Chapter 2

Review of Literature

A village and cottage industry has been defined by RBI as artisans (irrespective of location) or small industries activity that is, manufacturing, processing, preservation and servicing in village and small towns with a population not exceeding 50,000 (as per 1971 census) involving utilisation of locally available industrial resources/or human skills, whose credit requirements do not exceed Rs. 50,000.\(^1\) Small-Scale industries have been given top priority in our successive five-year plans. As the capital out put ratio is relatively low in small-scale industries their development helps to promote the mobilization of material as well as human resources and offered employment opportunities to millions. Further, it helps to raise the living standards of the masses through the increase in supply of wage goods.\(^2\)

The village and small industries sector consists of traditional industries and modern small industries. The three important traditional industries of Kerala are coir, cashew and handloom.\(^3\) Several studies have been made on the performance of village and small-scale industries in Kerala. The present study is mainly focused on the handloom sector. Hence the literature review is concentrated particularly on that area.

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Textiles are one of the oldest industries known to civilization and it flourished in India from time immemorial. Indian Textile and clothing Industry Contributes almost 4% of national GDP, and 20% of manufacturing value added. It also earns one-third of India’s foreign exchange. It is the most important Indian industry, after agriculture.⁴

Handloom is the most important national traditional industry of India. The history of Indian handloom industry dates back to the epic ages. Fragments of earliest creations of India’s handloom industry were found in the excavations of Mohanjodaro. Pliny, the Roman historian of the 1st century AD, put the value of the annual cotton fabric trade between India and Rome at a hundred million sesteres (equal then to Rs. 15 million). He felt that India was drawing Rome of its gold. Handloom products in the country had attained a very high degree of perfection and reputation in the ancient Arabian and European countries. Suleiman an Arab trader who visited Kozhikode (Kerala) in 851 A.D wrote in his diary about the exquisite quality of Indian handlooms. Towards the end of the 17th century, the British East India Company exported Indian fabrics to other countries. According to Francoios Pyrard de Laval, a French traveler of the 17th century, “the Indian cotton fabrics clothed everyone-from Cape of Good Hope to China, man and woman, from head to foot”. Before the introduction of mechanised spinning, in the early 19th century, all Indian cotton and silks were only hand woven. The handloom industry is still the largest employer in the country after agriculture, with over 13 million weaver families drawing sustenance from it apart from the loom and reel-makers, dyers, warp winders, sizers and other support specialists.⁵

In Kerala, handloom industry occupies a prominent place among the traditional industries. In terms of employment it provides direct employment to 1.25 lakhs of weavers.⁶ Totally it provides employment to about 1.75 lakhs of people, directly and indirectly.

A large number of studies were conducted on the handloom industry sector. The studies are classified into three groups, as 2.1, 2.2 and 2.3. The study on an international level is discussed under the group, 2.1. The national level studies are reviewed under 2.2 and the local or regional studies are categorised in 2.3.

2.1 INTERNATIONAL STUDIES

2.1.1. The most important study on the problems of the handloom industry at an international level has made by Dr. Thirthankar Roy. He examined the complex process of transformation of handloom industry in India compared to other countries. The interesting part of his study is the presentation of comparative history of the handloom industry. According to him transitions in crafts in 18th century rural Europe was similar in outward characteristics: reduction in independent weavers to dependence on capitalists and subordination of merchant to producer. Increasing dependence within the crafts and expropriation from land, therefore, belonged to a single movement in Europe.

2.1.1.1 Thirthankar Roy pointed out that in India the motive force did not emerge out of land, for weaving was a specialised occupation even earlier, but from the market it was an externally induced change. Comparable instances were available not from Europe but from other regions of Asia. It is observed that handloom weaving in China, the Middle East and Java experienced this articulation and transformed itself. Peasant household production was significant in China but comparatively rare in India. He observed further the following transitions in the industry.

2.1.1.2 The second quarter of the 19th century witnessed decline in the industry throughout Asia and Industrial Revolution affected the competitiveness both at home and abroad.

