CHAPTER I

DESIGN AND EXECUTION OF THE STUDY

INTRODUCTION

Silk is the most elegant textile in the world with unparalleled grandeur, natural sheen, and inherent affinity for dyes, high absorbance, light weight, soft touch and high durability and known as the “Queen of Textiles”. On the other hand, it stands for livelihood opportunity for millions owing to high employment oriented, low capital intensive and remunerative nature of its production. The very nature of this industry with its rural based on-farm and off-farm activities and enormous employment generation potential has attracted the attention of the planners and policy makers to recognize the industry among one of the most appropriate avenues for socio-economic development of a largely agrarian economy like India. Silk has been intermingled with the life and culture of the Indians\(^1\). India has a rich and complex history in silk production and its silk trade dates back to 15th century. Sericulture industry provides employment to approximately 7.56 million persons in rural and semi-urban areas in India\(^2\). Of these, a sizeable number of workers belong to the economically weaker sections of society, including women. India’s traditional and culture bound domestic market and an amazing diversity of silk garments that

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\(^1\) Agrawal, Y., 1999, Silk Brocades, Lustre Press, Roli Books, New Delhi

reflect geographic specificity has helped the country to achieve a leading position in silk industry.

India has the unique distinction of being the only country producing all the five known commercial silks namely, mulberry, tropical tasar, oak tasar, eri and muga, of which muga with its golden yellow glitter is unique and prerogative of India. The world’s raw silk production was about 1,31,479 meter in 2012. China leads the world with silk production of 1,04,000 meter or 79.1% of the produce. India is the second largest producer of silk in the world and has 17.5% share in global raw silk production. All the countries except China and India have been witnessing a declining trend in raw silk production in the last two decades. However, it is worthwhile to note whether the increasing production encompassed the indigenous people contribution and unleash the benefits to them, silk producing units have been categorized into private silk producers and the co-operative silk producers across India, the contribution of the silk producers need to be assessed in order to map-out the contribution made by the all the segments of the silk producers, thus, the present study would be propelled to make analysis of co-operative silk producers to find out the contribution towards silk sarees production in the same line. The studies also unearth the socio-economic conditions of silk weavers and their perception on co-operatives. Thirubhuvanam silk is traditionally occupied an important place in the silk industries and a particular segment of community largely engaged in this activities for a long period of time, so it would be imperative to take this silk for the study purpose in order to understand the silk production in Tamil Nadu.
Production and consumption of silk

Production of raw silk in India was 23,060 meter in 2011-12, of which, mulberry raw silk output aggregated to 18,272 meter (79.24%). The remaining 4,788 meter (20.76%) was vanyasilks. Mulberry sericulture is mainly practiced in five states namely, Karnataka, Andhra Pradesh, West Bengal, Tamil Nadu and Jammu & Kashmir jointly account for about 97% of the total mulberry silk production in the country. India is the largest consumer of raw silk in the world. As the consumption of raw silk (around 28,733 meter) exceeds the production, the additional requirement of around 5,700 meter of silk (particularly bivoltine mulberry silk of international quality) is imported mainly from China\(^3\).

Productivity of Silk

According to the annual report of Central silk board the area under sericulture has increased to 1, 81,089 Ha in 2011-12 compared to 1, 70,314 Ha in 2010-11. Year-wise incremental in the mulberry area during XI Plan is marginal, which is due to rapid urbanization in the sericulture belts, increase in input costs, labour problems, drought in Andhra Pradesh and Karnataka, and frequent price fluctuations. Though the area under sericulture has fallen significantly, the productivity levels in mulberry cocoon as well as in raw silk have been steadily improving. The main reasons behind increase in productivity are adoption of higher leaf yielding mulberry varieties, improved silkworm hybrids and better technologies in silkworm rearing and silk reeling.

\(^3\) Annual Report of Silk Board 2011-12, Central silk Board, Bangalore
Significance of Handloom silk Industry

