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# Uneven Development and Weak Governance in a Powerloom Hub

## A Case Study of Solapur, Maharashtra

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**SoHS**

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By

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Planning and economic development  
in small and medium towns

**Urban India Research Facility**

Building on the Foundations

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## TABLE OF CONTENTS

<b>1.</b>	<b>Introduction</b>	5
<b>2.</b>	<b>Industrial and spatial growth and evolution of powerlooms in Solapur</b>	9
2.1	Structure and organization of powerloom industry	9
2.2	The mid 1960s-mid 1980s: growth of powerloom industry and development of informal workers' settlements	11
2.2.1	The Padmashali community and the growth and unity of small and micro powerloom factories	11
2.2.2	Emergence of medium-sized factories, political infighting within Padmashalis and growing cleavages between (medium factory) owners and workers	14
2.2.3	The CITU Union's role in worker politics and the development of (informal) workers' settlements	14
2.3	The late 1980s to the present: Industry associations, dalit politics and the concentration of wealth	19
2.3.1	Emergence of dalit politics and the role of limit extension in creating new socio-spatial divisions	19
2.3.2	Industry associations, state policy and increasing disparities post-liberalisation	20
2.3.3	The CITU Union: The shift from workplace organization to mobilization in the bastis around housing and services	23
2.3.4	The Union and housing projects in the peripheries	26
<b>3.</b>	<b>Contemporary governance challenges for Solapur city</b>	27
3.1	Industry gains for individual/group benefits and not for the majority of worker-citizens	27
3.2	Weak financial position of SMC and problems faced in infrastructure projects and urban reforms	28
3.3	Urban planning and industrial development	32
3.4	State-ULB relations and problems of coordination	33
<b>4.</b>	<b>Conclusion</b>	35
<b>5.</b>	<b>References</b>	36



# 1. Introduction

Solapur, a city of about 9 lakhs population (Census 2011) is a major textile centre in the country and internationally, known for its production and export of turkish towels and trademark Solapuri chaddars or bedsheets. Located close to the border of Karnataka and Andhra Pradesh, it has gained historical importance as a religious and trade centre under the Bahmani Kingdom and the Mughals, and subsequently as an industrial, trading and defense centre under the British. This derives in large part due to its strategic location. It is connected to all major regions in the state and various sites of religious and historical importance. Solapur's identity as a town was consolidated by the British as it was one of the four Municipal Corporations formed by the British in 1852. The Railway Station, till today an important junction of Central Railways, was built by the British along with a network of roads. Today, Solapur has two National Highways (NH-9 and NH-13) passing through it. Due to its advantageous location, the British encouraged the establishment of the textile industry, which has played a very important role in the socio-economic and political development of Solapur and in placing it on the global industrial map.

By far the dominant sector of the economy, estimates of employment in the textile industry range from one-third to one-half the city's residents. If one includes the bidi industry, another major employer, this figure goes well beyond the halfway mark. The 'Solapur Spinning and Weaving Mill' was the first mill started in Solapur by Gopaldas Murarka in 1877. It was reputed to be the biggest mill in Asia at that time, having approximately 20,000 looms. Today it is known as the 'Juni' or 'Old Mill'. Over the next few decades, several other mills such as Lakshmi Mill, Vishnu Cotton Mill, Narsinh Girji Mill, and Ratansingh Mill were established in the Western part of the city near the city Railway Station to enable effective transportation. Handloom units were also started during this time and Solapur became famous for its hand-woven 'janta dhoti' and 'sari'. To accommodate mill workers, chawl-type housing developed near the mills in areas like Ashok Chowk near the railway station. Handloom workers often worked and lived in the premises of their employer. Textile was also an important driver for migration into the city for finding work. Marwaris and Jains made large investments in the mills. Padmashalis, a weaver backward caste of Andhra Pradesh, migrated to Solapur in search of employment during a period of drought in Andhra Pradesh and their skills greatly boosted the textile industry. Handlooms became an important source of income for the Muslim families that had migrated to Solapur<sup>1</sup>. In this way the textile industry shaped not only the socio-economic fabric but also the multi-cultural and multi-lingual identity of Solapur.

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<sup>1</sup>The Gazetteer notes that Solapur being in the hands of Muslim rulers for much of its history, there were a large number of Momin weavers who were probably local converts of the Koshti or Sali class.

The rise of the modern factory in Solapur in the 1870s altered the organisation of the textile industry and brought in technology related changes<sup>2</sup>. It also enabled the organization of wage labour into unions. Solapur's long history of unionization, with the CPI(M) Party and its Trade Union, the CITU, playing a crucial role in negotiating on behalf of labour in a democratic political framework, has shaped the city as a “workers' city”. Solapur's housing projects for workers initiated by the CITU Union are celebrated in the country.

Post 1960s the competitiveness of composite mills declined in comparison to powerlooms with the latter accounting for 63% of the total cloth production in the country (Dun & Bradstreet 2010). The overwhelmingly small and medium enterprise (SME) powerloom sector of Solapur produces towels and bedsheets valued at Rs 400 cr annually (Cluster Update Sept 2003). Initially better known for its bedsheets, it is now terry towels that account for 75% of production. Despite substantial investment by the Central and State governments in schemes for the textile industry like cluster development and technology upgradation - in 2003, a terry towel cluster was established in Solapur by the Ministry of Textiles<sup>3</sup> - Solapur's powerloom industry is marked by fragmentation (Dabade et al 2012), informality and firm mortality. There is a deep division between firms that make up this notional cluster and garner the benefits of government schemes and those that are not acknowledged by and do not benefit from formal planning mechanisms and policies. The former consist of medium-sized factories with high levels of technology and management catering to both the export market and the high-end domestic market and the latter consists of micro and small home-based production of lower quality largely for the local market although some of them do contribute to the global production process of medium-sized factories. The uneven nature of development of the powerloom industry has meant that virtually all small and micro enterprises are currently in a crisis state while the few medium enterprises are gearing up to take advantage of government policy and the relative flexibility conveyed by the decentralized nature of production in a globalized world.

Besides the uneven and polarized nature of development of the dominant industry, the city's spatial landscape is marked by two important features that reinforce and propagate uneven development and disparities in access to services. The first is growth along the arterial corridors (see Map 1) with the Eastern half being more developed than the Western half of the city for historical, locational and topographic reasons. The Solapur –Vijapur road and Solapur – Hotgi road have high end residential and some commercial developments with several industrial estates and

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<sup>2</sup> For more information, see the Solapur District Gazetteer.

<sup>3</sup> This was under the Textile Committee's cluster-based programme for capacity building in textiles and clothing SMEs.

sugar and cement factories located on these roads. The Pune road (area near Kegaon) is the most commercially developed road in the city with a Maharashtra Industrial Development Corporation (MIDC) industrial estate being located here (called MIDC Chincholi) as well as several educational institutions, including Solapur University. Powerloom factories and (informal) worker settlements dominate the Eastern portion of the city between Kumbhari and Akkalkot road. Bidi work occurs in the bastis in the Eastern section and several large bidi collection centres are located here. A Maharashtra Housing and Development Authority (MHADA) housing colony for Bidi industry workers and one initiated by a CPI(M) MLA Narsayya Adam called Godutai Bidi Gharkul are also located in the Eastern part of the city. Comparatively Miraj Road (area near Degaon) and the Western part of the city has not developed as much. This area is low-lying and frequently gets water logged with sewage water from the non-functioning water treatment plant of Solapur Municipal Corporation (SMC) also located in the same area. These factors have impeded development in this part, and it consists mainly of fallow agricultural lands and vacant plots. The second important feature characterizing the city's uneven spatial pattern of development is the expansion of the city's limits in 1992 that increased the size of the city from 33 square km to 178.57 square km and created a division between the core city and the limit extension or newly added areas or *haddawadh* as it is known in Marathi. This division is marked in terms of quality and access to basic services, structures of institutional governance (with separate *haddawadh* offices created to collect taxes and regularize houses), the landscape of built form and associated economies, and the politics of local governance.

These industry and spatial cleavages have contributed to the city's relatively stagnant population growth. Table 1 reveals that the higher increase in the percentage of population between 1991 and 2001 can be attributed to the limit extension that took place in 1992<sup>4</sup>. Between 2001 and 2011, Solapur has seen a percentage increase of 14.13% in its population.

**Table 1. Population in Solapur**

<b>Year</b>	<b>Total Population</b>	<b>% Increase from Last Decade</b>
1961	333583	20.39
1971	448793	34.54
1981	513956	14.52
1991	620499	20.73
2001	805250	29.77
2011	951118	14.13

*Source:* Census of India

<sup>4</sup> It must be noted that this makes it difficult to make accurate comparisons of Census data over the decades.



