Chapter 4

Performance and Prospects of Handloom Industry in Kerala

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.¹ It is the most important Indian industry after agriculture. The Indian textile industry is extremely complex and valid with handspun and hand-woven sector at one end of the spectrum and the capital-intensive sophisticated mill sector at the other.

4.1 History of Indian Handloom

Handloom is one of the most important ancient national traditional industries of India. Historians consider India as the birthplace of cotton. 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. Kautilya’s Arthasasthra written in third century B.C mentions that cotton fibres of the western part of India were excellent. Handloom products in the country had attained a very high degree of perfection and reputation in the ancient Arabian and European countries.

Many foreign travelers and historians had noted the importance of handloom industry. 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). 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 AD 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 mechanized spinning, in the 19th century, all Indian cotton and silks were only hand woven.

The British traders established a series of factories at Katch, Ahmedabad, Surat, Calicut and Cochin and many other places. Since 1919, the movement for encouraging ‘swadeshi’ cloth had been slowly spreading and hand-woven goods were receiving the patronage of the people. In fact it had been recognized as the duty of every patriotic minded Indian to spin yarn regularly on either the ‘Charka’ or the ‘Takli’ for at least half an hour a day. The spirit of ‘swadeshi’ had reclaimed many old handlooms and pressed them in to active use and also had led to the establishment of new handlooms.

4.1.1 The Indian Heritage

Handlooms are an important craft product and comprise the largest cottage industry of the country. Millions of looms across the country are engaged in weaving cotton, silk and other natural fibres. There is hardly a village where weavers do not exist, each weaving out the traditional beauty of India’s own precious heritage. In the world of handlooms, there are Madras checks from Tamil Nadu, ikats from Andhra and Orissa, tie and dye from Gujarat and Rajasthan, brocades from Uttar Pradesh, Daccai from West Bengal and Phulkari from Punjab. Yet, despite this regional distinction there has been a great deal of technical and stylistic exchange.

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The famed Coimbatore saris have developed while initiating the Chanderi pattern of Madhya Pradesh. Daccai saris are now woven in Bengal. The Kashmiri weaver is known all over the world for his Pashmina and Shatoosh shawls. These shawls are unbelievably light and warm. Assam is the home of Eri and Muga silk, which are fine varieties.

4.1.2 Handloom Sector during the Post-Independence Period

August 15, 1947 marked a turning point for the handloom weavers of India. Mahatma Gandhi’s use of Charkha, the spinning wheel, as a symbol of national regeneration and subsequent focus on the handloom weavers during the freedom movement was largely responsible for the breakthrough. At the time of independence, there were about 3 million handlooms in India, largely of poor quality because of inferior raw material and ill-organised marketing infrastructure. The situation worsened in 1952 due to a slump in the textile market, which led to a heavy accumulation of handloom stocks. The All India Handloom Board was reconstituted during the year to advise the Government and propose schemes for the development and survival of handlooms. With a view to raising funds for the industry and organizing weavers co-operatives, Parliament passed the Khadi and Other Handloom Development Act in 1953.

To facilitate marketing of fabrics made in the handloom cooperatives, a national level apex body called the All India Handloom Fabrics Marketing Cooperative Society was setup in 1955. Subsequently the Weaving Service Centre and the Indian Institute of Handloom Technology were setup to provide infrastructure back up in the vital areas of applied research, service and training. The Handloom and Handicrafts Export Corporation of India Ltd. (HHEC) was setup in 1958 to promote export of handlooms. To ensure a steady supply of raw materials such as yarn, dyes and chemicals to the State Handloom Organisations, the National Handloom Development Corporation (NHDC) was setup in 1983. For the effective implementation of various schemes, the Government appointed a high-powered
study team and on its recommendations the Office of the Development Commissioner (Handlooms), a nodal agency at the Centre was setup in 1976. Since then, the Office of the Development Commissioner for Handlooms has been implementing various development and welfare schemes for the benefit of handloom weavers.

In post-independent India when the government adopted the path of modern industrialization through state centred planning to accelerate the pace of economic development, it laid equal importance on the development of labour intensive traditional industry sector such as handloom and handicrafts. In order to solve the problem of open unemployment in a labour surplus economy the government had no other option. More so, the traditional craft goods and artistic handloom fabrics reflect the cultural heritage of the country and next to agriculture this sector is the major provider of employment in the country.