The Handloom Industry of India is essentially a traditional one. It is also a cottage industry in the best sense of the term, as the work is done largely in the home of the weaver himself. The loom just like the plough symbolizes the ethos of India. In fact, the handloom industry along with agriculture is the mainstay of our rural economy. The handloom textile is unique to mill made textiles and it has a very good glorious heritage, over the years. Handloom goods are no longer the choice of the poor alone, but a favourite of the elite in India and abroad. Next to agriculture the handloom industry accounts most of rural employment and income. It meets about a quarter of the clothing needs of the country. It is essentially a very big labour intensive and low capital industry. Handloom assumes importance because it not only meets clothing needs of the people, but also gives expression to Indian art and culture, craftsmanship and heritage. The handloom industry, the largest segment in the unorganized sector, plays a very important role in the country’s economy. The traditional industry, known for excellence in workmanship and value addition the world over employs over seven million weavers and about four million looms. About 27 per cent of the total textile production in the country comes from the handloom sector. It is agro-based and highly labour-intensive. From very early period, this huge cottage industry was supported by the rulers and petty kings of the country and here lies the birth of co-operative movement of state support in its crude form. This is evident from the fact that even in the early centuries A.D. Indian navigators who sailed to various countries had been exporting locally produced fine variety handloom cloths only with the strong support of their petty kings and local

rulers. The organization, production and the extensive use of handloom products were supported by the local government for several centuries and these facts are referred to many a time by the old writers of the early centuries. Handloom cloth is obtained from cotton. Cotton fibers (yarn) are produced by cotton hand spinning wheels (charkas). Afterwards, these cotton fibers are dyed and woven by a handloom and thus handloom cloths are produced.

**Historical Origin and Development of Handloom Industry**

The Indian handloom textile industry has an ancient lineage and was renowned since the Indus valley civilization of 3,000 years B.C. During the mogul period, among cottons the muslin of Decca was the most famous. In silks, the choppers’, bandanas and corals of murshidabad were particularly fine, and the woolen shawls of Kashmir and Amritsar were very popular in Europe, especially France during the mid-nineteenth century. Throughout the century the European demand led to a phenomenal expansion of Indian trade in her cotton and silk manufactures. In the early days of colonialism, from Clive’s victory at Plessey in 1757 to the abolition of the East India Company’s monopoly in 1813, the handicraft industries still managed to export substantially, partly by trading with the company. As the handloom industry is an employment oriented industry today, it provides direct employment to about 100 lake persons for their livelihood in the country in weaving and other connected activities of handloom.

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Handloom Industry in India

Handloom industry is the most important and the largest one in India. Handloom weaving is in vogue from the ancient days and there are a large number of people who are still earning their living by it. To provide effective support and protection to this sector, a co-ordinate national policy has been evolved by the Government of India through which it is hoped to Amelia-rate the living standard of the weaver. As the handloom weaver is at present poorly served in most of these respects, a massive national Handloom Development Programmed had been launched to ensure adequate and timely supply of yarn, dyes and chemicals at reasonable prices to the weavers and to get rid of the fear that his product may not be sold. In India, handloom societies are concentrated in the small segment and are mainly concentrated in different parts of the country. On attaining independence, Government of India rightly recognized the important role that the industry can play well and a number of policy measures were formulated and executed to bring the industry on sound footing. India is an agricultural country. But, the age old handloom industry gets the second big occupation in the decentralized sector of the country with 3.8 million meter handlooms, with an average annual production of 2900 million metres of handloom cloth and this constitutes one third (1/3) of the country’s total cloth production.

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Handloom Industry in the Indian Perspective

Handloom weaving is the India’s biggest cottage and labour intensive sector, which has been playing a very important role in the country’s economy by forming part of India’s rich heritage and exemplifying the rich artistry of the weavers. The artisans of India are famous for hand spinning, hand printing and hand-dyeing. They are accustomed to the art of weaving as a hereditary occupation. There are historical records to show that handloom fabrics of India had established their reputation in the international market long before the historic Industrial Revolution in the West and the Indian handloom fabrics received popular patronage and adorned regal personages, besides having received acclaim abroad in the olden days.7 As an economic activity, the handloom sector occupies a place second only to agriculture in terms of employment. The sector with about 23.77 lake handlooms provides employment to 43.31 lake persons. Of which, 77.9 per cent are women, and 28 per cent belong to scheduled castes and scheduled tribes. However, this sector is confronted with various problems, such as, obsolete technology, unorganized production system, low productivity, inadequate working capital, conventional product range, and weak marketing links. Handloom sector has always been a weak competitor against power loom and mill sectors. But the significance of handloom industry needs to be looked and assessed from the point of view of the number of people deriving their livelihood from this sector. Unfortunately, the Government of India has only meted out raw deal to the handloom sector through its successive Textile Policies.