The relatively static population growth can be attributed largely to the few opportunities for well-paying, secure jobs provided by the city, as data relating to the workforce reveal. The Solapur Municipal Corporation (SMC) area has a relatively low proportion of workers to non-workers (35% compared to 65%) (Census 2001). There has been a 20-fold increase in the number of marginal workers between 1991 (977) and 2001 (20538) and a fivefold increase in the number of household industry workers from 1991 (9407) to 2001 (52582) (Census 2001). The high proportion of non-workers in the city and increasing informalisation of the workforce has meant increased job insecurity, inability of workers to purchase land legally<sup>5</sup> and hence a burgeoning number of informal settlements (called *gunthewari*)<sup>5</sup> and slums characterized by very poor service levels. While no accurate numbers of *gunthewari* exist, and they are very diverse in terms of service levels and tenure security, they have emerged in the newly added areas or *haddawadh*. The slum population, on the other hand, is 25% of the population according to the SMC although activists estimate it to be as much as 40%. A maximum number of slums is found in old congested parts of the city although there are several in *haddawadh* areas.

**Table 2. Slum population in Solapur**

Year	Authorized slums	Unauthorized slums	Total slums	Total slum population	Total slum area (Sq. Km)
1976	--	--	119	113425	1.28
1985	139	34	173	188450	2.33
2010	159	61	220	225725	--

*Source:* SMC slum data

While high export and domestic earnings of the powerloom industry have secured favourable policies and schemes from the state and centre, the economic gains of this industry have not translated into tangible gains for city governance, which is extremely weak. The disconnect between the substantial revenues generated in the city and the poor financial status of the SMC highlights fundamental problems in the structure of fiscal decentralization of the state government, problems that are exacerbated by the uneven spatial development and disparities in access to resources of core and *haddawadh* areas.

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<sup>5</sup> Gunthewari developments are defined by the Maharashtra Gunthewari Vikas Act 2001 as the formation of plots unauthorisedly by subdividing private lands and transferring them to persons for the construction of dwelling units. Since these subdivisions are usually in multiples of a guntha (approximately 1000 sft), such developments are some times referred to as Gunthewari developments.

Based on a case study of Solapur city, this paper explores how these cleavages and disjunctures emerged and were embedded within the city's spatial, industrial, social and political development. It is in understanding these historically located processes, the paper argues, that we can achieve a better grasp of the governance situation that the SMC grapples with today. The paper is based largely on in-depth semi-structured interviews of experts on the powerloom industry, of owners, of workers at the workplace and in the home, of local and state government officials (both elected and bureaucratic), of owner and caste associations and of trade unions in the city. A review of literature and a host of government orders, minutes of meetings, and policy documents was also conducted as part of the study.

## **2. Industrial and spatial growth and evolution of powerlooms in Solapur**

During pre and post independence period, textile industry and bidi industry played a vital role in giving direction to economic and social development of the town. Though post independence period has changed the form and scale of these industries, they are important industries even today. Besides these there are oil mills, foot-wear manufacturers, tin-smiths, printing presses, pulse makers, sugar factories, bakeries, and furniture makers. In recent years, education, medical services, garment and real estate have also emerged as important industries.

### ***2.1 Structure and organization of powerloom industry***

There are three types of organisation engaged in woven cloth in India: handlooms, mills, and power looms. The literature is rich with descriptions of the differences among these three forms (T. Roy 2004; RoyChowdhury 1995). The mills integrate processes (spinning, weaving, processing), use hierarchical organization and were usually established by members of trading and resource-rich communities. Handlooms and powerlooms both operate via decentralized systems of production which do weaving in-house and depend on other firms for yarn and processing. The main difference between them is the energy used in driving the loom. The late 19<sup>th</sup> and 20<sup>th</sup> centuries have seen dramatic changes in the relative position of these three technological-organisational models. From a position of relative strength in the latter half of the 19<sup>th</sup> Century in a variety of product markets, handlooms have ceded way to the mills and, post the 1950's, to powerlooms except for a few product markets<sup>6</sup>. Roy (2004) describes how handloom units often transformed themselves into powerloom units due to the latter's greater competitiveness<sup>7</sup>. Production in the mills, on the other hand, flourished up to the 1960s but then started giving way to powerlooms. Solapur's textile industry replicates this broader trend. Juni Mill alone employed

<sup>6</sup> See T Roy's Indian Handlooms in the Twentieth Century pg 134 for more details.

<sup>7</sup> Since old second-hand looms were quite similar to handlooms, the move to powerlooms represented a natural avenue for mobility for handloom weavers in the city (Roy 2004).

about 60,000 people when it closed in 1962.

The textile industry is among the SME intensive sectors in India, largely due to government policies post Independence that focused on promoting decentralized small- scale production that was labour intensive. An important feature of the industry's organization is the dispersal of production into powerloom units. Each unit comprises four powerlooms and is registered under different names, usually of family members of the owner, despite production of all units being carried out under one roof. This was done by powerloom owners to take advantage of the policy provision that treated units with less than five powerlooms as equivalent of handlooms for tax purposes (in force till 1977) and to avoid paying social security benefits to workers. Till today, powerloom owners in Solapur register their looms in units.

Initially powerlooms produced material from plain powerlooms but then the jacquard innovation<sup>8</sup> was introduced in Solapur which gave a unique name and brand to Solapur products. Using jacquard, Solapur factories come out with designs and colour shades that are highly customized depending on particular geographical markets. Employing designs with intricate designs and colours requires in-house processing of dying and designing, both of which become key processes that define the factory's trade secrets (Interview factory owner)<sup>9</sup>. While this makes Solapur products unique because they can be custom designed specifically for different consumer markets, this also increased the cost of production. This separated the medium factories who do many processes under one roof from small and micro factories who mainly concentrate on weaving and produce fewer products (often only towels and shatranji or carpets) that are of lower quality and less intricate design.

The medium-sized powerloom factories cater to both export and domestic markets, with the majority of small and micro factories catering only to the domestic market. Around 50% of small and micro factories operate on a job work basis, locally called *asami* system, where they are provided with the essential raw materials (i.e, yarn) by financiers or seths and get cloth woven on a piece-rate basis by getting paid only production costs. *Asami* seths are usually Marwaris. The loom owner's objective is clearly to pay his workers as little as possible per meter in order to make the maximum profit after paying off the *asami* seth. Small and micro factory owners sell their (unbranded) textile products to traders or agents while medium-sized factories owners usually have their own marketing outlets.<sup>10</sup>

<sup>8</sup> Jacquard is an attachment to a powerloom that enables making of designs on cloth that is woven.

<sup>9</sup> Now due to computers the designing part is often outsourced but the dying can't be outsourced.

<sup>10</sup> There are about 200-300 small and medium level traders and 4-5 big traders who deal in the domestic market, while there are about 6-7 big traders who deal in exports usually operating through a cartel.

In the industry's heyday (approximately 1980-1994), there were about 25000 powerlooms but today sector experts say that only about 16000 of these are operational. Further, they argue that of these 16000 only about 5000 operate with a high level of efficiency in medium-sized factories with the remaining being indebted and doing low quality, *asami* work in small and micro factories (Interviews). About 9,000 powerlooms are located in special industrial estates (such as the MIDC estates in Solapur) and about 7,000 are dispersed in the eastern part of the city. Out of about 650 powerloom owners in the city, 15% own medium-sized factories (having more than 70 powerlooms) and 85% have small and micro factories (20-30 looms and 8-12 looms respectively)<sup>12</sup>. As can be seen, there is little difference between small and micro factories but a substantial difference between small/micro and medium factories. Today, operating a powerloom factory has meant adjusting to increased international competition at a time when the industry is plagued with outdated technology, poor marketing, and lack of working capital. This has led to increased devastation of small and micro- scale industries in Solapur.

The structure and organization of the industry in the city has led to polarizations between medium-sized factories who are able to garner the benefits of state policy and planning and small/micro factories that do not. It has also led to cleavages between the owners of medium-sized industries that have employed various strategies to concentrate their profits while the rest of the industrial and working classes face informal, precarious conditions at work and at home. These differences also manifest in the living spaces of owners and workers, with the latter living mostly in informal settlements in the Eastern part of the city and, because of their tenuous security, dependent on negotiation with politicians to access local amenities. The following section explores how these disconnects have emerged and come to be inscribed in the industrial, spatial, social and political development of the city.