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. The production of handloom fabrics has gone up from 500 million sq. metres in the early fifties to 4238 million sq. metres in December 2004. The industry directly gives employment to 120 lakh people in India. The sector accounts for 13.12% of the total cloth produced in the country (excluding clothes made by wool. Silk and handspun yarn) and also contributes substantially to the export earnings.³

4.2 PROMOTIONAL INSTITUTIONS

There are several institutions and organizations that promote the growth of handloom industry in India. Functions of some of the major national institutions are discussed below:

4.2.1 Office of the Development Commissioner for Handlooms

The office of the Development Commissioner for Handlooms is the nodal agency at the centre, which is attached to the Ministry of Textiles. It implements various schemes for the promotion and development of the handloom sector and has been providing assistance to handloom weavers in a variety of ways. Its subordinate offices are - Weavers’ Service Centres, Indian Institute of Handloom Technology and the enforcement machinery for implementation of The Handlooms (Reservation of Articles for Production) Act, 1985. This is an Act, passed by the Parliament to provide for reservation of certain articles for exclusive production by handlooms and for matters connected therewith. Office of the Development Commissioner has six regional offices at Mumbai, Kolkata, Lucknow, Chennai, Guwahati and New Delhi.

4.2.2 Weavers Service Centres

Weaver’s Service Centre is a subordinate office under the office of the Development Commissioner for Handlooms. Weaver’s Service Centres have been established by the Ministry of Textiles in almost all the States to provide technical services to the handloom sector. In Kerala, the Weaver’s Service Centre has been established in Kannur to provide technical services to individual weavers, master weavers, other manufacturers, exporters etc. in the State. Weaver’s Service Centres regularly conducts training programmes for the handloom workers. Under training programmes, the Weavers/Dyers/Printers and Designers are imparted training through in-house training courses of 4 months duration and through field training programmes under Decentralised Training of Weavers Scheme. The Decentralised Training of Weavers Scheme launched in the year 1987-88 has been modified from time to time and is still in operation.

In addition to Research and Development activities, periodical display-cum-exhibition of the designs and samples developed by WSCs are organized by
the Weavers’ Service Centres in weavers clusters spread all over the country for the benefit of handloom weavers.

4.2.3 The Indian Institute of Handloom Technology

The Indian Institute of Handloom Technology have been set up by the Ministry of Textiles under the office of the Development Commissioner for Handlooms with the following objectives:

a) To undertake experimental and research programmes.

b) To lay down the highest possible technical standard of training for the handloom industry and to devise short term and long term training programmes for technical personnel to be employed in the handloom sector.

c) To devise channels of service in order to build up the closest possible liaison between the Institutes and handloom production units.

The four existing Institutes at Varanasi, Salem, Guwahati and Jodhpur conduct 3 years Diploma Course in Handloom Technology. The Institutes at Varanasi and Salem are also conducting 1-1/2 (one & half) year duration (Three Semester) Post Diploma Course in Textile Chemistry.

4.2.4 All India Handloom Fabrics Marketing Cooperative Society

All India Handloom Fabrics Marketing Cooperative Society Ltd. is a manufacturer, supplier and exporter of Cotton Fabrics, Made-ups, Readymade Garments, Woolen Carpets Durries and Silk Fabrics. The company’s range of products includes Shirts, Skirts, Blouses, Jackets, Shorts, Dresses, Table Napkins, Table Clothes, Placemats and more. This Cooperative Society is sponsored by the Government of India as a National Marketing Federation for Inter-State and Inter Continental Marketing of textile goods. The Society is a fully autonomous member
of Weavers Co-operative Societies of the country. The society has its outlets under the name and style “Handloom House” located in different parts of the country. They also have their outlets located in Singapore and Mauritius, Export Promotion Offices at New York, USA and business associates in Japan, UK and other countries.

4.2.5 Handicrafts and Handlooms Export Corporation of India (HHEC)

The Handicrafts and Handlooms Export Corporation of India (HHEC) is a subsidiary of the State Trading Corporation of India, and came into existence in June 1962. The corporation’s policy in the field of direct exports is designed to develop new markets and expand traditional ones and to introduce new products suitable to the needs of the consumers abroad. The Corporation undertakes and executes wholesale orders, conducts retail sale operations through retail shops abroad, and participates and sells in major exhibitions of the world. HHEC also helps private exporters by affiliating them as business associates. It undertakes a number of publicity and promotional measures for the export of handicrafts and handloom products.

4.2.6 Handloom Export Promotion Council (HEPC)

The Handloom Export Promotion Council (HEPC) functions as a non-profit making company under section 25 of the Companies Act. The Memorandum and Articles of Association framed by the Council govern the company. It is a statutory body constituted under The Ministry of Textiles, Government of India to promote the exports of all handloom products like fabrics, home furnishings, carpets and floor coverings, etc. Constituted in the year of 1965 with 65 members, today it has a membership of around 2000 spreading all over the country.4 The HEPC

4 Handloom Export Promotion Council, Chennai, Google search.
functions with the main objective to provide all kind of support and guidance to the Indian Handloom exporters and the International buyers for trade promotion and international marketing. With its headquarters at Chennai and regional offices at Mumbai and New Delhi, it is administered by an Executive Committee consisting of elected representatives from the export traders, ex-officio members and nominated Government officials. The committee is headed by a Chairman, who holds his office for a period of two years along with a Vice Chairman. The secretary (Executive Director) of the council, and Government, assists the council to run the administration.