The Role of Co-operative Movement and the Growth of Handloom Industry

Development of the Handloom industry on co-operative lines was the cardinal element in all the plans. Co-operation has the advantage of bringing freedom and opportunity of people with benefits of large scale management and organization. Co-operative societies are expected to perform functions of bulk purchase of raw material, raise capital by the issue of shares, procure finished goods from members and minced them on favorable terms. The first Handloom Weavers Co-operative Society was formed in 1905 after the Co-operative Societies Act had come into existence. From that time onwards, the number of weavers’ co-operative societies has been increased. Co-operative of Handloom has been one of the major strategies of the government for bringing handloom weavers to an organized forum for production. It has been the policy of the State Government to channelize all the government assistance to the handloom weavers through the weavers’ co-operatives. Organization of industrial weavers’ co-operative societies has been one of the important schemes implemented by the state government for the welfare of the loom less weavers.

Silk Production in India

Indian ‘silk industry’ is very ancient and mainly cottage based till today, right from cocoon (raw material) production to fabric manufacture. The term ‘industry’ has been widely defined as “manufacturing through organized activity”. However, a look at the silk industry in India, finds it as mostly unorganized existing in the form of a farm sector and or a cottage industry. India ranks second in respect
of world raw silk production\(^8\). It is this position, as one of only two major silk producers in the world, and from its employment potential, that sericulture and silk derive their importance in the Indian textile map. Silk as produced by cultivated silk worm was at one time the most priced of all the textile fibers. The biggest strength of the Indian silk industry is that India happens to be the only country in the world which produces all the four types of silk namely, mulberry, tassar, eri and muga. Yet, currently, India produces only 15,000 tonnes of raw silk per year against the annual requirement of 24,000 tonnes.

India continues to be the second largest producer of silk in the world. India has the unique distinction of being the only country producing all the five kinds of silk like, Mulberry, Eri, Muga, Tropical Tasar and Temperate Tasar. Sericulture is an important labour-intensive and agro-based cottage industry, providing gainful occupation to around 7.25 million persons in rural and semi-urban areas in India. Of these, a sizeable number of workers belong to the economically weaker sections of society. There is substantial involvement of women in this Industry. In India, Sericulture is mostly a village-based industry providing employment opportunities to a large section of the population. Although Sericulture is considered as a subsidiary occupation, technological innovation has made it possible to take it up on an intensive scale capable of generating adequate income. It is also capable of providing continuous income to farmers. India is the second largest producer of silk in the world with an annual silk production of more than 21,000 meters tonness in 2011-12. Although, all the known varieties of silk, viz., Mulberry, Eri, Muga and Tasar are produced in India, Mulberry silk is the most

popular variety. Mulberry silk alone contributes more than 80% of the Country’s silk production. Silk and silk goods are very good foreign exchange earners. Export potential of this sector is promising as silk production in Japan is declining and that of China, the largest silk producer the World, it is stagnant. The present global scenario clearly indicates the enormous opportunities for the Indian Silk Industry. In India, because of the prevalence of favourable climatic conditions, mulberry is cultivated mainly in five states, viz., Karnataka, Andhra Pradesh, Tamil Nadu, West Bengal and Jammu & Kashmir. These five states collectively account for 97% of the total area under mulberry cultivation and 95% of raw silk production in the country. Now, as a result of growing realization, sericulture is gaining ground in non-traditional areas too.

Silk Handloom Industries in Tamil Nadu

Tamil Nadu has weavers who have migrated from other states. Many of these migrants are from Saurashtra and Andhra Pradesh. Some of the Saurashtrians migrated more than 700 years ago. The Tamil Nadu weavers belong to the mudaliar. The Tamil Nadu Handloom weavers cooperative society limited popularly known as “co-optex” was established in 1935 under Co-operative Societies Act with the main objective of organizing and promoting the handloom industry in Tamil Nadu on a commercial basis. In Tamil Nadu, Erode district handloom societies occupy a prince position; particularly handloom bed sheets are most popular in the southern parts of the country. Against this back ground, it will be worth understanding the performance of leading handloom societies. Tamil Nadu occupies the third position

