



IMPACT OF GST ON POWER LOOM SECTOR: WITH SPECIAL REFERENCE TO BHIWANDI POWER LOOM SECTOR

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Abstract:

Indian textile Industry second largest employment providing sector has several branches like powerloom and handloom. It witnessed both opportunities and challenges as a result of digitalization. 3D technology has been used by many developed nation to expand the size of productivity. Bhiwandi is home to many small power loom units owned largely by master weavers. These power loom units employ around 10-50 untrained weavers depending on size of the unit. Economic analysis is used by governments to determine tax rates and evaluate the financial health of the nation or state, provides insight into how markets operate, and offers methods for attempting to predict future market behaviour in response to events, trends, and cycles. The Goods and Services Tax (GST) just over a year ago, India's biggest ever tax reform, aiming to replace more than a dozen federal and state levies and unify the sprawling economy. While big firms have shaken off the effects of the change and are set to gain from a uniform tax regime, small businesses across the country are still hurting. Main aim of the study has been carried out to analyze the specific problems and prospects of power loom industry of Bhiwandi from GST. Around 400 worker respondent and 30 Owners / Managers were part of the Case Study. Study found that though the nature of work and the process remain almost same but GST has got several economy impacts on powerloom industry. Cost of raw material has increase after GST. To keep parity of selling price the labour engaged in the process were less paid compared to pre GST regime.

Keywords: GST, Bhiwandi, Power Loom Sector.

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Introduction:

Industrialization is important for economic growth and development, garment factories are large contributing sector in industrial growth which provide ample employment opportunities at various

level. Economic analysis is the study of forces that determine the distribution of scarce resources. Economic analysis is also used by governments to determine tax rates and evaluate the financial



health of the nation or state, provides insight into how markets operate, and offers methods for attempting to predict future market behaviour in response to events, trends, and cycles. There are three sectors in economy Primary sector related to Agriculture, Secondary sector consist of Industry and Manufacturing and Tertiary sector inclusive of services provided in economy which is contributing for India's GDP(Gross Domestic Product) for economic growth. Digitisation Plays Vital Role in promoting production capacity, by optimum utilisation of resources. Application of digitisation leads to positive externality and bring powerloom sector toward efficiency parameter on production possibility curve. As per the source of researchgate It is more cost effective and economic when firm utilises digital pattern in administration, allocation, distribution of resources. Digitalization has advanced the conventional clothing supply chain concepts, models and practices, by building on emerging technology driven infrastructure.

Bhiwandi is home to many small power loom units owned largely by master weavers. These power loom units employ around 10-50 untrained weavers depending on size of the unit. Many of these workers are migrants from the states like Bihar, Uttar Pradesh, Rajasthan, and Telangana. Most of them are less educated did not receive any formal training in handling of power looms. The survival of these small entrepreneurs and weavers solely depends upon the continuous performance of power loom industry. Currently this industry is facing numerous problems like load shedding of electricity, absenteeism of labour, timely non-availability of raw materials, lack of government support, lack of infrastructure, low rate offered for

manufactured cloth, worn out and outdated machinery and untrained laborers, high cost of production.

Need and Significance of the Study:

Bhiwandi is the largest power loom cluster in India, which housed around one third of total power loom in the country and a source of employment for a large number of illiterate and unskilled laborers' from all over India. Hence, the growth of Indian textile industry largely depends upon continuous performance of Bhiwandi power loom industry. However the industry is currently reeling under survival struggle due to multiplicity of factors.

This research work were effectively needed and useful to our nation India. This study was effective in suggesting empowerment of economic variables for Economic Growth and Economic Development of developing country featured with mixed economy. This research work is designed in such a way so that larger proportion of economy will be benefited in respect to economies in cost of production of powerloom.

This research work is needed to state to estimate revenue generation from powerloom sector for in fiscal budget formation.