Primary objectives of HEPC are: Organizing participation in the fairs, exhibitions and buyer-seller meets in India and Abroad. It aims to provide guidance, consultation and support to the handloom exporters in view to promote handloom exports. Laying down standards of quality and packaging in respect of Indian Handlooms for export. It approves agents, representatives or correspondence in foreign markets for continuous reporting of prices, market preferences and reception accorded to Indian Handloom products.

4.2.7 All India Handloom Board

The All India Handloom Board is an advisory Board to the Government of India, which is constituted under the chairmanship of the Minister of Textiles, and Development Commissioner for Handlooms is the member secretary. The All India Handloom Board advises the Government in the formulation of the overall development programmes in the handloom sector. The Board has been established to advise the Government in order to achieve some objectives based on the development of handloom sector. These objectives are discussed in Chapter 3 (Refer Chapter 3, Page 43)
4.3 PROMOTIONAL SCHEMES AND PROGRAMMES

The office of the Development Commissioner for Handlooms has been implementing, since its inception in the year 1976, various schemes for the promotion and development of the handloom sector and providing assistance to the handloom weavers in a variety of ways. Some of the major programmes relate to:

a) Sustenance of Employment
b) Modernisation and Upgradation of technology
c) Input Support
d) Marketing Support
e) Publicity
f) Infrastructural Support
g) Welfare Measures
h) Composite Growth Oriented Package
i) Development of Exportable Products
j) Research and Development

The various schemes implemented by the office of Development Commissioner for handlooms address the needs of weavers who constitute the disadvantaged social strata and occupational groups, which are at the bottom of the economic hierarchy. Concerted efforts are being made through the schemes to enhance the income and socio-economic status of the weavers by upgrading their skills and providing infrastructural support and essential inputs. The major promotional schemes and programmes are discussed below:
4.3.1 Deen Dayal Hathkargha Protsahan Yojana (DDHPY)

DDHPY has been launched to provide assistance to the handloom weavers in an integrated and comprehensive manner. The scheme was launched on 01-04-2000 and will continue till 31-03-2007. The scheme aims at taking care of a wide gamut of activities-basic inputs, like looms and accessories; working capital loans; product development; infrastructure support; institutional support; supply of equipments and marketing support both at micro and macro levels to the handloom organizations. The handloom organizations can also get assistance under other components of the DDHPY like design input, publicity, marketing incentive and transport subsidy for North-Eastern Region, Sikkim and J&K. Prior to the introduction of the DDHPY most of the schemes were aimed at benefiting the weavers under the cooperative fold only. The DDHPY envisages covering weavers under both in cooperative and non-cooperative folds. The national and state level organizations, primary societies, self-help groups etc, are eligible to get benefit of the scheme. There is a focused emphasis on purchase and modification of looms, design support to facilitate product diversification, enhance productivity and marketability of handloom products.

The sharing of grant portion of this Centrally Sponsored Scheme, between the Central and the States is in the ratio of 50:50 except in the case of North-Eastern States, Sikkim, J&K, Uttarakhand and Himachal Pradesh where the funding pattern is in the ratio of 90:10. The Centrally sponsored plan scheme entails approximately Rs. 257 crore of central assistance during the 10th Plan period.  

5 Annual Report 2004-05, Ministry of Textiles, Government of India
4.3.2 Mill Gate Price Scheme

The Scheme was introduced in the year 1992-93 with an objective to supply yarn at Mill Gate Price to the handloom weavers through National Handloom Development Corporation (NHDC). The agencies covered up to 1994-95 were limited to State Apex/ Regional/ Primary Weavers Cooperative Societies and Handloom Development Corporations, which have been extended from 1995-96 onwards to the Handloom Development Centres and Primary Societies having a turnover of more than Rs. 50 lakhs. Since 1997-98, All India Handloom Organisations, Handloom Development Centres, approved Export Houses, NGOs etc are eligible to avail the benefit under the scheme.

4.3.3 Training to Handloom Personnel

Training in modern management techniques of production, marketing, accounting, cost analysis etc. is an essential input in the handloom development programme. There is also a need for personnel to be trained in design development and market trends. To accept the challenges and for overall development of handloom industry, the office of the Development Commissioner (Handlooms) has been implementing various training programmes to increase the know how of handloom personnel at different levels through various institutions like National Council for Cooperative Training (NCCT), National Handloom Development Corporation (NHDC), National Cooperative Union of India (NCUI) and Petrofil Cooperative Ltd. etc.