2.1.1.3 In India and China in the mid thirties, hand spurn yarn was used only to the extent of about 17 to 20% of total yarn consumed by handlooms.

2.1.1.4 By the end of the 19th century, when the quality of the loom age statistics had improved, it was established that a reversal was underway. Between 1873 and 1907,
number of weavers has increased by 50% in Egypt while in Syria loom age doubled between 1909 and 1950. In China weaving was never seriously threatened. The mid thirties even witnessed some substitution of mill cloth with the availability of finer yarns.

2.1.1.5. It is more or less an accepted fact that product differentiation served as the basis for survival of hand weaving. The nature of product differentiation was closely similar between India and Java. The thirties saw adoption of special apparatus for decorative work in India.

Thirthankar Roy concluded his study by stating product differentiation, erosion of household units, urbanisation of handlooms, etc. To him southern weaving was more progressive than northern India.\(^7\)

2.2. NATIONAL STUDIES

Most of the national level studies are official in nature. Some of the important studies among them are the Fact Finding Committee (Handloom and Mills, 1942) the Textile Enquiry Committee (1954), the High Powered Study Team on the problems of the handloom industry (1974) and the Meera Seth Committee on Handloom (1995).

2.2.1 The most comprehensive analysis of the Indian Handloom Industry is still the report of the Fact Finding Committee (1942) constituted against the backdrop of a major crisis in the industry. The Committee, under the chairmanship of Dr. P.J. Thomas (Prof. of Economics, University of Madras), attributed the crisis to the cumulative effect of a number of factors. These included changes in the tariff policy, shift in consumer taste and competition from the mill sector. The major findings of the committee are given below:-

2.2.1.1 The old hand weaving industry using hand-spun yarn decayed during the first half of the 19\(^{th}\) century. In its place grew a new hand-weaving industry depending upon the use of mill-spun yarn, at first imported, later Indian mill-made.

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\(^7\) Thirthankar Roy “Transition in Handloom Weaving, 1900 to 1939” Ph.D. Thesis submitted to the Jawaharlal Nehru University, New Delhi.
2.2.1.2  The textile policy of the Government of India benefited the mills more than the handlooms. The import duty on yarn, in particular, placed a definite burden on the handlooms. The rise of power looms other than mills has also affected the handloom industry.

2.2.1.3. It has been found that hand-weaving was a full-time occupation for the large majority of the people engaged in it. While most of the weavers belong to the hereditary weaving castes like the Salis, Devangas, Koshtis, and Khatris among Hindus and Jolahas or momins among the Muslims, there have also been lately new entrants into the profession.

2.2.1.4. The Committee recommended the establishment of an Indian Handloom Industry Board as a semi-public corporation, for coordinating all the efforts regarding the handloom industry.  

2.2.2. The Council of Scientific and Industrial Research took up an extensive survey on handloom industry in 1957. The study focused more attention on the technical aspect of the industry viz. warping, sizing, bleaching, types of looms etc. It observed that considering the magnitude of the industry and its problems the assistance provided is inadequate and the need for more substantial help becomes apparent.

2.2.3  The High Powered Study Team constituted by the Ministry of Commerce on 29th December 1973 under the chairmanship of B. Sivaraman (Vice Chairman, National Commission on Agriculture and member, Planning Commission). The resolution setting up the Team emphasizes that the Team should study in depth the problems of the Handloom Industry and the weavers in order to suggest a programme for development of this sector during the 5th Plan period.


2.2.3.1 The Committee recommended that the All India Handloom Board should be once again brought back to its premier position as the eyes and ears of the Government of India in the matter of handloom development. The central sector financing should be with the advice of this body.

2.2.3.2 The Committee observed that a High-powered statutory All India Handloom Board is necessary to discharge the several functions, which that Board has to perform. The Board should set in motion a progress of review and scrutiny of the present situation of the handloom industry in the various states and prepare the ground for effective introduction of the schemes prepared by the study team.

2.2.3.3 The Committee suggested the creation of a separate Directorate under a Development Commissioner for Handlooms in the ministry of commerce charged with the responsibility for dealing with handloom alone.