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Reddy, S.N. and Jayaram, H., 2001, Performance of primary silk handloom weavers cooperative
in the country with regard to the production of handloom cloth. During the year 1989-90, the approximate production of handloom cloth by the co-operative sector is about 136 million metres with regard to the productivity per loom, the average daily production works out to 4.8 metres per day per loom, as against the national average of 5.1 metres per day. There is a need to improve the productivity of the handlooms substantially. Tamil Nadu handloom industry produces a wide range of products meant for export mancent. Madras check lungies, Real Madras hand kerchieves, Kancheepuram silk sarees, terry towels, furnishing materials produced at Karur, Chennimalai areas are the product ranges being exported from Tamil Nadu. To increase the earning of the handloom weavers and to alleviate their poverty, the government has set up four co-operative intensive handloom development projects at Kancheepuram, Erode, Salem and Madurai and two export production projects at Karur and Kurinjipadi with all essential infrastructural facilities for production of handloom cloth. TamilNadu ranks first in the country in the achievement of the co-operative coverage of handlooms. There are still poor loom less weavers working under the master weavers in the private sector. Government intends providing a package of assistance to these weavers in terms of capital assistance and state participation in the weavers’ co-operative societies. There were 2,077 primary weavers’ co-operative societies as on 28th February 2012.

**Silk weaving in Kumbakonam Taluk**

Weaving is the important occupation in the district next to agriculture. Though weaving is undertaken as a main occupation in all parts of the district, it is

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mostly concentrated in four taluks, viz., Thanjavur, Papanasam, Kumbakonam, and Thiruvidaimaruthur. Of these four taluks silk weaving is more popular in the last two taluks. In the district, handloom weaving is undertaken and there is no power loom here as in Salem and Coimbatore districts. Weaving of both cotton fabrics and silk fabrics are undertaken in the district. But in all aspects silk weaving out-numbers the cotton weaving in the district and this point is substantiated from the information given by the Assistant Directorate of Handlooms and Textiles.

**Research Objectives**

- To study the profile of the co-operative silk in Kumbakonam Taluk
- To find out the capacity utilization of silk producing units under study
- To know about the marketing strategies of co-operative silk producers in the study area
- To analyse the problems and prospects of co-operative silk producing units under study.

**Statement of the Research Problem**

In spite of implementation of various development schemes to protect the silk handloom industries, the handloom sectors did not improve as it was envisaged. Co-operative coverage was 85 per cent out of the total products. The inherent weaknesses of the handloom industry like weak organization, officialisation of handloom co-operatives, inadequate credit from financial institutions, inadequate
and poor infrastructure have made it more vulnerable to competitions from the organized mills and the decentralized Power looms sector. The steep increase in silk yarn prices, heaps of unsold stock, delayed payments to primary societies by the Apex societies and the poor marketing conditions have further deteriorated conditions. This actually poses a real problem to the poor and deprived handloom.

Traditionally, a class of handloom weavers is working under the Master weavers’ for daily wages. These dependent weavers do not have their own looms and are under the clutches of Master Weavers. The first and foremost measure adopted was the restriction of the weaving capacity in the organized Mill sector. The additional cloth requirements were to be met mainly by the handlooms. One of the major problems faced by the handlooms societies is the inadequate supply of yarn in hank form.

Another major problem of the handloom industry is marketing. There is no clear mechanism to transfer market intelligence to handloom weavers. Technological backwardness is create problem to the industry. High cost of production to this industrial sector also leads the problems to both silk producers and the marketers.

The competition from Power looms is another serious problem afflicting the handlooms of the different areas. Yet another weakness of handloom industry is its unorganized character. Eventhough the handloom industry of Thanjavur District has a long heritage, traditional value and global market changes, performance of the co-operative system in deciding the decisive factors of the silk production in the region, it is really a mystery to note that the real silk handloom weavers of the district have a very low living standard. Their social and economic conditions are at a very poor condition. Plethora of the studies on the chosen domain have concentrated on performance of silk co-operatives, socio-economic conditions of
the handloom weavers, but none of the studies have introspected strategies adopted by the silk producing units to withstand in the changing business environment and how the customers have perceived about the quality of the sarees produced, the present study holistically encompassed all the issues to tried to understand the issues in business environment along with the social dimension.

**Research Problem and the Parameters to be examined**

As specified in the objectives the parameters to be examined under the research problem are:

- Capacity utilization in co-operatives silk producing units
- Progress and working of silk producing units and sales and the strategy adopted
- Marketing methods practiced by the units.
- Socio-economic conditions of the silk weavers

The objectives set forth clearly indicate the areas of handloom silk industries to be examined. These constitute the parameters to be examined which are investigated through primary data obtained through personal interviews with the study units. Statistical techniques employed for examining these parameters are explained under the methodology aspects in the subsequent paragraph in this part of the thesis.
Need of the Study

