

7.1. Summary of Findings

The summary of findings is based on the analysis, presentation and interpretation of data collected. The data for the research study was collected through questionnaire, interviews and formal and informal discussions with different people and middlemen in the business of distribution of cloth. The summary of findings made by the researcher is given below:

7.1.1. It is observed that during the study most of the cloth wholesalers are in the age group of 48 – 62 years. We can say that majority of the respondents, are in the middle age group.

7.1.2. Most of the cloth wholesalers have taken education up to S.S.C. Some of them are undergraduates and some are graduates. Very few have taken post graduate and professional degrees. Even though there are many under graduates in the wholesale cloth business, they feel the importance of education. Education is a continuous process. Many of the respondents said that education can improve their mental, personal and intellectual abilities. Every day the cloth wholesalers are learning new ideas, knowledge and information. Thus most of the respondents are of the opinion that education is a must which will help in practice and boost their confidence. Along with education, experience is also an important factor. A very large majority of the respondents are of the opinion that

there is a vast difference in theory and practice. Thus we can make judgment that educational qualification is necessary but practical experience is much more important in the wholesale cloth business.

7.1.3. It is observed that in the wholesale cloth business sole proprietary concerns are more than partnership firms and limited companies. Around two - third of the respondents are proprietary concerns and near about one – fourth of the total respondents are partnership firms. There is no limited cloth wholesale company in Pune and Yeola. Limited companies are more in Solapur and Mumbai.

7.1.4. During the study it is observed that most of the respondents established their wholesale cloth business before 1988, i.e., roughly before 20 years. The researcher has observed that there are hardly few new comers in the wholesale cloth business.

7.1.5. All the respondents of Mumbai, Pune, Solapur, Ichalkaranji and Nagpur are members of the wholesale cloth association in their respective cities. In Yeola there is no wholesale cloth association in existence. The researcher has observed that there is no wholesale cloth association representing the state of Maharashtra as a whole.

7.1.6. Near about ninety seven percent of the respondents have insured their stock and shop, which exhibits the cautiousness and awareness

regarding general insurance in the respondents. They are insuring for their shop, stock and go-down. This general insurance helps them in case of unavoidable circumstances like floods, earthquake, fire accidents, bomb blast etc.

7.1.7. It is observed that majority of the respondents are paying income tax as per the income tax act 1961. Near about nine percent of the respondents pay custom duty which is imposed during import and export. About three fifth of the respondents pay octroi charged by respective municipal corporations or municipality. During the study the researcher observed that there is no octroi in Yeola and Ichalkaranji. Around fifteen percent of the respondents are paying other taxes like professional tax. During the study it is also observed that there is no sales tax charged on cloth due to the cloth being the basic need of human being. Regarding octroi, only two cities i.e. Yeola and Ichalkaranji have implemented the policy of no octroi in Maharashtra. Other cities still face the huge problem of octroi. Regarding Mumbai they have to pay octroi within Mumbai as the corporation limits are different i.e. Dombivili, Thane, New Bombay, Kalyan etc.

7.1.8. Almost all of the cloth wholesalers deal in cotton cloth. More than two third of the respondents deal in terecot, polyester, fancy and spun cloth. Near about one third of the respondents, deal in cloth like swiss cotton, silk, wool etc.

7.1.9. Around eighty seven percent of the total respondents feel that cloth wholesalers are eliminated from the distribution chain of cloth business. Hardly around thirteen percent are of the opinion that cloth wholesalers are not eliminated from the distribution chain of cloth. In Yeola, Ichalkaranji and Solapur, where manufacturing of cloth is more, it is observed that less no. of respondents, say that, cloth wholesalers are being eliminated.