4.3.4 Weavers Service Centres

Weavers Service Centres have an important role in giving training to the handloom weavers in India. Weavers Service Centres and Indian Institutes of Handloom Technology constitute Research and Development Wings of the Office of the Development Commissioner for Handlooms. The Decentralised Training
Programme was introduced in 1987 with an objective to generate gainful employment by upgrading the skills to enhance the productivity and income of weavers. Under this programme, assistance is provided towards the cost of material, looms accessories, equipment, stipend to the trainees and honorarium to the Master Trainer. The implementation of the Scheme is made through the Weaver’s Service Centre in coordination with the State Government. 24 Weaver’s Service Centres and 4 Indian Institutes of Handloom Technology have considerably strengthened the handloom industry by providing technically trained manpower, development of new designs, improvement in weaving and processing techniques etc throughout the country.

4.3.5 Publicity and Exhibition

To provide marketing support to handloom agencies and the individual weavers the Office of the Development Commissioner for Handlooms organizes the National Handloom Expos, District Level Events, Craft Melas, etc. in different parts of the country. For this purpose, financial support is provided to the implementing agency towards infrastructure, publicity, etc.

4.3.6 Scheme for Handloom Export Development

Export of handloom has been identified as a “Thrust Area” for the overall development of the sector. In order to give substantial impetus to the export of handloom fabrics, made-ups and other handloom items from the country, scheme for development of exportable products and their marketing was introduced during 1996-97. Under this scheme, the assistance is available for developing exportable products, building up of production capability for export and thereafter for marketing it. National and State Level Handloom Corporations, Apex Cooperative Societies, Primary Cooperative Societies and Handloom Cooperative Societies affiliated to/registered with and sponsored by Councils/Corporations like Handloom Export Promotion Council, Association of Corporations and Apex Societies of Handlooms, Handicrafts and Handloom Export Corporation, Indian Silk Export Promotion
Council, National Handloom Development Corporation, etc. are eligible for assistance under this Scheme. Private handloom exporters can also be assisted through HEPC.

4.3.7 Project Package Scheme

Merging the scope of Integrated handloom Village Development and Margin Money for Destitute Weavers Scheme has modified and Project Package Scheme introduced in the year 1991-92. The restructured and expanded Scheme aims to provide necessary support in a comprehensive manner to mitigate the pre/on/post loom problems of the handloom weavers. Besides the weavers in general, those belonging to the SC/ST/Minorities/Women/People below poverty line are given special attention under the Scheme.

4.3.8 Handloom Development Centres/Quality Dyeing Units Scheme (HDC/QDU)

The Scheme of Handloom Development Centres and Quality Dyeing Units is under implementation since the year 1993-94. It was envisaged to set up 3000 Handloom Development Centres and 500 Quality Dyeing Units under this Scheme. The aim of setting up of HDCs and QDUs was to make necessary arrangements for procurement of hank yarn, preparing production plans keeping in view the market demand and set up market outlets.

4.3.9 Work Shed-Cum-Housing Scheme

The Government of India introduced the centrally sponsored scheme called “Work-Shed-Cum-Housing Scheme” for handloom weavers from the year 1985-86. The Scheme is implemented primarily with a view to provide suitable work place to weavers and thereby achieve better productivity. The Scheme is implemented by the respective State Handloom Development Corporations, Primary Societies or any other specialized agency set up by the concerned State Government.
4.3.10 Welfare Package Scheme

Welfare Package Scheme consists of: a) thrift fund scheme b) group insurance scheme c) health package scheme and d) additional benefits

a) Thrift Fund Scheme

The Thrift Fund Scheme for handloom weavers was introduced in the 8th Five Year Plan as one of the special welfare measure from the Government. The Scheme envisages the creation of a fund in the nature of a provident fund involving contribution from the members at 8% of the wages earned by them and a contribution of 4% each from the Central and State Governments.

b) Group Insurance Scheme

The Government of India has introduced a Group Insurance Scheme for Handloom Weavers from the year 1992-93. Under the Scheme a weaver is provided an insurance coverage of Rs. 10000/- for an annual premium of Rs. 120/-. The premium is shared equally among the beneficiary, Central Government and State Government.

In order to provide relief to handloom weavers, in the 50th year of independence, the Government of India introduced a New Insurance Scheme for weavers through United India Insurance Company for the 9th Plan period. The New Scheme provides enhanced coverage against various types of risk at the same premium of Rs. 120/-. The share of the Central Government has been increased from Rs. 40 per annum to Rs. 60. The financial burden of handloom weavers towards payment to premium has been reduced from Rs. 40 per annum to Rs. 20.6

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6 Ibid
c) **Health Package Scheme**

The Government of India introduced the Health Package Scheme for the Handloom Weavers during the year 1992-93. Under this Scheme weavers are provided financial assistance for the treatment of asthma, TB, inflammation of the respiratory system, cost of testing of eyes and spectacles, supply of drinking water, maternity benefits to women weavers, payment of additional compensation for permanent measures of family planning and infrastructure for primary health care.

d) **Additional Benefits**

Under the Janashri Bima Yojana, scholarship will be available to the children of handloom weavers. A scholarship of Rs. 300 per quarter per child will be paid to students studying in standard IX to XII for a maximum period of 4 years.