## ***2.2 The mid 1960s- mid 1980s: growth of powerloom industry and development of informal workers' settlements***

### *2.2.1 The Padmashali community and the growth and unity of small and micro powerloom factories*

In Solapur the Padmashalis are one of the numerically dominant communities representing about 80% of owners in the powerloom industry and the majority of workers. Informal estimates from key informants put the number of Padmashalis in the city at 4 lakhs. Juni Mill's closure in 1962 marked an important shift in the

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<sup>11</sup> Sector experts argue that of these 16000 only about 5000 are operating with a high level of efficiency with the remaining being indebted, and doing low quality, *asami* work (Interviews).

<sup>12</sup> These figures are estimates obtained from industry associations and, as such, tend to underestimate the number of small factories.

fortunes of powerlooms. Approximately 30% of mill workers migrated back to their native place in Andhra Pradesh or to other textile centres like Bhiwandi. Out of the remaining, those with sufficient capital (mostly Padmashalis) purchased mill looms secondhand in a bid to start small powerloom operations. In the early years of the powerloom industry's growth, the majority of Padmashalis were workers or owners of small and micro factories, there were no medium-sized factories, and there were few differences between owners and workers as most owners had once been workers and often pitched in when workers didn't show up for work.

In 1976, the Central Government enacted the Urban Land Ceiling and Regulation Act (ULCRA)<sup>13</sup>. This served as an important trigger for large land owners in Solapur to (illegally) sell lands designated as 'excess' lest they be acquired by government under ULCRA. The supply of land was matched by the demand for land by Padmashalis who had bought secondhand powerlooms from Juni Mill and wanted to set up small powerloom enterprises. During the '70s and '80s a brisk sale of land using promissory notes or affidavits ensued<sup>14</sup>. This facilitated the shift of the powerloom industry from west to eastward direction, from the railway station area where the mills and worker housing were located to the area around Akkalkot road extending in a swathe from the core city to areas outside the city.

In 1970, a Maharashtra Industrial Development Corporation (MIDC) industrial estate was declared for Solapur as part of the state government's strategy for promoting industrial development. Land acquisition for the estate soon started on Akkalkot road, which was in East Solapur, outside the municipal limits. An immediate outcome was a rise in land values in this area (Interview MIDC official). Those power-loom owners who were politically connected and better-off managed to lease plots inside the estate, several of them re-locating here from core city localities to take advantage of better services and cheap and legal land<sup>15</sup>. While MIDC Akkalkot records register 70% plots leased to textile units, in reality 90% of the leased out plots in MIDC are occupied and operated by power-loom operators or

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<sup>13</sup> Once land is designated as 'surplus' under ULCA, all legal transactions on the land are frozen; the owner has to surrender it to the state government for a very low compensation. In order to make some money of their land, owners therefore started selling it illegally.

<sup>14</sup> The only proof of transaction was a 'promissory note' (vachan chithi) or an affidavit by the agent substantiating the transaction. Many transactions were not even 'promissory note' but were made on plain paper and were neither notarized nor registered in registrar's office. Agents through a 'power of attorney' started collecting monthly or weekly installments from the purchaser.

<sup>15</sup> MIDC estates charge a token of Re 1/yr as rent for lease of the land. Leases are granted for 95 years and will be renewed after that period. The land provided has all the necessary planning and land use permissions and MIDC provides much better basic services than most municipal corporations in the state.

related traders through the process of sub-leasing and sub-letting. An increase in octroi levies at this time spurred several powerloom factories who were located inside the city limits to move outside city limits close to the MIDC estate to avoid the octroi charges. This resulted in a clutch of factories locating near Kumthe naka adjacent to the MIDC estate.

As the powerloom industry was growing, the Padmashali community felt the need for leveraging government subsidies for the powerloom sector. Gangadharpant Kuchal and Ramakrishna Bet emerged as visionary Padmashali politicians who led the loom business to new heights. With active support from Congress, both leaders were elected to the SMC and then became MLAs and MPs. It was through their efforts that the powerloom industry gained a voice in the state government and the Padmashali community largely controlled this voice. Aided by Ramakrishna Bet who was serving as Textile Minister in the state, Kuchal facilitated the establishment of two co-operative yarn mills (Yashwant Mill and Solapur Mill) and the District Industrial Cooperative bank in Solapur with seed capital from the state government. Kuchal also initiated the Bidi-Gharkul Scheme, a housing scheme implemented by Maharashtra Housing Development Authority (MHADA) for bidi workers using funds from the centrally administered bidi workers Welfare Fund and land from the state government acquired under the ULCRA.

With loans from the National Bank for Agriculture and Rural Development (NABARD), the Industrial Cooperative Bank refinanced small and large powerloom factories. Kuchal also devised a system of credit lending for powerloom owners under the forum of Powerloom Owners Federation (POF) to purchase yarn at cheaper rates from the cooperative mills. From the mid 70s to the early 80s Kuchal successfully united Padmashalis under his leadership and controlled access to financial institutions and cooperative schemes for the industry. All powerloom factories benefitted from the financing of their working capital by the Industrial Bank and the control of yarn rate fluctuations by the monopoly purchaser, the POF. Since the majority of powerloom factories were small, and there was little difference between owners and workers, there was a strong incentive for political leaders, such as Kuchal, to benefit small factory owners. As a result, small owners successfully accessed a substantial share of industry resources and many of them were able to buy more powerlooms and consolidate their businesses.

Workers on the other hand faced poor working conditions and informal contractual arrangements. Workers usually had a 12-hour work-day (8am- 8pm). They had no social security benefits or insurance against injury. There were few facilities in the factories for workers- there are no decent toilets and factories are usually sheds with tin roofs where the constant din of looms assaults the ears and particles of yarn dust pollute the air. Dying workers, in particular, worked in extremely hazardous conditions and the discharge from these enterprises was let directly into the city's open gutters or drains.

### *2.2.2 Emergence of medium-sized factories, political infighting within Padmashalis and growing cleavages between (medium factory) owners and workers.*

Over time the steady flow of capital facilitated the emergence of bigger owners of medium-sized factories within the Padmashali community who diversified from actual manufacturing and production to trading and marketing of products. These owners started becoming expert in exploiting government financing schemes, using subsidies for setting up powerloom cooperatives, and taking working capital loans from cooperative banks at cheap rates of interest. These owners also deployed caste solidarity to control workers, get control of the SMC and influence the local and regional allocation of subsidies for the industry, claim local informants. And yet these bigger owners did little to invest the profits of the industry into better governance of the industry and of the city as a whole, say experts. Instead they looked to consolidate their individual wealth by exploiting the textile policy regime in operation between 1948-85 to establish the growth of unregistered powerloom units and the dispersion of manufacturing over several units in order to exploit tax concessions for the small-scale sector. These dubious entrepreneurial practices had very negative consequences for the wages, working conditions and mobilizing capacity of the workers. While the New Textile Policy (1985) recommended the registration, and therefore legitimation, of all existing powerloom units, most owners continued to register only a portion of their looms thus taking advantage of government schemes and subsidies for registered firms while not paying their workers the benefits of full time staff. One of the main demands of the CITU Union is to get the unit system of production cancelled as then the entire production will be organized in terms of one factory thereby paving the way for the workers getting benefits. However, owners will not accede to this.

A major consequence of the growing disparities between bigger owners and small owners and workers was the weakening of overt caste solidarity and greater emphasis on class solidarity within the Padmashali community. This can be seen in the exploitation of Padmashali workers by big owners from their own community in the form of very low and fixed wages and poor working conditions. Importantly, class also became a marker of political party affiliation with big Padmashali owners aligning with the Congress Party and small Padmashali owners and workers aligning with the CPI (M) Party.

### *2.2.3 The CITU Union's role in worker politics and the development of (informal) workers' settlements.*

Driven by the ambitions of big owners who wanted to depose Kuchal to influence the political access and dispersal of state subsidies in their favour, an alternative

leadership emerged within Padmashalis. The cooperative institutions that had so far worked to the benefit of all owners, including small owners, started falling prey to political in-fighting within the Padmashali community and corrupt practices. Office bearers of the POF and their cronies in the yarn mills and the Industrial Bank started abusing the system of credit lending for personal gain. This resulted in the Industrial Bank and the yarn mills suffering huge losses while a select few grew immensely rich. Workers and small factory owners on the contrary found it difficult to access industry subsidies. Increasingly, they placed their faith in Narsayya Adam and the CITU Union in an effort to address their needs. His influence on the powerloom workers and bidi-workers expanded his base for the union as well as the constituency.