7.1.10. During the research study, the researcher has observed various reasons for elimination of cloth wholesalers. Near about ninety percent of the respondents state that direct sale of cloth to cloth retailers by the cloth manufacturers or agents and ready made trend which leads to the increase in the number of shopping malls, are the major reasons for the elimination of cloth wholesalers. Most of the respondents are of the opinion that due to cut throat competition the profit margin of the cloth wholesalers is reducing, since the cloth wholesalers have to compromise on the profit margin in order to survive in the market. Those cloth wholesalers who do not sell at competitive prices lose their customers. Another reason for elimination of cloth wholesalers is that few cloth manufacturers have started their own outlets in the city. These reasons contribute to the elimination of cloth wholesalers.

7.1.11. There are various conditions and restrictions for taking cloth dealership, which restricts the cloth wholesalers in his operations. These

restrictions and conditions are explained in Chapter IV. It is observed that during the study the percentage of dealers of wholesale cloth is very less. Hardly ten percent of the respondents are having dealership. During informal discussions it was observed that only big mills offer dealership for their cloth. But now most of the big mills are either closed or in the verge of closing down and this has resulted in increase in the number of power looms. It is observed that most of the power looms do not offer dealership since they do not manufacture as much as the textile mills.

7.1.12. The suppliers for cloth wholesalers are either from local market or from outside the city or from outside the state or from outside the country i.e. imports. Out of the total cloth purchases made by the cloth wholesalers some are from the local market, some from outside the city and some purchases are made from outside the state as well. It is observed that around eighty percent of the total purchases are made within the state of Maharashtra only. The researcher also observed that in Pune and Nagpur comparatively more cloth purchases are made from outside the city or state than the local market, since manufacturing of cloth is less in and around these cities.

7.1.13. It is observed that around half of the purchases are made from the cloth manufacturers directly. Very little purchases of cloth are made from the cloth distributors and the remaining purchases are made from

the agents. As mentioned in Chapter V, 5.4.2.2, in Mumbai, Yeola, Solapur and Ichalkaranji cloth purchases are more from cloth manufacturers than agents and in Pune and Nagpur the purchases of cloth is more from cloth agents.

7.1.14. The researcher has observed that wholesale cloth business is run either on cash or on credit basis. A majority of the respondents replied that most of their purchases are done on credit basis.

7.1.15. More than half of the respondents said that they received discount in between four and six percent for cash purchases. Some of the respondents clarified that they get up to fifteen percent discount if payment is made before delivery of cloth. Hence we can say that the rate of discount differs for each customer according to the situation.

7.1.16. It is observed that the normal credit period allowed to the cloth wholesalers by his supplier is between sixteen to thirty days. When cloth is purchased first time from a supplier, the credit period is allowed after taking post dated cheques, bank guarantee or promissory note as security for payment and only after that the cloth is supplied to the cloth wholesalers. As the business relationship with the particular supplier progresses the payment security are not given much importance and cloth is delivered just by taking order on telephone.

7.1.17. The customers for the cloth wholesalers are cloth retailers, readymade manufacturers, end users and others like schools, colleges, companies, trusts, hospitals and banks etc. who buy cloth in bulk. It is observed that out of the total sales only half of the sales are made to the cloth retailers by the cloth wholesalers. One tenth of the total sales are made to the end users and other category of customers and the remaining sale is made to the ready made manufacturers. It is observed that the customers in the other category are not regular customers and buy as and when they need. The end user is entertained during festivals and marriage seasons since purchases are made in bulk during these times. The regular customers of the cloth wholesalers include those end users who have bigger families and hence require bulk purchases of cloth. The researcher observed that the sale to cloth retailer which used to be a major part of total sale of the cloth wholesalers has reduced. In order to compensate the reduced business the cloth wholesalers supply to readymade manufacturers, end users and others.

7.1.18. Near about one fourth of the cloth wholesalers have started retail sale in their wholesale cloth business in order to survive in the cloth market. It is observed that in Yeola the retailing done by cloth wholesalers is more than other cities in comparison. It is also observed that retailing is done more for routine end users.