4.3.11 **Research and Development/Market Surveys and Studies**

The main objectives of these projects are to assist weavers through the supply of input, marketing of their products etc., to improve their living and working conditions. Some projects have been sanctioned to reputed research institutes to elicit a feedback on economic, social, aesthetic, technical and promotional aspects of the handloom sector.

4.4 **IMPLEMENTATION OF THE PROMOTIONAL SCHEMES**

All the above-discussed schemes are ongoing promotional schemes. The Central and State Governments implement the schemes through the governmental departments, Handloom Cooperatives and Handloom Organisations. However, the implementation of the schemes is limited by the availability of governmental funds. Though there are several promotional schemes, the government grants are mainly
distributed to the handloom weavers, Handloom Cooperatives and Organisations under the scheme of Deen Dayal Hathkargha Protsahan Yojana (DDHPY). Therefore it may be interesting to analyse the allotment of grants by the Central Government to the handloom sector under DDHPY during the last five years.

Table 4.1 : Grants Allotted to the Handloom Sector under DDHPY Scheme

<table>
<thead>
<tr>
<th>Year</th>
<th>Amounts of Grant - Rs. Lakhs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2001</td>
<td>1685.8</td>
</tr>
<tr>
<td>2001-2002</td>
<td>6569.3</td>
</tr>
<tr>
<td>2002-2003</td>
<td>8429.7</td>
</tr>
<tr>
<td>2003-2004</td>
<td>6683.8</td>
</tr>
<tr>
<td>2004-2005</td>
<td>4182.6</td>
</tr>
</tbody>
</table>

Source: Annual Report-2005, Ministry of Textiles, Government of India

Table 4.1 shows the amount of grants allotted by the Central Government to the handloom sector under the DDHPY scheme. It is clear that there is an increase in the amount of grants sanctioned by the Central government over the period (from Rs.1685.8 lakhs in 2000-01 to Rs. 4182.6 lakhs in 2004-05). However, it is observed that there is instability in giving grants by the government to the handloom sector, and it is declining in recent years.

4.5 NEED FOR PATENTING

Patenting of handloom varieties needs to be taken into serious consideration during the period of globalisation. ‘Textile Committee’, a statutory body under the Ministry of Textiles, is entrusted to implement a national programme for preparing the textile industry for globalisation in the WTO regime.

4.5.1 Patent for Pochampilly Sarees

Pochampilly is a small town in Nalgonda district of Andhra pradesh, a handloom cluster is known for its very unique ‘ikat’ design for centuries. The famous
Pochampilly ikat tie-and-dye saree has won Intellectual Property Rights protection. It is the first traditional Indian craft to receive this status of geographical branding. The design won protection in the Geographical Indications (GI) category. This will protect the Pochampilly handloom sari from unfair competition and counterfeit. GI is a part of the Trade Related Intellectual Property Rights (TRIPS) agreement signed under the WTO framework. GIs are defined as indications, which identify a good as originating in the territory and having specific attributes. It confers legal protection to the products, safeguarding against unauthorized use by other countries. An estimated one hundred thousand weavers in Andhra pradesh may benefit from the granting of Intellectual Property Rights to the traditional tie-and-dye fabric, which has seen falling demand due to competition from cheaper fabrics copying from their design.

Items for which GI registration is applied include the famous Kancheepuram Silk sarees and the equally famous Banarasi silk sarees from Uttar pradesh, Mysore Silk sarees, made-ups, ties and yarn have already got their registration.

### 4.5.2 Patent for Dyeing in Kerala

Mudapathi Balakrishnan from Kannur district in Kerala is the holder of a patent for dyeing fabrics with herbal extractions. The trial unit has already begun sample production of herbal cloth material for exhibiting in international handloom fabric textiles fair. The unit was inaugurated in Kannur (Nadukani), on November 2005. The unit projects medicinal values of the dyes. Therefore, the unit focuses manufacture of undergarments and bed sheets, which can discharge herbal properties useful for the body. It is expected that the concept of herbal cloth will be a commercial success.

### 4.6 PERFORMANCE OF HANDLOOM SECTOR IN INDIA

Performance of the Indian Handloom Sector can be analysed with the help of available secondary data on production and exports.
4.6.1 Production Performance

Table 4.2 Financial Year wise, Sector wise Production of Cloth

(Qty in Million Sq. Mtrs.)