A corporator and then an MLA from the CPI (M) Party, Adam Master (as Narsayya Adam is popularly known) took on many issues of concern pertaining to workers wages and social security benefits. Union members told of a major strike in 1972 for an increase in wages, which resulted in 23 days in jail but resulted in a tiny wage hike of only 1 paisa per kg of woven cloth. Another worker observed that there were a few more strikes in the 80s to demand better working conditions but many of their demands were not met<sup>16</sup>. In addition to the lack of response from the state and industry to their demands, the Union faced another big threat. As the big mills closed down and decentralized powerloom factories started being established in the Eastern portion of the city, the Union faced erosion in its membership and greater difficulty in organizing workers many of whom worked out of home or did *asami* work in their bastis. This put pressure on the Union to find new ways to retain and expand its members.

Meanwhile workers faced pressure to find new land, close to their new workplaces, to settle themselves and their families. Since rents were high in the central part of the city and salaries in this largely 'working class' city were low, workers started looking for places to rent that were close to their workplace but were affordable. Most workers thought that it would be better if they stayed close to the MIDC industrial area because of the job opportunities that it offered. Large factory owners also saw opportunities in settling workers close to their factories so they would get a ready pool of labour supply. The plotting and selling of land informally became a route to building a vote bank and realizing political ambitions in local government for land owners and larger factory owners. These interests coincided with the increased pressure faced by the Union to address the needs of their workers through getting involved in slum notification and regularization of workers' settlements.

The extremely fast pace of industrial development of East Solapur led to the formation of many workers' settlements in *haddawadh* areas both by occupation, like

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<sup>16</sup> Workers' demands included a crèche for the children of women workers and separate washrooms for women workers in factories.





Pipes to be laid for underground drainage in haddawadh areas



Women making bidis in Neelamnagar, an informal settlement in the haddawadh area



Loom factories in mixed - use neighborhood of Gandhinagar on the edge of core city



Loom worker in factory cleaning thread



Transporting towels in the haddawadh, within MIDC Akkalkot estate



Transporting water in haddawadh areas



New constructions coming up in the *haddawadh* areas



New constructions coming up in the *haddawadh* areas



Poor state of public toilets in Bharatratna Indiranagar slum, haddawadh



Land reserved for a health centre In Madhavnagar now become a garbage dump



Polluted nalla in Bharatratna Indiranagar slum, haddawadh



Slush amidst newly developed tin huts in Neelamnagar in haddawadh area

Indiranagar, and by purchase, like Neelamnagar, Sunilnagar, Madhavnagar, and Basavrajanagar. Depending on their financial status, workers built pukka or kutcha constructions and settled in these localities. These settlements are all unauthorized constructions, occupying the ambiguous and highly variegated landscape ranging from slums to gunthewaris and upto but not including authorized developments. The stretch of East Solapur dominated by powerloom and bidi industries comprised a belt of various types of land use (commercial, mixed and residential) having different tenures, predominantly informal. All of these being located in the *haddawadh* areas, their access to services is uniformly poor. Sanitation is particularly bad in these areas but roads, garbage collection, water supply and street lighting are also serious issues. Given the largely insecure tenure and low level of services, settlers started becoming preoccupied with the need to consolidate their claims over the land and access better services. This demand by workers in turn, served as a trigger for the Union to change its strategy so that it was better aligned with the needs of its constituent base.

### ***2.3 The late 1980s to the present: Industry associations, dalit politics and the concentration of wealth***

#### *2.3.1 Emergence of dalit politics and the role of limit extension in creating new socio-spatial divisions*

The rise of dalit politics can be seen as a critical factor influencing the dynamics of the powerloom industry and local political economy in Solapur since the mid-80s. The entry of Sushil Kumar Shinde in the Congress served to reduce the dominance of Padmashalis in industry as well as local politics. The rise of Shinde was seen as an alternative to the politics of Gangadhapanth Kuchal and Ramkrishna Bet that was mainly concentrated on the interests and welfare of the Padmashali community, both owners and workers. As a dalit leader, Shinde provided a much needed alternative to the sizable dalit community in Solapur. Being a Congress candidate, he also enjoyed large muslim support. In 1992, in order to fundamentally alter the caste politics in the region and strengthen its political base, the new Dalit leadership approved a proposal within the SMC for expanding the municipal limits from 33 sq.km to 178 sq. km.<sup>17</sup> This brought 13 peri-urban villages within the city's fold, increased the MLA seats from 1 to 3, and enabled the reorganization of municipal wards in a manner that strengthened the new dalit leadership's grip on the region. This also changed the politics at the local level by bringing in the development context of the newly included region and opening up a new land market for existing and upcoming capitalists in the city, several of whom were bigger powerloom owners. Thus where Padmashalis had been dominant in influencing local and regional politics, their

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<sup>17</sup>The State Government amended the Development Plan to include the *haddawadh* areas in 2004 when Sushil Kumar Shinde was Chief Minister.

power was reduced, and the large numbers of Padmashali workers who were already poor became poorer and powerless.

By the early 90s, the growing need to influence industry policy at the national level and within the city to its advantage led to the formation of an industry association, the Yantramag Dharak Sangh (YDS). YDS bitterly opposed the limit extension proposal since this would mean that MIDC Akkalkot, where many factories including the YDS office was located, would come within municipal limits. This would make factories liable to pay higher municipal taxes and also make the SMC with its limited finances responsible for infrastructure provision in the MIDC estate, which the YDS didn't want. After the limit extension occurred, the SMC had to take on the burden of providing basic services to an additional 145 sq. km with no addition to their staff or capacities. Despite the lucrative MIDC Akkalkot estate coming within its jurisdiction, its capacity to enforce property tax and tariff collection is low which meant that the SMC couldn't fully realize the revenue generation benefits of the MIDC estate coming within its fold. The quality of service delivery to MIDC has fallen as a consequence, leading to even greater resistance and lower tax compliance by companies within MIDC Akkalkot.

The trend of enterprises that want to pay lower taxes and thus locate outside city limits but use the city's services is a long established one and exacerbates the financial weakness of the urban local body (ULB). Additionally, the state government, and not the ULB, has traditionally garnered tax revenues from industry and shaped industry policy leading to a situation where local politicians do not concern themselves with economic development or revenue generation for the ULB but merely with expenditure allocations. This can clearly be seen in the ways that *haddawadh* areas outside MIDC Akkalkot promise their votes to local politicians in exchange for upgrading their service levels. Where there is no clearly established voting constituency, such as MIDC Akkalkot, politicians feel little incentive to improve services, as can be seen by the non-provision of city bus service to MIDC Akkalkot. The burden of non-provision falls most heavily on the urban poor who have to walk or cycle for upto an hour (one way) from their homes in the city to MIDC Akkalkot, which is particularly hard on older workers and women workers. The owners of larger factories can opt out of public service provision by traveling in their private cars.

### *2.3.2 Industry associations, state policy and increasing disparities post liberalisation*

With liberalization and the opening up of the economy, Chinese towels started flooding the market and Solapur towels faced tough competition since Chinese towels were cheaper than them. Many smaller factories and export agents went out of business and even bigger players were suffering. YDS formally made

representations on behalf of its members to the Centre and state government on export-import policies, tax waivers, cotton yarn policies, and financial packages for making the industry more competitive. The Government of India responded favourably by undertaking various measures to support Indian firms in export markets. In 1992, it started the Export Promotion Council to provide exporters with a list of companies who were potential buyers in foreign markets and a slew of preferential policies. Informants estimate all exports from Solapur to come from medium-sized factories and the real benefits of exporting accrue to these bigger players who have the requisite capital, knowledge, business connections and ability to travel in order to build export markets and buyers and comply with the international standards and documentation that is required. Preferential policies for exporters (such as loans at a subsidized rate of interest of 9%) aggravate the disparities between medium factories that export and small and micro factory owners (who take loans at 14-15% interest).

Another important measure taken by the Government of India was the creation of a scheme focused on modernization of infrastructure through the Technology Upgradation Fund Scheme (TUFS). TUFS promotes bigger factories with few workers because auto looms involve investing a large amount of capital that locks the owner to a particular technology and product quality; if market preferences or technology should change, the owner could lose heavily. It stands to reason that only big owners can take such risks. The new Textile Policy of 2000 builds on these measures to promote large capital investments by including spatial policies such as the setting up of textile and apparel parks and cluster development approach. Through active lobbying from its industry associations, Solapur has benefitted from these policies: a terry towel cluster<sup>18</sup> has been established by the Ministry of Textiles as well as a second industrial estate, MIDC Chincholi, on the Pune Road that is designated as a textile zone. All these benefit medium-sized factories located in legal premises unlike the bulk of small and micro factories that are located in informal bastis. Modernization is also seen as a strategy for owners to avoid the problem of worker shortage (Interview owner). Rather than improving working conditions, wages and providing job security, bigger owners would rather go in for auto looms or bring in cheaper migrant labour, say union workers.