7.1.19. About two fifth of the total sales is done in local market and another two fifth of the total sale takes place to customers outside the city. Near about one fifth of the total sale is made to customers outside the state and outside the country. In Mumbai, Yeola, Solapur and Ichalkaranji the sale in the local market is comparatively lesser than sale made outside the city since more customers from outside the city come to purchase cloth from these cities where manufacturing of cloth is more. In Pune and Nagpur the situation is vice versa i.e. sale is more in the local market.

7.1.20. In order to improve their sales the cloth wholesalers adopt different marketing strategies. More than half of the respondents offer more discount in order to attract customers. Most of the respondents give more credit period, follow up with the customers regularly and introduce new varieties. Some of the respondents give cloth on approval basis, cloth of good quality and offer after sales service like replacement of cloth. Few of the cloth wholesalers appoint more salesmen in order to increase their sale and offer gifts & send wishes on special occasions in order to maintain personal relations with the customers. Around one fifth of the total respondents denied answer to the question. In those who denied answering the question, majority of the respondents are from Pune since the researcher has a family business of wholesale cloth in Pune city.

7.1.21. During the study the researcher observed that most of the sale of cloth wholesalers is made on credit basis. Out of the total sales four fifth is done on credit basis. Credit in the market is an important asset for the cloth wholesalers. It depends upon the reputation of the cloth wholesalers in the market. Proper care like bank guarantee, post dated cheques and promissory notes etc., are taken as a security for payment in case of credit sale made to new customers. In order of sale made on cash basis the cloth wholesaler offers more discount.

7.1.22. Majority of the cloth wholesalers allow cash discount between four to six percent. The rate of discount allowed to customers by the cloth wholesalers differs from customer to customer. In case of payment made before delivery of goods the cloth wholesalers offers discount up to fifteen percent.

7.1.23. Three fourth of the respondents allow a credit period of one to thirty days. This is the normal credit period permitted by the cloth wholesaler which is specified in the terms and conditions of the invoice made during the sale. The invoice also states that non payment of invoice within the specified credit period will attract a certain percentage of interest on the bill amount.

7.1.24. It is observed that the normal credit period allowed by the cloth wholesalers is mostly exceeded by their customers. The actual recovery

of the cloth wholesaler takes place between sixty one and ninety days in one third of the cases. In rare cases it takes more than one hundred and eighty days i.e., almost six months, to recover the payment.

7.1.25. It is observed that, most of the respondents have average turnover above twenty lacs per annum. The overall trend, in all the six cities, regarding turnover was observed to be downward up to the year 2005 after which it gradually increased since the cloth wholesalers identified a new customer i.e. the ready made manufacturers. The reason for decrease in turnover can be attributed to the direct supply made by the cloth manufacturers to the cloth retailers. Majority of the respondents complained that the turnover is reducing. During informal discussions the cloth wholesalers revealed that in order to compensate the reduced sale to cloth retailers some of the cloth wholesalers in Yeola and Ichalkaranji have ventured into yarn wholesaling along with cloth wholesaling since manufacturing of yarn is more in these cities.

7.1.26. Adequate human resource is the one of the important factors for any business. Cloth business also needs sufficient human resources to ensure that the business runs smoothly. The researcher observed during the study that family members are also employees in the wholesale cloth business. The average family members employed per wholesale cloth shop per year is 1.05 i.e. one employee per wholesale cloth shop per year. The average employees other than family members

employed per wholesale cloth shop per year are 1.82 i.e. around two employees per wholesale cloth shop per year. In totality it is observed that there are, on an average 2.87 employees per respondent per year i.e. three people employed in each shop per year. During the discussion it was revealed that the labour turnover is more in wholesale cloth business.

7.1.27. Around two fifth of the respondents recommend new comers to take up wholesale cloth business and near about three fifth recommend new comers to stay away from this business. Due to age factor, many cloth wholesalers cannot switch over to other type of business. So they are still in the wholesale cloth business. It is also observed that many respondents are encouraging their younger generation to take up good education and do other business or take up a job with some company. Wholesale cloth traders in Yeola, Ichalkaranji and Solapur are promoting young generation to venture into this business as manufacturing of cloth is more in these cities.