2.2.3.4 Further, the coverage of the weavers in the active co-operative societies should be 60% of the total by the end of the 5th plan period. A purposeful programme has to be taken up to achieve this target on different lines. The study team also given valuable suggestions on technical development, mobilisation of inputs, provision of finance and credit facilities.  

2.2.4 The All India Handloom Conference held at New Delhi in February 1993 discussed the problems faced by the handloom industry in the country. In this conference several delegates expressed their ideas on different problems of the industry and they came to the conclusion that to mitigate all the problems, the government should supply yarn regularly to the weavers at subsidy rates. To provide employment on a continuous basis, the reservation items should continue and restrict the production of power looms. Marketing centres should be operated in rural areas for the products from the weavers.

Additional spinning mills should be established to increase the production of yarn and supply it to the handloom sector. 11

2.2.5 The Meera Seth Committee on Handloom Industry was appointed on July 1995 to review the impact of the Government of India’s policy on Handlooms (1985). The High Powered Committee headed by Meera Seth, former member of the Planning commission, describes how the handloom industry fared during 10 years after the implementation of the Textile Policy of 1985. The implications of government textile policies are crucial to any understanding of the current status of the industry. The phenomenal growth of the power loom sector at the cost of the handloom sector is due at best to the apathy and at worst to the active connivance of government officials. 12

2.2.6 Rao S.J. pointed out the declining employment opportunities in the handloom industry. The weavers were trying to change their profession and to go to alternative jobs. Because of inadequate financial support from government the weavers were facing the problem of hike in raw material cost, scarcity of necessary inputs, lack of proper production, marketing and financial facilities. 13

2.2.7 Rejuladevi A.K. suggested that the government should take care of the handloom industry by allocating huge resources for the development of the industry. The handloom industry in recent years has fallen into deeper crisis, because of lack of adequate financial support. Socio-economic condition of the majority of weavers is not in a better position and the weavers are trying to give up their profession and go to alternative works. 14

2.2.8 Another effort to analyse the nature of cotton handloom industry in India revealed that the major evil in the handloom industry is master weavers. Mahapatro P.C. pointed out that the master weavers have become exploiters of the poor weavers. However, the growth of the co-operative sector might lead to automatic shrinkage and ultimate extinction of the master weaver system.\textsuperscript{15}

2.2.9 According to P. Kotaiah, the root of the recent crisis in handloom industry in the ‘New Textile Policy’ announced by the government of India in the year 1991, which is favourable to large-scale mills and power looms. The scarcity of the yarn is the cause for loss of employment. To overcome this problem he suggested that yarn to be distributed to the weavers at 40% subsidy rate.\textsuperscript{16}

2.2.10 Asha Krishna Kumar points out the need for the expansion of domestic and international market for Indian Handloom products. It is argued that in the era of globalisation when the market is flooded with textiles from China and other countries, the regional specialisation of handlooms, of which the list is endless, can be used to provide a well-defined product identity. For this purpose the identities of handloom fabrics must be respected, protected, and reinforced.

2.2.10.1 For attaining the above objectives the role of designer in the production/marketing chain has to be redefined to support, and strengthen, the large and dispersed producer base. It is commonly found that the entrepreneur restricts the colours and designs to the fast selling items.

2.2.10.2 Another important observation to be mentioned here is that all government sponsored research into cotton breeding since independence has been to produce yarn best suited to machine weaving. There is a need to develop some varieties specific to

\begin{footnotesize}
\begin{enumerate}
\item Mahaptra P.C. “\textit{Economics of Cotton Handloom Industry in India}, \textit{Asia Publishing House, New Delhi}, 1986.
\item Kotaiah P. “\textit{Loom Tragedy}, Frontline, 3rd July, 1992.
\end{enumerate}
\end{footnotesize}
handloom weaving. This can be done along with the development of technology for local, small-scale processing for ginning, which would eliminate the need for baling and blow-room processes, which are inevitable for baled cotton.