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Mill Sector</th>
<th></th>
<th></th>
<th>Handloom Sector</th>
<th></th>
<th></th>
<th>Powerloom Sector</th>
<th></th>
<th></th>
<th>Hosiery Sector</th>
<th></th>
<th></th>
<th>Total Qty</th>
<th>Growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Qty.</td>
<td>Growth rate</td>
<td>% Share</td>
<td>Qty.</td>
<td>Growth</td>
<td>% Share</td>
<td>Qty.</td>
<td>Growth</td>
<td>% Share</td>
<td>Qty.</td>
<td>Growth</td>
<td>% Share</td>
<td>Qty.</td>
<td>Growth</td>
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<tr>
<td>1995-1996</td>
<td>2019</td>
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<td>6%</td>
<td>7202</td>
<td>17%</td>
<td>23%</td>
<td>17201</td>
<td>6%</td>
<td>55%</td>
<td>5038</td>
<td>34%</td>
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<td>6%</td>
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<td>5%</td>
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<td>19%</td>
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<td>-1%</td>
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<td>18%</td>
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<td>6%</td>
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<tr>
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<td>-7%</td>
<td>4%</td>
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<td>2%</td>
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<td>4%</td>
<td>5989</td>
<td>-21%</td>
<td>14%</td>
<td>26109</td>
<td>4%</td>
<td>63%</td>
<td>7868</td>
<td>11%</td>
<td>19%</td>
<td>41462</td>
<td>0%</td>
</tr>
<tr>
<td>2003-2004</td>
<td>1433</td>
<td>-4%</td>
<td>3%</td>
<td>5581</td>
<td>-7%</td>
<td>13%</td>
<td>27258</td>
<td>4%</td>
<td>65%</td>
<td>7837</td>
<td>0%</td>
<td>19%</td>
<td>42109</td>
<td>2%</td>
</tr>
<tr>
<td>2004-2005</td>
<td>1493</td>
<td>4%</td>
<td>3%</td>
<td>5705</td>
<td>2%</td>
<td>13%</td>
<td>28704</td>
<td>5%</td>
<td>64%</td>
<td>9089</td>
<td>16%</td>
<td>20%</td>
<td>44991</td>
<td>7%</td>
</tr>
<tr>
<td>2004-2005 (Apr-Oct)</td>
<td>863</td>
<td>3%</td>
<td>3%</td>
<td>3192</td>
<td>-3%</td>
<td>12%</td>
<td>16547</td>
<td>5%</td>
<td>65%</td>
<td>5016</td>
<td>8%</td>
<td>20%</td>
<td>25618</td>
<td>5%</td>
</tr>
<tr>
<td>2005-2006 (Apr-Oct)</td>
<td>890</td>
<td>3%</td>
<td>3%</td>
<td>3579</td>
<td>12%</td>
<td>13%</td>
<td>17336</td>
<td>5%</td>
<td>63%</td>
<td>5863</td>
<td>17%</td>
<td>21%</td>
<td>27668</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: Ministry of Textiles, Government of India
Table 4.2 shows that production of handloom cloth has declined from 7202 million sq. metres in 1995-96 to 5705 million sq. mtrs in 2004-05 and further declined to 3579 million sq. mtrs in 2005-06 (April to October). Growth rate has fallen from 17% to 12% and share of handloom production in total cloth production has fallen from 23% to 13% during the same period. On the other hand, the share of power loom cloth production has increased from 55% to 63% during the same period. The share of hosiery sector has also increased from 16% to 21%, but the share of mill sector has decreased from 6% to 3%. Compared to power loom and hosiery sectors, handloom sector reveals a poor performance. The cloth industry in total during the same period represents a declining trend as reflected by diminished cloth production (from 31460 to 27668 million sq. mtrs) and decreased growth rate (from 12% to 8%), during the same period.
4.6.2 Export Performance

Table 4.3: Export of Handloom Cloth from India

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>1141.4</td>
<td>1373.6</td>
<td>2008.0</td>
<td>2581.9</td>
<td>2561.3</td>
<td>—</td>
<td>1918.3</td>
<td>1980.0</td>
<td>2127.4</td>
<td>2065.0</td>
<td>2633.3</td>
</tr>
</tbody>
</table>

(Rs. in Crores)

Source: 1. Handloom Export Promotion Council; 2. Foreign Trade Statistics of India
Table 4.3 represents that the export value of handloom products has increased from Rs. 1141.4 crores in 1992-93 to Rs. 2633.3 crores in 2002-03. It is estimated that the export of handloom products has increased by 130.7% over the period with a growth rate of 27.5% during the reference period, 2002-03. Based on the export data, we can analyse that handloom industry in India depicts a better performance and good prospect.

4.7 WTO AND POST-MFA GLOBAL ENVIRONMENT

4.7.1 Multi- Fibre Agreement (MFA)

In the pre-WTO period (till 31-12-1994) the Multi-Fibre Agreement (MFA) governed the trade in textiles and clothing. The MFA was not a single agreement but a series of bilateral trade agreements between countries during the period 1974 to 1994 under which textile imports into developed countries were limited. This protected domestic producers in these countries from foreign competition. The MFA itself was the culmination of Short-term Arrangement regarding International Trade in Textiles of 1961, and the Long –term Agreement from 1962 to 1974. However these quota restrictions under the MFA did not align with the principles of the GATT, which advocated tariff-based measures rather than quota restrictions. More over, these treaties specified different quotas for individual exporting countries rather than equal treatment.