Silk Industries in India has been confronted with an increasingly competitive environment due to: liberalization of the investment regime in the 1990s, favouring foreign direct investment at the international level, particularly in socialistic and develop in countries; the formation of the World Trade Organizations (WTO) in 1995, forcing its member countries (including India) to drastically scale down quantitative and non-quantitative restrictions on imports, and domestic economic reforms. Tamil Nadu is a urban centric industrialized state so it is imperative to examine the performance of silk industries in Tamil Nadu in order to understand the changing dynamics of the industrial environment and to address the issues pertains to challenges and the attainment of the silk industries in Tamil Nadu in the recent past. The present study concentrate on co-operative silk producing units in order to understand the performance of the silk producing units, challenges, production process and socio-economic conditions of the weavers, thereby address the performance of co-operative silk producing units since co-operative activities is the nodal agency and ideal process for equitable development.

Hypotheses

- Ho: Quality and customer care factors did not influence the consumer to prefer silk products from the co-operatives silk producers in the study area.

- Ho: There is no influence of business environment, Government policy and the finance on the performance of the silk producing units in the study area
Financial distress of the co-operative silk producing units have not influenced the loan availability in the study area.

Research Methodology

Sources of Data

This study is of both descriptive and explorative. The empirical data have been collected for analyzing performance of silk producing units from co-operative societies by conducting a survey by using an interview schedule. Primary data from these units were collected by using a pre-tested and pre-coded schedule by personal interview with the wearers by the researcher. Secondary data were collected from audited balance sheets of the silk producing co-operative societies, books, magazines, journals, records. Reports and published documents of District Industries Centre, Tamil Nadu Industrial Investment Corporation, Department of Statistics, Government of Tamil Nadu, Ministry of Small Scale Industries and Agro Rural Industries, Government of India, New Delhi, silk board of India and from website.

Tools for data collection

Two different sets of interview schedules were framed, one addressed to the officials of co-operative silk produced societies and the other addressed to the weaver respondents. The researcher itself personally interviewed the respondent and collected the data. This study is based on primary as well as secondary data. The primary data were used mainly for evaluating the performance of silk producing units in Kumbakonam taluk. The interview schedule has been structured by the researcher and to identifying the variables to be used in the interview schedule, the
researcher conducted a trial interview with 10 silk weavers under co-operatives societies. A rough draft of the interview schedule was prepared and circulated among fellow researchers for critical evaluation. The draft was revised in little after their comments. The revised interview schedule was prepared and given to silk producing units for a pre-test. Their suggestions were incorporated and the final draft is prepared.

**Sampling Design**

The survey method was used for the study. Kumbakonam Taluk was purposely selected for the study as it is a prominent silk producing place in Thanjavur district of Tamil Nadu. All the 7 co-operative societies registered with District industrial centre were selected by using simple random sampling method. 25 respondent were selected from each society constituting a total of sample respondent were selected.

**Tools for Analysis**

Appropriate statistical tools were used for analyzing the data. To measure the growth performance, compound growth rate has been applied for each society. To test the consistency of growth performance, the Coefficient of Variation for each component for each society has been used. To analyze the factors influencing the impact of financial problems and the problem faced by the silk producing units multiple regression analysis was adopted. Analysis of Variance (ANOVA) has been applied to study the transition occurred during the study period of the co-
operatives silk producers, logistic regression utilized to understand the customer choice of silk sarees procurement.

**Limitations of the Study**

The following are the limitations of the study

1. The study in confined to the silk producing units located in Kumbakonam Taluk only.

2. The period of study is restricted for a period of seven years from 2006 to 2012.

3. The primary data collected about the opinion of weaver respondents may vary according to the situation and time.

**Chapter Design**

The report of the study is arranged in six chapters as follows:

Chapter I: Design and Execution of the study deals with nature, scope, objectives, statement of the problem, Need of the study, hypothesis, methodology.

Chapter II: Review of literature pertains to Co-operative societies and handloom, Studies pertains to silk industries, Studies pertains to socio-economic conditions of Handloom weavers.

Chapter III: illustrates the profile of silk societies and the production process of silk products have been critically examined and stemmed in the chapter.
Chapter IV: Illustrates the capacity utilization of the various co-operative societies based on plant level, capital investment level, sales level and purchasing power.

Chapter V: Analysis of the Production, sales and profitability position, functional expenditure on various overheads and the socio-economic conditions, problems and challenges faced by weavers associated with co-operative silk societies in the study area.

Chapter V: Exhibits the summary and conclusion, major findings and policy suggestions.