YDS also boasts negotiating a subsidized rate of electricity for loom owners from Government of Maharashtra (at Rs 1.72/unit), a subsidy comprising approximately

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<sup>18</sup>In the late 90s the Technology Development Fund (TDF), an industry association that invests in technological innovations and capacity building of powerloom owners has been formed. TDF has worked in close cooperation with the Ministry of Textiles on developing and implementing the cluster plan for Solapur through projects like the Textile Centre Infrastructure Development Scheme (TCIDS).

Rs 5000 or over the last ten years. This is practically the only benefit accruing to small and micro factory owners and gives them an incentive to become members of YDS and (partially) register their enterprise. In 2003, during a downturn in the industry, YDS was also instrumental in petitioning the State Government to act in their favour. The State Government constituted the Awade Samiti (chaired by Prakash Awade, an MLA) to review the need for remedial measures. YDS was successful in lobbying the Awade Samiti who recommended a waiver of 50% of the principle amount and 5% of the interest amount for factory owners burdened with debt. These recommendations were implemented in 2004. Medium-sized factory owners in particular have benefited from being members of YDS and TDF and they form its most important constituency base.

Well-organised and politically connected industry associations have not just lobbied for their interests with government but have actively sought to distract policy attention away from workers' issues and resist the improvement of working conditions (Interview union activist). Workers bemoan the fact that the Awade Samiti made separate recommendations for improving the working conditions of workers and yet no action was taken on these recommendations, only on the recommendations for owners. Whichever factory one visits in Solapur, there is remarkably little variation in wages for different tasks in the production cycle. Much probing elicited that industry owners informally fix these wages along with a meager annual increment. Despite its interventions, the Union has been ineffective in increasing this wage. The table below reveals the wages for different stages of work in powerloom factories.

**Table 3. Deciphering wages in powerloom industry**

<b>Name of process</b>	<b>Type of worker</b>	<b>Wage/month</b>
Doubling/kandi	mostly female	3000-3500
dying	male	3600
cleaning thread	unskilled, mostly elderly	1500-1600
winding/comb	Mostly female	2000-2400
warping	male	2000-2400
reeling	mostly female	3000
Jobber	male	6000
weaving	male	3500
cutting/sewing/lacing	female	2500-3000
packing	female, some male	3200

*Source:* Interviews with workers in micro, small and medium factories

Despite the growth of the industry and consolidation of profits of larger factories, working conditions remain poor. About 85% of workers do not have written

contracts and workers are paid either daily or weekly based on their output, which gives little security for regular earnings as only if the work is done is money earned<sup>19</sup>. If there is no work, workers have to wait for work. In a medium-sized factory, there might be 60 weavers employed but at any given point of time only about 40 weavers have work. These workers say they are jobless on average for 3-4 months a year. During no work periods, they are still tied to the factory; they cannot search for other work. While there are often legitimate reasons for no work periods – changing designs in between consignments, shortages of raw material and breakdown of machines – what seems clear is that the burden for these times of no-production is borne solely by workers.

High levels of job insecurity of individual powerloom workers lead to increased poverty and vulnerability at the level of the family. Most male powerloom workers' spouses do bidi work at home earning on average Rs 2000-2400 per month<sup>20</sup>. While the earnings are relatively meager, bidi work possesses two major advantages. The first is that the Workers' Welfare Board<sup>21</sup> confers benefits on bidi workers and the second is that it is a flexible means of livelihood that women, including Muslim women, can do at home while fulfilling household chores. Women see bidi work as a stable supplement to the family income because there is always work even though the pay is low. Presently, there are about 70,000 registered workers in Solapur who are engaged in bidi making.

### *2.3.3 The CITU Union: the shift from workplace organization to mobilization in the bastis around housing and services*

Scholars (Agarwala 2008; Roychowdhury 2003) argue that increasingly unions and workers' parties are shifting from organizing at the workplace to mobilizing in the neighborhood. The move from strikes to raise wages for workers to the struggles for land regularization and service provision via the rhetoric of citizenship rights can be seen in the CITU Union. Many Union members observed that strikes have less and less effect and that issues for workers to mobilize around are to do with land and services: regularization of unauthorized settlements under the State Government's contested Gunthewari Vikas Act, water, healthcare, and (water, sanitation and solid waste) user charges. In keeping with this, the Union has appointed a senior member

<sup>19</sup> This also means that workers usually don't know precisely how much they earn per month.

<sup>20</sup> Women workers say that on average they can make 1000 bidis a day and the official rate for this is Rs 104.50. 10% of this is to be cut for workers' contribution to the Welfare Fund. However, most women report getting Rs 90 per day.

<sup>21</sup> Workers welfare Boards are institutions formed to implement informal workers' appeals to the state for welfare benefits (Agarwala 2008). They are usually industry-specific, funded by workers, employers and the government. The Bidi Workers Welfare Board is one of the few that is implemented by the central government and not the state government.



(and ex-corporator) to specifically work on issues pertaining to regularization, particularly in the peripheral areas of the city. The case of Madhavnagar, as told below, is important for highlighting the role that the CPI(M) Party and its Unions played in the mobilization of workers in their struggle for regularization of their settlement, a struggle that was resolved only by reaching all the way up to the Chief Minister.

### *Freeing land of 'ceiling' in Madhavnagar*

Madhavnagar was settled in the early 1980s through illegal sale of land that was technically 'frozen' under the ULCRA. Madhavnagar is located at the edge of the core city and hence has slightly better access to amenities than *haddawadh* areas. Workers of the locality formed an association called *Vinkar Vasahat Samiti* and showed great determination and strategic calculation in how they went about consolidating their claim over the settlement. Feeling the need for having their own representative in the SMC who would support their interests, they approached Sangappa Kengnalkar who was planning to stand for local councilor elections. They helped to get him elected in return for which he promised to resolve their issues and back them in their struggle. After getting elected, Kengnalkar, who also became the Deputy Mayor, managed to get approval for construction of a road, water pipeline and drainage system in Madhavnagar.

Obtaining municipal services, however, didn't resolve the issue of their illegal status as Madhavnagar's land was officially under the ULCRA, which was administered by a separate institutional apparatus set up by the State Government. Till the ceiling was revoked, residents could not start the process of becoming legal owners of their land. Madhavnagar residents decided to approach Narsayya Adam. Adam Master had been a two-term corporator and was planning to stand for state legislative assembly elections. The residents had a meeting with him in their temple premises and pledged their support to him in the assembly elections in return for him resolving the urban land ceiling matter for them. Adam Master was interested in supporting Madhavnagar residents for several reasons (Interview residents): Madhavnagar was a predominantly Padmashali constituency and Adam Master was also a Padmashali<sup>22</sup>. Madhavnagar residents were a well-organized constituency of unorganized workers, many of whom were union members, and could provide votes en bloc. Finally, and perhaps most importantly, Madhavnagar represented just one among many informal settlements of workers in Solapur and could serve as a successful model for other settlements if its regularization could be achieved through the Union.

On being elected to the state legislative assembly, Adam Master pursued the case in Mumbai with various concerned officials citing the fact that Madhavnagar residents

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<sup>22</sup> It should be noted that the language of caste was antithetical to the CPI(M)'s ideology and was not used explicitly by the Party as a means of mobilization. Yet we argue that it played a role in getting community members together and creating a bond with Adam Master.

had settled on the area without having known it was under ceiling. On his recommendation, Madhavnagar residents submitted an application to the State Government for formally revoking the ULCRA in lieu of some penalty. At that time, Vilas Rao Deshmukh was the Chief Minister (CM) of Maharashtra. Adam Master requested the CM to be lenient in the matter of deciding the penalty and the CM, who had cordial relations with Adam Master, greatly reduced the penalty to Rs 2 per sft. Usually, exemption on ceiling is given to the original owner of the land since all transactions after the imposition of ceiling are illegal and not recognized. The real victory in this case however, was that the order of exemption from ceiling was given in the name of individual plot owners of Madhavnagar and not in the name of the original landowner.