7.1.28. The decline in wholesale cloth business can be attributed to the problems faced by the wholesale cloth traders. Most prominently faced problems are low return on investment, cut throat competition, heavy duties and taxes charged by the government, readymade trends, and ignorance from cloth manufacturers, non availability of efficient employees and increase in shopping malls. One tenth of the respondents

face problems like recovery of dues and high interest rates charged by the banks on cash credit and overdraft facilities. Through informal discussions another problem faced by the cloth wholesalers was non availability of adequate fund at the appropriate time. The non delivery of goods on time and goods damaged during transit are also some of the problems faced by the cloth wholesalers since the loss arising due to the same have to be borne by the cloth wholesalers. In Mumbai, Pune, Solapur and Nagpur the cloth wholesalers have to pay octroi even though the Maharashtra government has abolished octroi from the state. Hence we can say that in some cities octroi is still an unsolved problem.

7.1.29. In case of cloth retailers the observation is that most of them are in the age group of 48 – 62 years. Many of the cloth retailers are found to be graduates. Most of the cloth retailers are observed to have proprietary concerns. Two third of the respondents have commenced their retail business before the year 1988 and very few new comers have been observed here. Majority of the cloth retailers are members of the retail cloth association in their respective cities. Ninety five percent of the cloth retailers have insured their stock and shop. Maximum number of cloth retailers pay income tax, sales tax, municipal tax etc. It is observed by the researcher that the cloth retailers deal in all types of cloth but mostly in cotton cloth. Most of the cloth retailers deal in both cloth and readymade. Very few retailers have dealership. From the

opinion survey of cloth retailers it is observed that earlier cloth retailers bought cloth from agents and cloth wholesalers and distributors only. But now-a-days the cloth manufacturers are also directly selling their products to cloth retailers which have become one of the prominent reasons for elimination of cloth wholesalers. The cloth retailers feel that the cloth wholesalers are slowly getting eliminated from the chain of distribution of cloth. In today's fast moving world the end user does not have time to buy cloth and then get it stitched according to his style and preference. The end user prefers to buy ready made garments since they are easily available and can be used immediately after purchase. The end user can try the product and buy; only if it fits in his preferences and sizes else there are different varieties of products for him to choose from. So the demand for readymade products has increased. This also contributes towards the elimination of cloth wholesalers from the distribution chain of cloth.

7.1.30. From the opinion survey of the cloth manufacturers it has been observed that almost half of them have limited company form of business. Very few were found to prefer proprietary concerns. Majority of the cloth manufacturers have commenced their manufacturing activity before the year 1988. Most of the cloth manufacturers are found to be members of the cloth manufacturing associations. All the cloth manufacturers have insured their inventory and factory. They pay the taxes and charges imposed by the government such as income tax,

customs duty, municipal tax etc. Most of the cloth manufacturers produce cotton and spun cloth and almost above half of the cloth manufacturers manufacture terecot. Even though the cloth manufacturers sell more to cloth agents, they also make a considerable amount of sale directly to cloth retailers. In comparison with the cloth wholesalers the cloth retailers are supplied more by the cloth manufacturers. Most of the cloth manufacturers are not of the opinion that cloth wholesalers are eliminated but agree that the trend of distribution of cloth is changing.

7.1.31. From the opinion survey of cloth end users the researcher has observed that the majority of the respondents is educated and is in the age group of 33 – 47 years. Most of the end users have monthly income above Rs.20,000/-. The researcher also observed that the end users prefer more ready made fabrics than mere cloth i.e. four fifth of the end users prefer to use ready made garments. Hence we can conclude that according to tastes, preference, income and education the purchase of cloth differs. Regarding purchase of cloth from wholesalers and retailers the researcher has observed that end users purchase cloth from wholesalers during special occasions like marriage, festivals etc. which require purchase of cloth in bigger quantities than required during other times. Where the size of the family is big the end users prefer to buy from cloth wholesalers since it is economical. When the end user looks for variety of cloth, preference is given to retail cloth shops.