Statement of the Problem:

Impact of GST On Power Loom Sector: With Special Reference To Bhiwandi Power Loom Sector

Review of Related Literature:

1. Junquian Xu, Yong Liu and Liling Yang (2018), compared the performance of textile and clothing exports of China and India in the context of environmental trade barriers by United States for the period 2000-2016. Their paper explored the role and impact of India and China in U.S.



textile market and calculated the trade competitive index after implementation of environmental trade barriers. The paper found that China's exports increased substantially after its membership to WTO in 2000 due to its comparative cost advantage than its peers in the Asia. The study finds that China's exports are greater than India despite hurdles created by U.S. in the form of environmental concerns. However, the research concludes that, the competitiveness of India's textile industry will improve in the long run in the international market.

2. **Tran Thi N and Tran Thin T (2018)** explored the role textile and garment industry in the economic growth and development of Vietnam. The study involved overview of Vietnam's textile and clothing industry and future vision of the government. The study found that Vietnam's textile and garments industry has significantly contributed to the employment generation, GDP growth, industrial growth and export earnings despite many limitations and has huge untapped potential to continue to perform better in the future too. The paper concludes that in order to achieve further growth, the industry should overcome its limitations of CMT mode of production and increase the incomes of labour.
3. **Rosemary AwinaOrina(2018)** has studied factors that will influence the adoption of silk and fiber raw materials in Kenya. Silk production started in Kenya in a joint venture with Japan. The garment manufactures were affected due to a lack of textile material. Apparel and fashion wear become important business during this phase. Due to importation of fashion garment from India, USA, and other countries badly affect the garment

manufactures, lack of incentives. This led to the adoption of silk and fiber garments in the Kenya market.

4. **Prakasha , S. C., Rajendirabhabub , and Leelavathic, R. (2021)** The Indian textile industry is as diverse a complex as country itself and it combines with equal equanimity this immense diversity into a cohesive whole. The world is battling with modern horrors like the COVID-19, which has left the entire world befuddled and in the lurch as to how one virus has brought the entire world to a standstill. But this industry is shut down since due to lockdown and all the stakeholders of the industry are suffering severely. In Tamilnadu Textile Industry has three main segments mill sector, handloom sector and decentralized power loom sector. This paper analyses the impact of Power Loom Industry during the Covid- 19 Pandemic Period in Tamilnadu.
5. **Toriqul Islam, Md. and Keya, Farjana Quayum(2021)** The power loom industry is extremely important to our country's economy: employs a large number of people, helping to alleviate rural poverty, and it is a growing source of government revenue. The aim of this research is to identify the prospects and production efficiency of power loom industry in Pabna, Bangladesh. To assist the aim, this study has been based on primary data collected from 52 power loom units between October and November in 2019 with the help of a structured questionnaire and face-to-face interview method. In this study, an econometric model of Cobb-Douglas production has been employed to measure the factors affecting the sales revenue and the efficiency of production in power loom industry. The estimated results confirmed



that main determinants of increasing the production efficiency and sales revenue of power loom industry are quality yarn, skilled labour, machine and electricity. The efficiency parameter is obtained 2.653.

6. Sanyal, Srabani and Yash, Ram(2022)

Unorganized powerloom industry is one of the oldest and largest industries in India and it plays an important role in textile sector in terms of fabric production and employment generation. It provides employment to 64.36 lakh persons, both skilled and unskilled workforce in India. It contributes to 60 percent of total cloth production in the country. About 60 percent of the fabrics produced in the powerloom industry are man-made and are exported to far off countries. There are approximately 25.74 lakh powerlooms distributed throughout the country. The paper is based on data of secondary sources collected from different institutions and organizations. The finding of this paper will help to study historical evolution, growth and distribution of powerloom industry in India and suggest suitable measures for regularization of unorganized powerloom industry.

Objectives of Study:

1. To study number of employees before and post GST in power loom sector in Bhiwandi.
2. To study the type of product and Turnover before and post GST in power loom sector in Bhiwandi.

Hypotheses:

Hypothesis 1

Ho – There is no significant difference in number of employees before GST in power loom sector in

Bhiwandi and number of employees post GST in power loom sector in Bhiwandi.

H1 – There is a significant difference in number of employees before GST in power loom sector in Bhiwandi and number of employees post GST in power loom sector in Bhiwandi.