Currently, residents are at the last hurdle of the regularization race, that of getting building permissions for their already constructed houses. They claim that the atmosphere is not conducive for this struggle right now as the amount of fine which would be imposed on them would be heavy, that in order to get it reduced they will have to approach Maharashtra Government and for that they will have to take the help of some committed political leader. Since Adam Master is out of power now, they agree that their wisest course of option is to wait for him to get re-elected in the next assembly session so that he could support their case in the future.

CITU has resolved to fight for the transfer of title to workers in the future since ownership of a house helps workers avail citizenship benefits and credit (Interview CITU member). It is important to note the CITU Union's strategy in this regard, one that is both spatial and political. Spatially, it has identified a swathe of land in East Solapur between Dattanagar to MIDC Akkalkot and beyond city limits to Godutai Bidi Gharkul<sup>23</sup> where (bidi and loom) workers have settled. In these areas it has actively shaped the settling process and consolidation of claims by workers over land. The movement of workers and the formation of settlements in turn have stimulated industries to locate there, and created further demand for land and sale of layouts. In these worker strongholds, the Union has developed a cadre of leaders who work on community issues. The spatial concentration of workers has meant that the Union's political power is still strong here even while it declines overall. A Union leader boasts that about 50 corporators so far have been union members from the working classes. He contrasts these corporators to those who were land owners or land agents and who used their control over land to found settlements, thereby creating vote banks. "CPI (M) corporators have been domestic workers, garland sellers, auto rickshawalas bidi and powerloom workers. Since they come from the working classes they understand the problems that common people face, they are

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<sup>23</sup> One of the most renowned and probably the biggest housing project for bidi workers in the country is the Godutai bidi Gharkul launched in 2004 through the efforts of the Union and Adam Master. Comprising 22,000 units, almost a mini township, it was constructed through funds from the Bidi Workers' Welfare Board.

leading the very groups that they belong to” (Interview CITU leader).

#### *2.3.4 The CITU Union and housing projects in the peripheries*

While the issue of basic services is one that largely plays out at the municipal level, the issue of regularization of informal settlements, as the case of Madhavnagar revealed, or of development of new housing projects like Godutai Bidi Gharkul, is one that requires state, even central, level political intervention and accommodation. Political structures at the local level seem unfavourable to the CPI (M) as can be seen by the SMC's denial of land within the city's sprawling 178 sq. km. forcing Adam Master to go beyond city limits to acquire land for the Godutai Bidi Gharkul housing project. However, Adam Master exhibited considerable political agency in leveraging central/state funds to create this formal settlement for bidi workers. Comprising 22,000 units<sup>24</sup>, almost a mini township, it was constructed through funds from the bidi Workers' Welfare Board. When complete, Union workers say that it will house 80% of bidi workers, and many powerloom workers, in the city. What this of course means is that a substantial proportion of city workers have moved/will move outside the city's limits, thus reducing the SMC's tax base and further weakening its financial status. The Godutai Bidi Gharkul has clearly had an impact on the dynamics of growth and industry within the city despite being outside the control and purview of the SMC. Land prices in the area have risen and when Godutai was announced, for instance, big bidi brands bought land on the same road to build collection centers there assuming that bidi workers would shift to Godutai, and this is what happened.

Despite the success of its housing project, the overall decline of the powerloom industry has greatly affected the strength of the Union and the relative bargaining position of workers as a whole. The rise of regional political parties and their political aspirations has also led to the creation of other party supported unions in Solapur who threaten to erode CITU's membership and break the unity of workers' demands. In addition to CITU, the Congress supported INTUC, the Shiv-Sena supported *Kamgar-Sena* and the Maharashtra Navnirman Sena Union have also emerged as alternative platforms for workers. In search of larger support CITU is also expanding its base to include other unorganized workers like construction workers, auto rickshaw drivers, and Agricultural Producers Marketing Committee (APMC) labourers. Importantly, it actively seeks to attract minority and religious groups to be members by promising housing benefits.

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<sup>24</sup>The Godutai housing project was launched in 2004. Each unit comprised a one-room tenement of 270 sft with an open courtyard in front which people could use for future expansion. The total size is 530 sft.

### **3. Contemporary governance challenges for Solapur city**

#### ***3.1 Industry gains for individual/group benefits and not for the majority of worker-citizens***

By studying the case of the powerloom industry, the bedrock of the city's economy, we see that caste associations, industry associations and workers unions seized opportunities and crafted strategies to strengthen their individual and group economic interests but not the governance of the city itself. Owner associations have not invested the fruits of the industry in governance institutions or institutions of social reproduction that would deliver longer- term benefits for a larger section of society. In fact, by all accounts they have fixed and maintained low wages, encouraged slums and gunthewaris as low-cost housing solutions and not significantly invested in improved technology and management systems that would benefit the industry and the city as a whole. Industry associations by and large cater to medium-sized factories and the bulk of small and micro firms have little voice in shaping these institutions. Due to the Union's struggles, there have been tangible benefits to some workers in the form of housing projects through the bidi welfare board but the expansion of these efforts remains in doubt, contingent on conducive political alignments. Given the significant constraints within which the Union is operating- of low membership, political competition, and reduced relevance in the contemporary era of economic restructuring, its efficacy as the sole instrument of welfare for the masses of poor and working class seems doubtful.

An overview of industrial growth of Solapur reveals that this growth has given rise to a small stratum of rich and upper middle class but that the majority of the population still consists of working and labour classes living in poor conditions. The small stratum of capitalist elite are investing in emerging sectors like health, education and real estate but for the majority of workers there are few good job opportunities in Solapur itself. While there is continued demand for bidi workers and in fact a serious shortage of powerloom workers, virtually no new workers are entering the industry. The salary isn't enough to sustain a family and workers have no prospect of upward social mobility. Current workers have adopted both short- term and longer- term strategies to cope. One immediate response is to move between firms when better opportunities present themselves or into other jobs in the construction industry which pays higher wages or into self employment, taking up tailoring or working in readymade garments in their homes although this doesn't guarantee improved wages or job security. All workers declared that they have stopped their children from entering this industry and see education as the only hope for their children to improve their lives. Often migration to cities like Pune, Nasik, and Mumbai is seen as a route for education as well as finding a better job. Many families, however, do not have the means to access education for their children.

The future of the powerloom industry seems bleak for the majority of small and micro factory owners and workers. The impacts of the dominant industry's decline on the city's vibrancy and growth can be seen in the stagnant population, out-migration, and lack of new working population, as well as the pathetic living conditions of workers. This is coupled with the weak financial status of SMC, its poor record on service provision, and lack of leadership for how to revive failing fortunes of the town.

### ***3.2 Weak financial position of SMC and problems faced in infrastructure projects and urban reforms***

The overall financial position of SMC is extremely precarious. Octroi was the major source of revenue for the SMC (see Table 4) accounting for 55% of revenue income but it was removed in 2010. The Local body tax (LBT) that was instituted in its place was (and is) resisted by businesses for more than a year and a half as a consequence of which the SMC has been able to collect only 20-30% of the revenue collected by octroi. The SMC has therefore faced considerable shortfalls in revenue. Apart from octroi, the SMC depends heavily on income from taxes and user charges and fees since revenue grants from the state government are irregular and unpredictable. This makes the task of catering to diverse and complex needs of the city, especially of those who can't afford to pay much for services, an uphill task as is later made clear.

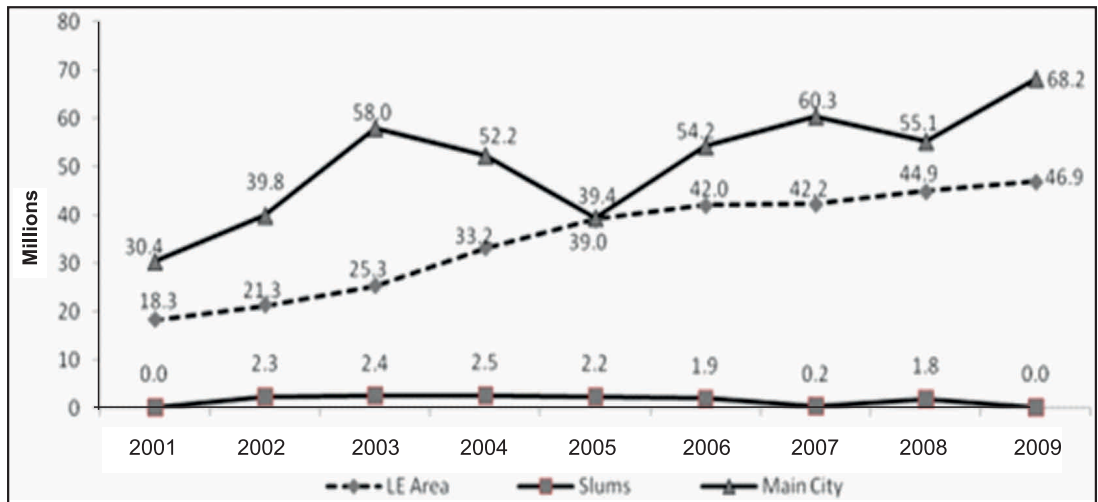
**Table 4. Composition of Revenue Income and Revenue Expenditure**