2.2.10.3 It is argued that the technological improvements in the handloom sector are manageable in terms of cost and skill-by weaving clusters, weaving organizations and individual weavers. In fact, the technology of the loom has the advantage of being affordable and accessible to large numbers of people who have no other work option. Recently some weaving centres such as Pochampalli in Andhrapredesh witnessed growth with the use of new technologies and innovative marketing.

2.2.10.4 She concluded that handloom production must be made more challenging and interesting. There is also a need for detailed region-specific research. The condition of handloom weavers is still pitiable. With a fraction of the support that the state extends to other branches of the industry; handloom can be transformed into an engine of rural revitalisation.  

2.2.11 Impact of new economic policy on small industries has studied by Dr. M. Soundarpandian and C. Rajkumar. They enquired the performance of production, employment, and export of small-scale industries in India during the period before and after the new economic policy. The study found that the production of SSI sector in general has increased during the post-liberalisation period. The level of employment has risen. Export of SSI sector has also increased. It is observed that the small-scale industries in India face several problems related to location of industries, lack of skilled labour, industrial sickness, marketing and competition etc.  

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2.3 REGIONAL STUDIES

The third group of studies can be categorised as those relating to specific areas, regions or states. There are several studies on this area. The important studies are discussed below:

2.3.1 The study on handloom industry in south India by K.S. Venkataramanan is an early attempt at studying the industry of a particular region. After discussing the production and marketing structure in the region, he explains the nature of relationship between production and marketing. To him, the system of production determines the method of distribution. When the production is more organized, as in handloom factories, marketing is done through a plethora of agencies like commission agents, mail order houses and so on. 19

2.3.2 The ‘High Level Committee on Industry Trade and Power” appointed by the State Planning Board, Kerala, has examined the various problems faced by the handloom industry in Kerala. The Committee felt that there was a strong case for re-examination of the policy of conversion of handlooms into power-looms. Therefore, the committee recommended the Government of Kerala to support such a policy.

2.3.2.1 The Committee reported that enforcement of a real wage policy might be one of the solutions to prevent handlooms shifting from Kerala to Tamil Nadu. The Committee recommended that Kerala weavers should also be encouraged to concentrate on export of high value items.

2.3.2.2 In order to increase productivity and reduce physical strain on the weavers the Committee strongly recommended modernization of looms. The Government might take up this technological up-gradation of looms in a phased manner.

2.3.2.3. The Committee also recommended rigorous enforcement of regulations for the production of hank yarn. In the setting up of new spinning mills, priority should be given to weaver’s co-operative spinning mills and necessary credit for setting up of the mills may be made available from the All-India financial institutions.

2.3.2.4. The report concluded by stating that efforts should be made to re-establish export market for Kerala handlooms. An efficient market intelligence system may be established in importing countries to find out consumer preference in the type of fabrics designs etc.\(^{20}\)

2.3.3 In the handloom industry labour shortage was a serious problem due to the prevalence of extremely low wage rates. Manuel P.M., in his dissertation, observed that though a weaver is skilled, he was paid less that other skilled workers like a carpenter or mason. He found that inadequate credit facilities and challenges from the mills and powerloom sectors reduced the production and the demand of handloom textiles. The decline in demand leads to the decline in the level of utilisation capacity.\(^{21}\)

2.3.4. Mathew George has focused his study on various problems and prospects of the handloom industry in Kerala with special reference to price, profitability and employment. He pointed out that handloom industry has a great potential for the utilisation of human resources on a large scale.

2.3.4.1 He analysed the organization of handloom industry in Kerala, by explaining the independence and interdependence among the various sectors with in the industry. The traditional nature of the handloom industry is also described. Price fluctuations of yarns, dyes and chemicals have decreased the profitability in this sector. Problems such


as stiff competition from the mill and power loom sectors led to the underselling of handloom fabrics below the normal profit. Problems such as low wages, mismanagement of the co-operative societies, etc are also discussed.

