

SHIVPRIYA TEXCHEM · KNOWLEDGE SERIES

Malegaon. Grey fabric at the sharpest price in the country.

Malegaon weaves enormous quantities of the cheapest grey fabric in India on the thinnest margins and the longest credit. It is the clearest illustration of what unmodernised powerloom economics actually look like.

~2.5 lakh

powerlooms estimated across the Malegaon cluster

Plain looms

the overwhelming majority of the machine base

Thin

the margin that defines every decision in the town



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CHAPTER 01

What Malegaon weaves

Malegaon produces basic grey fabric — mostly cotton and blended, mostly narrow width, mostly at the low end of the quality range. It competes almost entirely on price.

PRODUCT	NOTES
Grey cotton fabric	Basic shirting and sheeting greige for processors across India
Blended grey	PC and PV cloth for the low-cost uniform and shirting trade
Narrow-width fabric	Constrained by the plain loom base; limits the accessible market
Lungi and traditional cloth	A long-standing local product segment
Job-work weaving	The dominant model, as in every powerloom town
Sizing services	Supporting industry for the loom base

The width ceiling. A large part of Malegaon's loom base is narrow. That single technical fact **excludes the cluster from home textiles and most export fabric**, and it is the clearest limit on where the town can compete.

CHAPTER 02

How thin margins actually work

Malegaon is the best place in India to understand powerloom economics, because there is no cushion anywhere in the model.

01 The weaver sells machine time

Paid per metre or per pick. Fabric price movements do not reach the loom owner.

03 Yarn is financed by the trader

The loom owner rarely has the working capital to buy yarn outright.

05 Utilisation is everything

With margins this thin, an idle loom is an immediate loss, not a deferred one.

02 Power dominates cost

Electricity is the largest controllable cost. Tariff changes move the whole cluster.

04 Credit chains are long

Payment terms stretch, and a default anywhere propagates backwards quickly.

06 No reinvestment capacity

Margins do not fund loom replacement, which locks in the technology gap.

Malegaon is not underinvested because its weavers are unwilling. It is underinvested because **job-work margins mathematically cannot fund a shuttleless loom.**

CHAPTER 03

How the cluster is organised

Like Bhiwandi, Malegaon has almost no nationally recognised company names. Its structure is thousands of small proprietors coordinated by traders.

WEAVING UNITS

Small proprietor loom owners.

01 Small loom owners

The large majority — often fewer than twenty looms

02 Mid-size weaving sheds

Units with a hundred or more looms

03 Shuttleless converters

The small modernising minority

04 Weaver co-operatives

Collective structures for shared services and credit

05 Family weaving units

Household-scale operations, often multi-generational

TRADERS & FINANCE

The parties who own the goods.

01 Grey fabric traders

Owning the yarn and the cloth through the chain

02 Yarn suppliers

Financing the input side on credit

03 Commission agents

Matching orders to available loom capacity

04 Local finance providers

Working capital outside the formal banking system

05 Processor buyers

Processing houses sourcing greige directly

SUPPORT SERVICES

The enabling layer.

01 Sizing units

Warp preparation for the weaving base

02 Warping houses

Beam preparation services

03 Loom repair workshops

Maintaining an ageing machine base

04 Spare parts traders

Components for plain and semi-automatic looms

05 Transport operators

Fabric movement to processing centres

CHAPTER 04

The loom base and why it persists

Malegaon's machine base is dominated by old plain looms. This is not an oversight — it is the rational outcome of the cluster's economics.

LOOM TYPE	SHARE	WHAT IT MEANS
Plain powerloom	Dominant	Cheap to buy and run; narrow, slow, limited quality
Semi-automatic	Some	Marginally better output and consistency
Rapier	Small	The modernising minority, usually better capitalised units
Air-jet	Very small	Rare; requires capital and reliable power the cluster lacks
Handloom	Residual	A surviving traditional segment

Why not upgrade

A shuttleless loom costs many times a plain one, and job-work rates do not repay it.

Subsidy limits

Modernisation schemes exist but require matching capital the weaver does not have.

Power reliability

Shuttleless looms need stable power. Interruptions damage both fabric and machinery.

Skill

Operating and maintaining shuttleless looms requires training the cluster largely lacks.

CHAPTER 05

The town behind the looms

Malegaon's weaving industry is inseparable from its social structure. Understanding that is part of understanding why the cluster behaves as it does.



Malegaon, Maharashtra - Photograph: Zaki.anwar — CC BY-SA 4.0, via Wikimedia Commons

- **Weaving is the town.** A very large share of local employment depends directly or indirectly on the looms.
- **Household enterprise.** Many units are family operations where home and workshop are the same building.
- **Skill is inherited.** Weaving knowledge passes within families rather than through formal training.
- **Vulnerability is collective.** A demand downturn or a power tariff rise affects the whole town at once.

CHAPTER 06

What holds the cluster back

Malegaon's constraints reinforce each other, which is what makes the cluster's position so difficult to change.

- **Thin margins.** No reinvestment capacity, which locks in the technology gap indefinitely.
- **Narrow looms.** Excluded from home textiles and most export fabric by width alone.
- **Power cost and reliability.** The largest controllable cost and a persistent operational problem.
- **Credit fragility.** Informal credit chains transmit a single default across many units.
- **Overcapacity.** Loom capacity exceeds demand, keeping job-work rates permanently depressed.
- **Infrastructure.** Civic and industrial infrastructure lag the town's density.

CHAPTER 07

What is actually shifting

Change in Malegaon is slow and concentrated among the minority of units with access to capital.

SHIFT	WHAT IS HAPPENING
Selective modernisation	A minority of better-capitalised units converting to shuttleless
Wider widths	Some investment in wider looms to access home textile greige
Solar power	Rooftop solar to control the dominant cost line
Co-operative structures	Collective purchasing and credit arrangements
Government schemes	Modernisation and cluster development support, with uneven uptake
Diversification	Some families moving out of weaving into trade and other work

CHAPTER 08

Buying grey fabric from Malegaon

Malegaon offers the sharpest greige prices in India, and the quality and width constraints that come with them. Both facts should inform the decision.

01 Confirm width first

The narrow loom base is the binding constraint. Establish achievable width before anything else.

03 Inspect at greige stage

Grey faults become permanent once dyed. Inspect before the fabric goes to processing.

05 Specify the yarn

Grey quality is largely determined by the yarn the trader bought. Ask about it explicitly.

02 Match tolerance to loom type

Plain looms cannot hold export tolerances. Be realistic about what the fabric will be used for.

04 Establish who owns the goods

You are dealing with a trader. Know who is actually responsible for the fabric.

06 Assess credit risk carefully

Long informal credit chains here carry real counterparty risk. Formalise the terms.

How Shivpriya reads it. Malegaon is the right answer for **volume basic greige where price is the dominant criterion** and width and tolerance requirements are modest. It is the wrong answer for anything export-facing — and being clear about which situation you are in prevents most disappointments.

IN CLOSING

The cheapest cloth in the country.

Malegaon shows what powerloom economics look like without any cushion — competitive on price, constrained on everything else, and unable to fund its own modernisation. If you are sourcing basic greige at volume, talk to us, and let us confirm width and tolerance before price.

TALK TO US

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