<b>Composition of Revenue Income</b>		<b>Composition of Revenue Expenditure</b>	
Octroi & others	55%	Establishment	59.02%
Municipal taxes	27.28%	O & M	30.44%
User charges & fees	14.74%	Debt servicing	9.35%
Revenue grant	2.01%	Others	1.18%

Source: Solapur CDP for UIDSSMT 2007-13

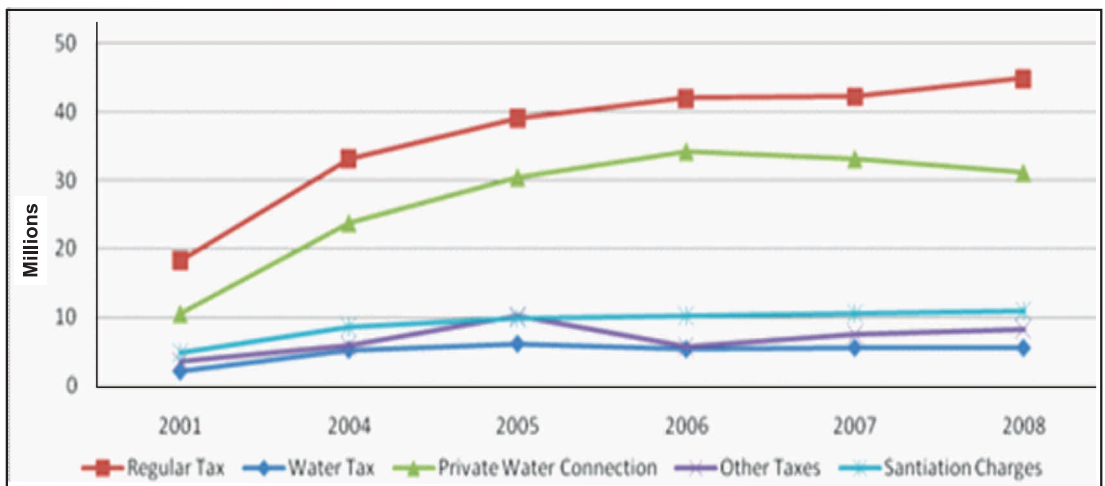
Officials of SMC revealed how the decision to extend limits was taken with no thought for the SMC's financial capacity to provide services to this expanded area to bring it on par with the main city. The pressure to generate more revenue has led the SMC to increase tax collection in *haddawadh* areas. Fig 1 reveals that taxes from limit extension areas are a significant source of income for the SMC with Fig 2 highlighting that property tax and water tax, especially new private water connections, are significant components of this tax income.

**Figure 1: Area-wise Annual Tax Collection**



Source: Solapur Municipal Corporation

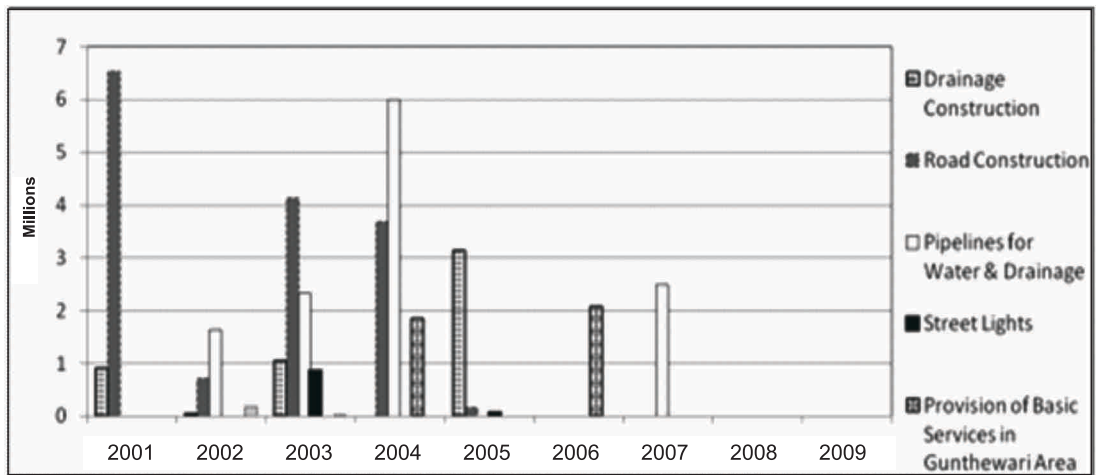
**Figure 2: Components of Tax Income from Limit Extension Area**



Source: Solapur Municipal Corporation

There seems to be a mismatch between tax collection and provision of services (i.e, expenditure on development works) in *haddawadh* areas as Fig 3 shows. While tax collection is on the rise, expenditure is on the decline. Gunthewari areas that are located in the *haddawadh* or limit extension areas register few development works and expenditure in the *haddawadh* area overall was made only in the initial years with little expenditure after 2006. This helps explain the current poor quality of basic services in the *haddawadh* areas despite a substantial tax burden.

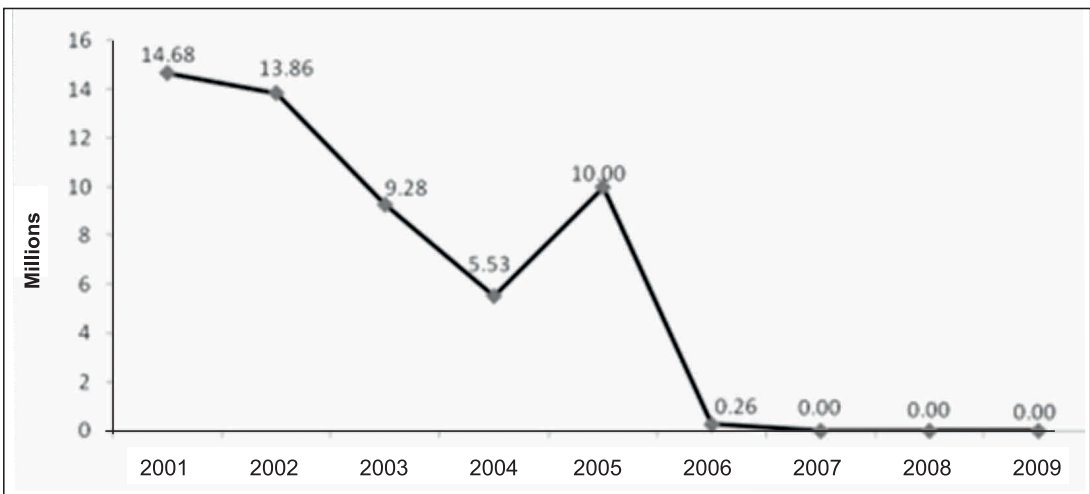
**Figure 3: Expenditure on Developmental Works in Limit Extension Area**



Source: Solapur Municipal Corporation

The expenditure data on slums is similar with virtually no expenditure after 2006 (see Fig 4) despite the substantial slum population residing in Solapur.

**Figure 4: Expenditure on Slum Development**



Source: Solapur Municipal Corporation

While one would think that the poor financial situation of the SMC and the pressure to improve services would make it apply for central government schemes like the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT), the SMC has not received any funds from UIDSSMT. The UIDSSMT

City Development Plan (CDP) for Solapur states that investment proposals for the city were to the tune of Rs 7347.14 cr<sup>25</sup>. On ground, however, not a single proposal was sanctioned under UIDSSMT due to late submissions, delays, and failure to comply with scheme priorities. This highlights how poor capacities of medium-sized towns like Solapur and top-heavy, centralized scheme approval processes can prevent smaller towns from accessing central funds.

The SMC then submitted two proposals to the Maharashtra Swarna Jayanti Nagar Utthan Abhiyan – a state level scheme which comprises 50% grant from the state government and 50% soft loan which must be recovered from the ULB – and these were approved. The first was for a water supply project worth Rs 72 crores and sanctioned in Feb 2007. The first installment only came in May 2009, the second installment was received in 2010 and the third installment was received in July 2012. SMC officials described how these delays led to a stoppage of work and a huge cost escalation of Rs 24 crores. The SMC petitioned the state government for support in this matter and in Jan 2013 it was informed that 50% of the escalation cost was to be borne by the SMC and the remaining 50% by the state government. Officials are not sure about where this money will come from. Following the launch of the water supply project, water tariffs have been hiked twice, with the second time being an increase of 25%, in order to pay for. Even though some corporators protested the hikes, the necessity to cover O&M costs was used as justification to push this through the Council. Till today Solapur residents complain that they pay extremely high water tariffs for very poor water provision.