2.3.4.2 The study recommended the formation of social security schemes for the weavers, introduction of All India Wage Policy in the handloom sector, introduction of “Yarn Quota” system, setting up of a joint export promotion wing by the Handloom development Corporation and of the HANTEX, etc. 22

2.3.5 Pyaralal Raghavan’s study on the traditional co-operatives, titled “The Dynamics of Industrial Co-operatives: A study of Traditional Industries”, examined the general crisis of the industry and its impact on the performance of the co-operatives in traditional industries with the case study of handloom, coir and beedi industry.

2.3.5.1 His study on handloom co-operatives revealed that the record of the handloom co-operatives in resolving the crisis was mixed. Although it facilitated a significant increase in the wage rates, the number of days of employment decreased. The major hurdle has been the failure of the central co-operatives to enhance sales to fully utilize the productive capacity of the industry. The bureaucratic and the quasi-governmental structures that the apex body turned out to be was insensitive to the constraints on the expansion of sales due to the relatively high price of handloom goods as well as the failure of the industry to diversify into new products.

2.3.5.2 The study also expressed that in Kannur, north Kerala, which had a tradition of better industrial organization, superior technology, conscious trade union movement and co-operatives had performed slightly better in all respects compared to south Kerala.23

2.3.6 Mridul Eapen underlined the dismal performance of the handloom co-operatives. While examining the functional performance of the HANTEX, the study argued that the society had not only a poor financial track record, despite active funding by the government, but also failed to discharge its primary function of assisting primary weaver’s co-operative societies satisfactorily. This failure, the study attributed to, the incompetent marketing strategy of the society and its organisational failures. 

2.3.7 Greeshma S. points out that the handloom co-operatives are not functioning in a manner that would attract a large number of weavers. They have failed to ensure a regular supply of yarn to the weavers and are most often dominated by a few individuals. She observes the process of de co-operativisation in the handloom industry.

2.3.7.1 The study found that the production of handloom cloth is exhibiting a declining trend over the 10 years. Further, the co-operative societies suffer from several bottlenecks such as lack of enough funds both for working capital as well as for modernization, low level of education of workers, managerial inefficiency, lack of research and development, organizational rigidities and so on.

2.3.7.2 The study suggested a dynamic marketing policy, gradual diversification in production, reduction in the production of dhotis and a shift towards the production of saris. Production design must also to be changed. New varieties with new designs, colour combinations, which are attractive, should be produced with out increase in price. Further, in order to ensure the efficient working of handloom co-operatives the government should allot huge resources and timely distribute the rebate allowed to the co-operative societies.


2.3.8 P.K. Premavathy examined the prospects of modernisation of handloom industry in Kerala with special reference to Ernakulam district. The study recommended modernisation at all levels of production to reduce cost of production and for enhancing productivity.

2.3.8.1 The study found that handloom workers are not fully employed in the district. It is pointed out that the benefits of central and state government’s policies are not reaching the real workers of the industry.

2.3.8.2 It is found that there has been no significant change in the pattern of production and products. Average output per day of the worker is found below the standard productivity of 5 metres.

2.3.8.3 She observed that handloom workers have low wages and poor living conditions. Most of them are having small semi-finished houses. Nearly 50% of workers have land holdings less than 5 cents.

2.3.8.4 The study strongly recommended stringent central government policies to control irrational yarn price fixation by the mills. Lack of training and paucity of funds were found as the two major factors that limited the adoption of modern techniques in weaving. Therefore she recommended financial subsidies for the implementation of modernisation in weaving and free training for the weavers. 26

2.3.9 Crisis in handloom sector during the globalisation period has analysed by V. Krishna Anand. He examined the plight of several hundreds of handloom weavers in the country, Tamil Nadu, in particular.

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2.3.9.1 He argued that handloom workers are unable to implement modern methods in weaving since they are not wealthy. Hence they cannot produce stuff that would ‘compete’ in the world market.