7.2. Conclusions

The Indian textile industry is one of the largest and most important sectors in the economy in terms of output, foreign exchange earnings and employment in India. The industry has several vast sectors within it, that is, the mill sector, the clothing or garment sector, the handloom sector and the power loom sector. Each of these sectors employs lacs of workers and also contributes significantly to the national economy.

The Sathyam Committee in its chapter on “Overview of the Textile Industry” observes: “The Indian textile industry has also significant presence in the world textile economy by virtue of its contribution to world textile capacity and production of textile fibers and yarns.

India has a natural competitive advantage in terms of a strong and large multi-fiber base, abundant cheap skilled labour and presence across the entire value chain of the industry ranging from spinning, weaving, and made-ups to manufacturers of garments. India’s textile industry comprises mostly small-scale, non-integrated spinning, weaving and finishing and apparel-making enterprises.

Natural fiber such as cotton, jute and silk, synthetic raw material products such as polyester staple fiber, polyester filament yarn, acrylic fiber and viscose fiber are produced in India.

The importance of the finishing sector arises from the fact that it contributes substantially to value-addition. The textile processing sector is classified into three major categories viz. composite, semi-composite and independent process houses. They are further bifurcated into small scale sector and non-small scale industries. A large number of associated industries also depend upon textile sector.

For the past few years the sickness and consequent closure of textile mills has been a matter of great concern in our country. The primary reason behind the sickness is, structural transformation leading to composite units in organized sector, losing ground to power looms in decentralized sector due to greater cost effectiveness, low productivity due to lack of adequate modernization, stagnation in demand, inability of certain units to expand in national and international market, increase in cost of input and inadequate working capital.

At the same time the power loom sector occupies a key position in the Indian textile industry. Though current growth of this sector has been restricted by technological obsolescence, fragmented structure, low productivity and low-end quality products, in future Technology would play a lead role in this sector and will improve quality and productivity levels.

The Indian power loom industry has to prepare itself for drastic technological changes and will have to focus on areas such as

- ☞ Technology up gradation,
- ☞ Modernization of Power loom Service Centers and testing facilities;
- ☞ Clustering of facilities to achieve optimum levels of production;
- ☞ Welfare schemes for ensuring a healthy and safe working environment for the workers in future.

Government of India took initiative to take adequate measures to tackle these problems. Board for industrial and Financial Reconstruction (BIFR) was set up to detect sickness and the sick companies. Textile Workers' Rehabilitation Fund Scheme (TWRFS) was set up to tackle the problems.

The high cost of capital was identified as one of the basic factors that obstructed investment in technology up-gradation in the textile industry. In order to improve competitiveness and long term viability and at the same time tackle the huge backlog of technology up-gradation, a focused and time bound Technology Up-gradation Fund Scheme (TUFS) was launched by the government of India.

Through Technology Up gradation Scheme the government is trying to modernize this sector and make import of latest technology. Still India lacks behind in productivity. Advanced technology installation demand

skilled labour to understand and install such facilities. Shortage of skilled labour is also a challenge. Higher power tariff is one of the biggest challenges in this industry. For spinning industry weaving loom sector is mostly concentrated in small areas of India where power fluctuation is a matter of routine. Productivity also gets affected from time to time by fluctuation in power in such areas.

Thus from the above we can conclude that the Indian textile industry is facing numerous problems and the government of India is trying to sort out and tackle the problems by introducing new ideas and schemes.

With the advance of civilization the pattern of live has grown in complexity and the number of things which are considered indispensable of civilized living has increased. As a result it has become quite impossible for anyone to make or grow for himself all the things that he wishes to have. There has consequently developed a process of specialization, partly by persons and partly by geographical areas. One group of people is skilled in making yarn, another in manufacturing cloth and yet another in distributing the cloth manufactured. Things are produced in considerable quantities in certain places, but are almost useless so long as they remain there.