4.7.2 Agreement on Textiles and Clothing (ATC)

The textile negotiations culminated in the Agreement on Textiles and Clothing (ATC), that replaced MFA. The ATC set out a process for ultimate removal of quota restrictions over a period of 10 years. The quota removal is otherwise called “integration of MFA provisions into GATT rules”.  

The ATC covers a large number of products such as silk, wool, cotton, yarn, fabric etc. As per the ATC, the textile quotas have been phased out and textile sector fully integrated into WTO with effect from 1-1-2005.

4.7.3 India and China

In this new situation, a comparison between India and China may be convenient for our analysis. China is generally viewed as posing the biggest threat to the expansion of textile and apparel exports by India. The World Trade Organisation (WTO) predicts that, in a free market, China could capture half of the world market for textiles and apparel by 2007. China’s clothing sector is significantly more competitive than India. On an average, Chinese factories are 20 times larger than those in India and FDI investment inflows are 10 times larger. By contrast, India’s underdeveloped infrastructure, high cost of doing business, and stringent labour laws hinder investment and competitiveness.

4.8 EXPECTATIONS FOR THE GLOBALISED PERIOD

It is expected that the liberalized trade regime would result in increased global trade in textiles thus providing greater export opportunities and at the same time exposing the domestic industry to higher import penetration. The industry has to improve its efficiency and productivity to meet the emerging global competition. With the dismantling of the quota regime, the Indian textile exports are expected to receive a big push. Top textile importing countries like USA and the EU are looking towards India for meeting their import requirements. India, according to several recent studies, is going to emerge as an alternative source of supply after China

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4.9 PROFILE OF HANDLOOM INDUSTRY IN KERALA

4.9.1 History of Handloom in Kerala

Handloom weaving was traditionally associated with particular castes and communities of Kerala. In Kerala, the predominant weaving caste was ‘Chaliyans’, who migrated from other parts of India. The weavers of Travancore claim that the original ancestor of Chaliyans, the ‘Chaliya Rishi’ began weaving traditionally. The Pattaryas of Kottar and Eranial in the Travancore-Cochin State and the Chaliyans in other parts of Kerala State are instances of the Caste-Guilds which grew around the handloom weaving industry. During the reign of Vishakam Thirunal Maharaja of Travancore in the later part of the 19th century, some weaver families were brought from Thirunelveli in Madras State and settled down in Neyyanttinkara and Balaramapuram. The high concentration of the industry in this area can be attributed to this fact. The weavers have shown a rich tradition of hereditary skill in weaving in this area.

After Balaramapuram, Chennamangalam, Kodungallur, Sherthalai and Vaikkom were also important places for handloom weaving in Travancore-Cochin State. In the former Cochin State the main castes involved in hand weaving were ‘Kaikolans’ and ‘Devangas’ who were settled in Chittur, Kuttampully and Chennamangalam. The prosperity of these weavers attracted large number of weavers from other castes who were under poverty and unemployment. Even the Muslims, Nairs and Ezhavas who had learnt the techniques of weaving from Sourashtra-Chaliya castes entered the field of handloom weaving.

The entire development programmes and modernisation of handlooms were actually started in Malabar, after the establishment of the ‘Basel Mission’

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Industries of South India. Germany had established a Mission called BASEL MISSION in 1829. Apart from this, the French started to give training in weaving. They imported versatile loom and introduced design development using hooks. After the British captured India they took up and nourished handloom industry for their purposes. During this period the weavers of Kerala learned the improved techniques with their influence. The introduction of fly shuttle looms and jacquard looms by the Missionaries helped the weavers of Kannur and other centres to widen the range of their products. They were mainly table clothes, napkins, handkerchiefs, cotton check shirts, superior damask linen and so on. Later furnishings and upholstery fabrics for which the industry is now well known came into being. Gradually, it became more and more specialised in export-oriented production.

The Sree Narayana movement also augmented the integration of handloom industry by inspiring many entrepreneurs and workers to try their life in this industry to discard their traditional livelihood of toddy tapping. Many handloom centres are established in Kerala State by this change over. Gradually, weaving industry had spread all over the state with new pattern, style and innovation of loom technology. There was a gradual conversion of throw shuttle pit looms to fly shuttle pit looms.