2.3.9.2 He pointed out that crisis in the handloom and power-loom sectors are similar. There is no market for the goods produced and the weavers are immiserised further due to their debt burden. To him, the only remedy to this crisis could be drawn from the legacy of the ‘swadeshi movement’. It is necessary for the large number of unions and associations to launch a campaign and change the mindset within these organisations should wear hand-woven clothes. The domestic market can be created through a campaign of this kind among the middle classes of society. 27

2.3.10 One of the important studies on the traditional sector has made by Dr. M.A. Ooman in 1972. He analysed the working of development programmes for the growth of small-scale industry with reference to two major traditional industries of Kerala, namely coir and handloom. The major development programmes, which have been the subject of investigation, were:- (a). The modernisation of traditional sector, (b). The industrial estate programme, (c). Rural industries project and (d). Special programmes of assistance namely finance, marketing and services.

2.3.10.1 The study concluded that the development programmes for the promotion of small-scale industry have by and large failed to fulfill their objectives. He recommended that the introduction of modern techniques in the traditional sector have to be a gradual process to avoid large-scale displacement of labour. 28

2.3.11 The growth performance of small industry in Kerala has critically examined by K.K. Subrahmanian and P. Mohanan Pillai. Using the census of small-scale industries

27 “Crisis in the Handloom Sector”, V. Krishna Anand, the Hindu national daily, September 10, 2002.

data for 1997-73 and 1988, the change that has taken place in the various indicators of
growth such as number of units, output, value added and employment are examined.

2.3.11.1 The study showed that, although small sector did grow in numbers, the rate
of growth of its value added, employment and other indicators was very poor in
comparison to All India ratios. Growth of small sector compared poorly with the all
India figures as well as the other southern states in terms of size and factor productivity.
The average size of small units has also declined. In the structure of industry there is a
predominance of resource-based industries like wood and wood products, food products,
rubber products and non-metallic products and a total lack of modern engineering
industries. It is found that this position remained the same even in 1987-88 thereby
indicating that there has been very little diversification in the small-scale sector in Kerala.
Methods like location coefficient and specialisation coefficient were used to arrive at this
conclusion.

2.3.11.2 The study concluded that the poor performance of the small industry in Kerala
was due to structural factors (like size, industry etc), and earlier policies of the state have
not been able to tackle these problems. New strategies to overcome the problems have
to be worked out. The study recommended an industrial strategy that encourages inter-
firm, inter-scale and inter-product dependence that would bring about economies of
scale.29

2.3.12 K.K. Subrahmanian has made a study on the industrial growth profile of
Kerala, compared to Karnataka and Tamilnadu during the post-liberalisation era. To
him, an open-economy perspective is necessary to understand the process, problems
and prospects as well as to design policies of industrialisation of the state.

2.3.12.1 He observed that the nineties (Post-liberalisation era) recorded real growth in NSDP by manufacture at a rate higher than the eighties (planning policy period) in Kerala. However he pointed out that the liberalisation policy, especially its globalisation component, unless properly modified, modulated and monitored in contents and speed to the region-specific conditions, can impose unbearable burden upon the local producers to survive and grow in the wake of ever changing technology and unfair competition of the global players. Therefore he suggested a selective and discretionary approach to the open-economy policies (e.g. on imports and tariff rates) to minimise the distortion effect of free trade on local production in the States with regional specificities.

2.3.12.2 He found that, unlike the neighbouring states, Kerala persists with a concentrated and lop-sided industrial structure marked by the disproportionate higher shares of a few local resource-based traditional industries. A diversified industrial structure is essential for promoting inter-dependent growth of the manufacturing industry based on the inter-industry linkages. Kerala does not present such a positive picture.

2.3.12.3 The author highlighted the reasons behind the shyness of private-sector capital in Kerala. In particular, the investor’s perception of Kerala as a “labour problem” state with labour militancy, high wages, etc may not be based fully on empirical evidence or objective conditions. Yet, the investor’s perception is there. And in fact, the high wages, obstructionist attitude, militancy in bargaining of the “organized” casual workers especially head-load workers, certainly raise psychic-cost to the entrepreneurs. Further, the transaction cost of industrial investment and operation is relatively high in Kerala as compared to neighbouring States.