The second project under Nagar Utthan is for underground drainage. The lack of drains and sewage treatment facilities has been a very serious issue in Solapur. While there is a sewage treatment plant (STP) it has been non-functional since the year 2000 with all the sewage from the city being disposed off in Shelgi Nullah without any treatment. To improve this situation, the SMC proposed an underground drainage scheme of Rs 100 Crores in 2006. By the time it was sanctioned in Feb 2012 project costs had increased to Rs 188 cr. The SMC took soft loans from banks in order to raise its 50% contribution of project costs and then levied (water, sewerage and solid waste) user charges in order to repay the loans. User charges were imposed on people even before the drainage lines were operational. This caused protests and agitations from residents and city corporators. User charges were stopped due to this and only re-started once the Council passed a resolution stating that people would be asked to pay user charges only once the project had been implemented in their locality and they were benefitting from the service. Despite the resolution, locals complain that they are charged user charges when they are not benefitting from water and sewerage facilities. Moreover, officials acknowledge that they prioritise service provision in areas of the city where user fee collection is high, clearly reinforcing existing disparities in access to services.

<sup>25</sup> Out of the total, water supply accounted for 46%, sewerage and transportation for 18% each, housing for the poor at 6%, and solid waste management at 5% (Solapur UIDSSMT CDP 2007-13).



Apart from numerous problems and deep contestations faced in implementation, what is striking is that the SMC focuses exclusively on 'residents' in the city and not 'workers', on service delivery for living quarters of residents but not for working spaces often found in residential settlements. This separation is seen in the ways in which infrastructure projects are designed and executed by engineers of sector bureaucracies completely separate from urban planners or industry officials who might have larger or specialised knowledge of the city and its economic activities.

### ***3.3 Urban planning and industrial development***

The role of urban planners in the city in practice has mostly to do with building permissions and little to do with understanding the economic base of the town and planning for the needs of (formal and informal) industries and workers. Limit extension has clearly been understood as a tool to urbanise and provide land for development, as can be seen from the description of haddawadh areas as “urbanizing” areas in the City Development Plan of Solapur (2007-13). However, there seem to be few concrete ideas for how this vast stretch of land can help secure the livelihoods and fortunes of the city and its people. The state and city governments seem to view the mushrooming informal settlements or gunthewari in *haddawadh* areas as a means to generate revenues through taxes, user fees and regularization schemes rather than aiming to provide for the planned development of such sites, claims a city planner. As evidence of this, he point out that the gunthewari regularization scheme (under the Gunthewari Vikas Act 2001) has been put under the charge of the Building Permissions Division of the SMC and not the Town Planning Division. Viewing the practice of urban planning very narrowly (i.e, purely relating to rents arising from building permission) has meant the wholesale encouragement of illegal (gunthewari) construction even when this is on closed nullahs and gutters due to which the existing system of water supply and sewerage network has collapsed (UIDSSMT CDP 2006; City Sanitation Plan 2010).

Formal plans and schemes typically focus on larger industries, usually composite and export-oriented in nature, and ignore the large informal sector. These entrepreneurs are doomed to negotiate their “illegal” status and engage in struggles for improving their access to infrastructure, services and resources through the democratic political process. Despite much debate on the need for decentralized governance (via the 74<sup>th</sup> Constitutional Amendment Act) and the notion that “cities are engines of economic growth”, there is little control vested with local government for formally identifying and nurturing dominant industries like powerloom. This is despite that fact that it is one of the largest employers in the city and substantially shapes local growth dynamics, and that political claims for city resources by its workers and owners constantly put pressure on the ULB.

### ***3.4. State-ULB relations and problems of coordination***

Urban local governance has undergone serious critique since the passing of the 74<sup>th</sup> Constitutional Amendment Act, for the failure of state governments to adequately decentralize powers down to ULBs and for the multiplicity of agencies and lack of coordination involved in governance and planning. Solapur also personifies this trend. From decisions on staffing to sanctioning amendments in its Development Plan, the SMC is dependent on the state government. Submitting proposals for approval up to the state government is an unpredictable and lengthy process, with different arms of the state often acting in contradiction of each other. A local planner narrated how the state government some years ago directed the city to propose slums to be taken up under the Integrated Housing and Slum Development Programme (IHSDP). In accordance with this, the SMC identified two slums but since one slum had a reservation for a public amenity placed on the land, it proposed to the state government that this land first be de-reserved and then taken up under IHSDP. While this proposal was made in 2004 and work started on slum rehabilitation, it soon stopped as the state government did not take action on de-reserving the land and the work cannot continue until this is done. Planners in the SMC profess helplessness about what to do, saying they are wholly dependent on the State Government to take a decision.

Perhaps nowhere is the failure to decentralize so marked as in the financial sphere. Table 5 reveals the unpredictability and wide variation in grants to the SMC from 2001 to 2009. Only three of these grants have been disbursed every year (Road Construction, MP Fund and MLA Fund). The Limit Extension has received grants only in 2002 and 2005. While the 12<sup>th</sup> Finance commission grant was generous, the 10<sup>th</sup>, 11<sup>th</sup> and 13<sup>th</sup> Finance commission grants did not arrive. Grants for SMC to implement the Development Plan have been minimal, reducing the plan exercise to a farce without giving the SMC the financial power to implement.

Table 5. Grants from the State and Central Government

Year	IHSDP	Road Repair & Construction	TCIDS	MP Fund	MLA Fund	12th FC	Emergency Grant for Water Supply	BOT	City Development	Basic Services in LE	10th FC	Implementation of DP	Urban Dalit Vasti Development
2001	0	108.8	0	76.8	77.5	0	20	10	0	0	0	0	0
2002	0	308.8	0	139.4	51.0	0	22	10.6	0	139	0	0	227.5
2003	0	47.6	0	30.8	10.9	0	3	13	0	0	0	9.9	0
2004	0	0.00	100	33.4	0.3	0	27	0	0	0	0	0	121.6
2005	0	65.7	72	5.4	93.4	0	0	1.20	0	200	0	0	125
2006	0	284.4	100	0.7	88.8	0	0	35.2	0	0	0	0	177.7
2007	158.5	200.9	0	18.6	81.2	555.7	0	4.4	0	0	0	4.9	158.9
2008	29.4	88.0	33.12	8.5	125.4	267.9	0	0	0	0	0	0	342.3
2009	0	1067.7	0.00	0	96.5	0	0	0	251.3	0	0	4.7	0

Source: Solapur Municipal Corporation

## 4. Conclusion

The case study of Solapur reveals the cleavages and disconnects that cut across its industrial, spatial, political and social landscape to reveal a city functioning at low levels of industrial dynamism characterized by high levels of poverty and informality. There is a deep schism between firms that make up the notional industrial cluster and garner the benefits of government schemes and those that are not acknowledged by and do not benefit from formal planning mechanisms and policies. The uneven nature of development of the dominant powerloom industry has meant that virtually all small and micro enterprises operating in unserved and unplanned areas are currently in a crisis state, while the few medium enterprises are able to garner the benefits from government policies and plans and the relative flexibility conveyed by the decentralized nature of production in a globalized world. The uneven spatial development of the city is manifested in a core- *haddawadh* differentiation in terms of quality and access to basic services, the landscape of built form and associated economies, and the politics of local governance. These industrial and spatial cleavages are intimately tied to a third disconnect: the weak financial status of the SMC despite substantial industry profits being generated there. The governance challenges this has led to are several.

How the SMC will cope with these governance challenges going forward remains to be seen. It seems clear that it needs to provide better services and access to legal land for more of its citizens and entrepreneurs, especially those living in unplanned and unserved areas. City entrepreneurs are also expanding into new service sectors like medical facilities, education and real estate and how the SMC caters to the needs of emerging as well as existing industries will be important.

Given the low level of autonomy ULBs in India possess, the SMC cannot do this on its own. It needs to demand and receive more finances and autonomy from the state government. This requires considerable political leadership at the local level supported by pressure from a range of civil society groups. By adding to the knowledge base on Solapur city's economy and governance challenges, this case study aims to contribute to the ongoing efforts by local (pressure) groups to address these challenges.

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