Hypothesis 2

Ho - There is no significance difference in type of product and Turnover before and post GST in power loom sector in Bhiwandi.

H1 - There is a significance difference in type of product and Turnover before and post GST in power loom sector in Bhiwandi.

Methodology:

The current research is based on the exploratory & descriptive research design.

Secondary Data:

Secondary data has been collected from Government publication reports, text books, Articles, Papers, Journals, and Magazines etc.

Primary Data:

The primary data is obtained from Power loom units of selected study area. The primary data have been collected through well structured questionnaire, personal interviews, discussions and observations.

Sampling:

Sampling Framework:

The scope of the study is restricted to Power loom garment factories in Bhwandi area of Thane District. Exploratory research design will be used in this study. Garment factories will be selected as sampling unit. In order to achieve the objectives of research, Random sampling will be used.

There are Twenty One Lakhs powerlooms all over in India out of which Nine Lakhs of them are in

Bhiwandi. These factories have been consolidated based on number of employees or as a universe which exhibit heterogeneous features. Thirty Powerloom factories were selected for study.

Selection of sample respondents for Sample factories:

In order to execute the structured questionnaire, to collect the primary data relevant to the study, two categories of respondents from each factory viz.

- Power loom Factory Workers (Men and Women)
- Garment Factory Owners / Managers

Around 400 worker respondent and 30 Owners / Managers were part of the Case Study.

Data Analysis: Collected data analysed through appropriate statistical technique which was appropriate for findings.

The sample size considered for the current research work is 400, which is more than sufficient for further analysis. The area of research under the power loom focus only upon the Power loom units which deal in production of Saree, Shirt and Dress Material in Bhiwandi region.

Scope and Limitations of the Study:

Research methodology shall be adopted comprehensively, taking into account the scope and objectives of the study.

This research work was limited to Bhiwandi city located in Thane district of Maharashtra. Survey is limited to owners and workers of powerloom.

Statistical Tools: The statistical tools like

1. Simple percentage method
2. Z test,
3. F- test (ANOVA)

are used for analysis of collected data and to draw conclusions for the study.

Data Analysis:

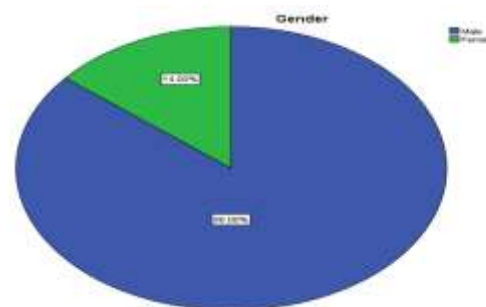
Data analysis plays a very important role in research. The data analysis helps a researcher to attain the conclusion of research. The software packages used is IBM SPSS, NVIVO, and Microsoft Office Excel.

1. Demographic Profile of Respondents:

Table 1.1 : Gender-wise Distribution of Respondents

Gender	No. of Respondents	Percentage
Male	344	86.0
Female	56	14.0
Total	400	100.0

Source: Field Survey



Inference : Above Table and Figure shows that out of 400 respondents, 344 (86.0%) of the respondents are male and the remaining 56(14.0%) are **Female**. It shows that majority of the respondents are male. The data clearly indicates that, the female generation in the city is not interested in joining business in power loom industry. They are diversifying themselves into other professions for in search of better prospects outside the city.

Table 1.2 : Marital Status of Respondents

Gender	No. of Respondents	Percentage
Single	293	73.25
married	107	26.75
Total	400	100.0

Source: Field Survey



Inference : Above Table and Figure shows that out of 400 respondents, 293 (73.25%) of the respondents are Single and the remaining 10(26.75%) are **married**. It shows that majority of the respondents are Single. The data clearly indicates that, the married generation in the city is less interested in joining business in power loom industry.

Hypothesis 1

Ho – There is no significant difference in number of employees before GST in power loom sector in Bhiwandi and number of employees post GST in power loom sector in Bhiwandi.