In Maharashtra most of the cloth manufacturing industries are located in certain areas like Mumbai, Solapur, Ichalkaranji, Nagpur, Yeola, and

Pune. Very few cloth industries are located in Malegaon, Aurangabad, Ahmednagar and Karad. As production of cloth is concentrated in certain areas, it should ultimately reach the end user or customer. This requires a distribution process.

Before the year 2000 middlemen had great importance in cloth business. Cloth wholesalers were ruling the market. Earlier, the channel of distribution in the cloth business was from cloth manufacturers to cloth agents to cloth wholesalers to cloth retailers to cloth end users. This long-established structure of cloth distribution is now getting changed in the following way: cloth manufacturers to cloth retailers by eliminating the cloth wholesalers and cloth agents. These changes in distribution channels reduce the role of cloth wholesalers. Thus we can say that in today's changing scenario the distribution structure of cloth business is also changed.

Any business cannot run without man power. The wholesale cloth business also requires efficient human resource for achieving maximum profits. Here we analyze the employment opportunities in the wholesale cloth business. For this, employees are divided into two parts, family members employed and other than family members employed in the wholesale cloth business.

The researcher has observed that, 1.05 persons, i.e. around one employee per respondent per year has been employed from the family in the wholesale cloth business from 2000 – 2008. The researcher has also observed that 1.82 persons i.e. around two employees are employed per respondent per year, other than family members during the period 2000 – 2008.

The population of the nation is increasing creating the problem of unemployment. Cloth is one product which is demanded by the increasing population as it is one of the basic needs of the civilized society. In Maharashtra regarding wholesale cloth business self employment opportunities are available in certain areas where manufacturing of cloth is more. The labour turnover is more in the wholesale cloth business. The employees after getting trained regarding the business prefer to start a new business on their own and hence leave their job. We can conclude that self employment opportunities are available in abundance in this sector provided the candidate has adequate capital needed to run the business and has patience to deal with the shortcomings of the business.

As far as cloth manufacturers are concerned they have to concentrate on both the activities i.e. manufacturing and distribution of cloth. The researcher has observed that the sale of the cloth manufacturers is more to cloth retailers than cloth wholesalers. But when the cloth

manufacturers go directly to the cloth retailers, they face recovery problems and follow up with the retailers since cloth retailers are more in numbers when compared to cloth wholesalers. Due to these problems the cloth manufacturers are of the opinion that cloth wholesalers are needed in the distribution chain of cloth business.

As far as cloth retailers are concerned, the importance of cloth wholesalers, as a middleman in the chain of cloth distribution, is reducing since the cloth manufacturers supply the cloth in the same way as the cloth wholesalers used to supply. The researcher has observed that out of their total purchases, the cloth retailers make around thirty nine percent of their cloth purchases from cloth wholesalers, which further proves the decline in the role and position of cloth wholesalers in the distribution chain of cloth.

The opinion of the cloth wholesalers is that due to direct sale by the cloth manufacturers to the cloth retailers, due to the trend of ready made garments and due to cut throat competition the role of cloth wholesalers is reducing. It is further clarified by the observations made by the researcher that the cloth wholesalers sell fifty percent of their total sales to the cloth retailers, which used to be higher earlier, and the remaining sale is compensated by the sale made to readymade manufacturers. Hence we can say that the role and importance of the

cloth wholesalers is reducing since their work is done by the cloth manufacturers.

The cloth industry plays a very dominating role in the Indian economy. But in spite of introducing various schemes and policies by the Textile Ministry of India in order to protect the interest of this industry, it has faced and is experiencing financial as well as technical and other problems.

Around seventy percent of the cloth wholesalers face problems like less ROI, direct supply to the cloth retailers by the cloth manufacturers ignoring the cloth wholesalers, cut throat competition, heavy charges and duties, and around twelve percent face recovery problem, transport problem, non-availability of finance during crunch and the problem of labour turnover. Thus we can say that the wholesale cloth business in Maharashtra is facing numerous problems. Unless they are resolved the future of the wholesale cloth business is in dark. Thus the hypothesis is validated.