2.3.12.4 He argued that the recent development process in Kerala marked not by the expansion of the traditional industrialisation based on cheap raw material and labour, but by the quick transition to a knowledge-based, skill-intensive and digital economic activities or the new service economy.
2.3.12.5 He concluded that the pro-market economic liberalisation policy environment is a more pragmatic option than government-controlled planning policy for the accelerated industrialization and economic development of the Kerala state in the contemporary conditions. However, his study neglected the performance and prospects of traditional industries during the post-liberalisation era.  

2.3.13 The Plan Committee on Industry and Information Technology reviewed the performance of handloom industry in Kerala during the ninth plan period. They found that the handloom sector witnessed slackness during the ninth plan period, in spite of all efforts and due priority. The Plan Committee underlined that the handloom industry in Kerala is very bad hit by the crisis within the industry as well as falling incomes and market shares on account of mechanisation and globalisation of the textiles market. It is reported that problem like competition from cheap power-loom fabrics, clothes dumped from neighbouring states, scarcity of quality yarn, cost escalation of dyes, chemicals and yarn, and lack of adequate market. It is reported that problem like competition from cheap power-loom fabrics, clothes dumped from neighbouring states, scarcity of quality yarn, cost escalation of dyes, chemicals and yarn, and lack of adequate market avenues are the main obstacles in the path of development of the handloom industry. 

2.3.14 Recent incidents and reports reflect the crisis and woes faced by the handloom sector in Kerala. The recent report published in The Hindu, titled “Chendamangalam’s hour of woes” presented the problems and new crisis of the handloom sector in Ernakulam district. The industry is mainly concentrated in Paravoor taluk in the district and within the taluk, Chendamangalam weaving has a traditional reputation. The report focused on the inability of handloom sector to adjust itself to the changing times. A rough estimate  

31 Report of the Plan Committee on Industry and Information Technology (Tenth Five Year Plan), Kerala State Planning Board, October 2002.
says that the sale of products from five of the cooperatives near Paravoor during the previous festive season hovered around Rs.2 crores. This is just 50% of the sales two years ago.  

2.3.15 The editorial published by Mathrubhumi Daily on 11.2.2003 focused on the recent crisis faced by the handloom sector and other traditional sectors. They analysed that marketing is the main problem faced by the traditional industries in Kerala. To them, a new “swadeshi” movement can resolve the problem of marketing faced by national traditional industry like handloom.  

All the above studies reveal that there is a research gap to examine the impact of globalisation on village and traditional industries in Kerala. Handloom Industry occupies a prominent place among the village and traditional industries in Kerala. It provides employment to about 1.75 lakhs of people, directly and indirectly. Liberalisation and globalisation policies have already adopted by the central and state governments. The performance and prospects of traditional industries in Kerala, especially handloom, may be affected by such policy changes. However, the impact of globalisation on the traditional sector, (especially on handloom sector) has not been studied. Government of India has declared Kannur district in Kerala as the Town of Export Excellence for handloom industry. However, the researchers and policy makers often neglected the central/Ernakulam region though the major share of handloom products in Kerala are marketed (especially by HANTEX) in this region. Chendamanglam ‘Kaithari’ has a domestic market as well as international reputation.

Production of Chendamangalam Kaithari is concentrated in Ernakulam district. Moreover, handloom is the major traditional industry in Ernakulam district. Therefore Ernakulam district is selected for the case study.

Chapter 3

PERFORMANCE AND PROSPECTS OF VILLAGE INDUSTRIES IN KERALA

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3.9.1 Industrial Scenario of Kerala.

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3.9.3 Industrial Structure of Kerala

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3.11 Kerala Khadi and Village Industries Board (KVIB)

3.11.1 Schemes of the Board

3.12 Performance of Khadi and Village Industries in Kerala

3.12.1 First Phase of Economic Liberalisation

3.12.2 Second Phase of Economic Liberalisation

3.13 Prospects and Scope of Village Industries in Kerala.

3.14 Conclusion