H1 – There is a significant difference in number of employees before GST in power loom sector in Bhiwandi and number of employees post GST in power loom sector in Bhiwandi.

Table 1.3 :
Effect on Number of Workers in power loom sector in Bhiwandi after GST

Number of worker	Number of Sample (Factories)	Number of workers Post GST	Std. Deviation	t-value	Significance Level
Pre GST	30	427	203.99	5.760	.000
Post GST	30	184	108.40		

* Significant at 0.05 level of significant ** Significant at 0.05 level of significant

Source: Primary Data collected by researcher

Inference:

In the above table the primary data of Number of worker in power loom sector Bhiwandi on pre and post GST. This is analyzed with Mean, Std. Deviation and t-value of responses. The t-value is 5.760 and it is significant at 0.01 level of significance. The above table shows that there is found a significant difference between pre and post GST on Number of workers work in power loom sector. So the null hypothesis was rejected.

Hypothesis 2

Ho - There is no significance difference in type of product and Turnover before and post GST in power loom sector in Bhiwandi.

H1 - There is a significance difference in type of product and Turnover before and post GST in power loom sector in Bhiwandi.



Table 1.4:

Type of a product and Turnover of the company Before GST

Profit Earned	Type Of Product	N	Mean	Std. Deviation	f-value
Profit Earned	Saree	13	5875546.08	2813544.70	0.71
	Shirts	9	6893000.00	838806.29	
	Dress Material	8	5617672.13	2820170.32	

* Significant at 0.05 level of significant ** Significant at 0.05 level of significant

Source: Primary Data collected by researcher

Inference:

In the above table the primary data of Type of a product (Saree, Shirts and Dress Material) and **Turnover of the company** Before GST in power loom sector Bhiwandi found significant. This is analysed with Mean, Std. Deviation and f-value of responses. The f-value among Type of a product

(Saree, Shirts and Dress Material) and **Turnover of the company** is 0.71. F-values is not significant at any level of significance. The above table shows that There is a no significance difference in type of a product and **Turnover of the company**. So the null hypothesis was accepted for pre GST.

Table 1.6 :

Type of a product and Turnover of the company post GST

Turnover	Type of Product	N	Mean	Std. Deviation	f-value
Turnover	Saree	13	4748178.85	2346002.08	0.17
	Shirts	9	4246488.89	628616.29	
	Dress Material	8	4530430.38	2341740.45	

* Significant at 0.05 level of significant ** Significant at 0.05 level of significant

Source: Primary Data collected by researcher

Inference:

In the above table the primary data of Type of a product (Saree, Shirts and Dress Material) and **Turnover of the company** post GST in power loom sector Bhiwandi found not significant. This is analysed with Mean, Std. Deviation and f-value of responses. The f-value among Type of a product (Saree, Shirts and Dress Material) and **Turnover of the company** is 0.17. F-values is not significant at any level of significance. The above table shows that There is No significance difference in type of a

product and **Turnover of the company**. So the null hypothesis was accepted for post GST.

Findings of the Study:

- Majority of the respondents are male. The data clearly indicates that, the female generation in the city is not interested in joining business in power loom industry. They are diversifying themselves into other professions for in search of better prospects outside the city.
- Majority of the respondents are Single. The data clearly indicates that, the married generation in the city is less interested in joining business in



power loom industry.

- There is found a significant difference between pre and post GST on Number of workers work in power loom sector.
- There is No significance difference in type of a product and **Turnover of the company**. So the null hypothesis was accepted for post GST.

Conclusion:

The study has proved that power loom sector has suffered heavily due to GST from all the angles. It reveals the current situation of power loom owners as well as the labours who were working there. A proper rejuvenating measure should be initiated to safeguard the power looms industry which is second largest business sector in India which is one of the major contributor to the economy in terms of production, employment and export.

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Cite This Article:

Dr. Srivastava S. & Ms. Mishra R. P., (2023). *Impact of GST on Power Loom Sector: with Special Reference to Bhiwandi Power Loom Sector, Electronic International Interdisciplinary Research Journal, XII, Issue – I(b), Jan-Feb, 113-120.*

