closed units. But the textile industry is still in reopening the closed units. But the textile industry is still in doldrums because of lack of response from unit owners. From the point of view of unit owners, it is very difficult and time consuming procedure of obtaining subsidy for technology up gradation, due this reason also there is no any response from the unit owners.

- 6) Because of using low cost and inferior quality of machinery and equipment in production process, the productivity is less, which is resulted in high cost of production and less profit margins (91%)
- 7) As owners of textile units are least aware of modernization of the textile units and benefits their from, they are not taking interest in the technically up gradation of unit, that is why they are unable to earn sufficient profit, which resulted in lack of working capital unable for repayment of loan instalment etc.
- 8) Due to cut throat competition, raw material deficit, marketing problems more than 71% unit owners facing financial problems. They either closed down their units or were in red. The hike has further put the crunch on power loom owners and threatened to render many jobless. Hike would paralyse the market as they had to compete with the product from the South and Panipat which sell at cheaper rate; that is why many owners have been forced to close their business unwillingly. They need the government financial help to get business on track. The power loom industry, which emerged in the informal sector when the mills closed, is also under threat. The government has cancelled the nine percent subsidy.
- 9) In the entire marketing process wholesaler are playing significant role and have monopoly in price fixing. There is no scope found that there is no any collective efforts by unit owners for controlling the malpractices such as hoarding of yarn by some trader. Because of hoarding yarn there is no any control over the price of yarn and therefore unit owners are always facing the problem of price fluctuation.
- 10) Due to recession the Solapur textile industry's position in the export of textile would not be as comfortable as it may appear. If one consider the fact that in the recent past there has been a significant decline in its import price due to decline in the value of the rupee against US dollar. In addition, competition from other states like Tamilnadu, Gujrat etc. who are slowly climbing up the technology ladder. Textile units of Solapur, whose source is of low cost. Many unit owners are not aware about vision skill about marketing motivation utilization of available resources action plan poor efforts for sales promotion etc. Due to these lacunae there is an anxiety of gradual change, frustration and fall starts in the business and unit owners are facing marketing problems.

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

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

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

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