4.9.2 Major Traditional Industry

The handloom sector in Kerala employs about 1.75 lakh of people, directly and indirectly, and this industry stands second to the coir sector in providing employment among the traditional industries of the State. The handloom industry in the State is concentrated in Thiruvananthapuram, Kannur, Kozhikode, Palakkad, Ernakulam, Thrissur, Kollam and Kasaragod districts. The ‘Kerala Kasavu Sarees’ are praised by women all over India for their fineness of count and natural colours,
texture and gold borders. Kerala is also known for the manufacture of cotton handloom crepe fabrics in Kannur, Vadagara and Kozhikode and has captured an export market. Balaramapuram in Thiruvananthapuram District is the most historically important and one of the oldest handloom centres in Kerala. The weavers belonging to Chaliyas were migrated from Nagarcoil and Tirunelveli in Tamilnadu during the period of Balarama Varma, 250 years back. Kuthampully in Thrissur District also well known for handloom fabrics. Here Devangas, migrated from Karnataka are engaged in weaving. Chennamangalam, in Ernakulam District is also an important handloom centre in Kerala. Here they have been producing the double dhoti and Mundu’ and Neriyathu’.

4.9.3 Structure of Handloom Industry in Kerala

The Handloom Industry in Kerala is dominated by the cooperative sector with 94% of the looms. Industrial entrepreneurs or the private sector owns the remaining 6% of the looms. The cooperative sector consists of factory type and cottage type societies. By the end of March 2005 there were 758 PHWCS consisting of 155 factory type and 603 cottage type societies. Moreover, among the general category, there are 52 Women Handloom Cooperatives in the State.\textsuperscript{10} District wise number of HWCS is given in Table 4.4.

\textsuperscript{10} Economic Review 2005, State Planning Board, Kerala.
Table 4.4 : District wise Number of Handloom Co-operative Societies

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</tr>
</thead>
<tbody>
<tr>
<td>Thiruvananthapuram</td>
<td>360</td>
<td>360</td>
<td>375</td>
<td>363</td>
<td>363</td>
<td>363</td>
</tr>
<tr>
<td>Kollam</td>
<td>79</td>
<td>79</td>
<td>75</td>
<td>79</td>
<td>79</td>
<td>79</td>
</tr>
<tr>
<td>Pathanamthitta</td>
<td>9</td>
<td>9</td>
<td>10</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Alappuzha</td>
<td>26</td>
<td>26</td>
<td>21</td>
<td>26</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Kottayam</td>
<td>16</td>
<td>16</td>
<td>17</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Idukki</td>
<td>12</td>
<td>12</td>
<td>10</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Eranakulam</td>
<td>32</td>
<td>32</td>
<td>26</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Thrissur</td>
<td>31</td>
<td>31</td>
<td>25</td>
<td>31</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Palakkad</td>
<td>46</td>
<td>46</td>
<td>41</td>
<td>46</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>Malappuram</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Kozhikode</td>
<td>43</td>
<td>43</td>
<td>35</td>
<td>43</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Wayanad</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Kannur</td>
<td>73</td>
<td>73</td>
<td>52</td>
<td>73</td>
<td>73</td>
<td>73</td>
</tr>
<tr>
<td>Kasaragod</td>
<td>11</td>
<td>11</td>
<td>8</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>755</strong></td>
<td><strong>755</strong></td>
<td><strong>712</strong></td>
<td><strong>758</strong></td>
<td><strong>758</strong></td>
<td><strong>758</strong></td>
</tr>
</tbody>
</table>


Table 4.4 represents that number of handloom cooperative societies in Kerala remains stagnant. The total number of societies only marginally increased from 755 in 1999-00 to 758 in 2003-04. HWCSs are mainly concentrated in Thiruvananthapuram district. Kannur district occupies the second position. The total number of HWCSs remains the same in the year 2004-05, as per the information from the Directorate of Handlooms and Textiles, Government of Kerala.

Handlooms in Kerala are mainly divided into (i) Pit looms and (i) Frame looms. They are again subdivided into different categories as given below:
### Pit Looms
(i) Throw Shuttle Pit Looms
(ii) Raised Fly Shuttle Pit Looms
(iii) Raised Fly Shuttle Pit Looms with Dobby and Jacquard
(iv) Improved Pit Looms

### Frame Looms
(i) Malabar Frame Looms
(ii) Ordinary Frame Looms
(iii) Frame Looms with Dobby
(iv) Semi Automatic Handlooms
(v) Other Special Looms.

### 4.9.4 Nature of Production

The major varieties produced in the handloom sector of the State are dhoties, furnishing material, grey saree and lungi. Estimates show that the production of these items comes to 67% of the total production. About 54% of the major items are produced in the Southern region followed by the North (32%) and Central (14%) regions. The overall production of handloom cloth in Kerala was nearly 60 million metres in 2004-05. Of the total production about 96% was contributed by the cooperative sector and 4% was by the entrepreneurial/private sector.\(^{11}\) This profile is illustrated in Figure 4.1.

**Fig 4.1 : Handloom Production in Kerala**

4.9.5. Problems of Handloom Industry in Kerala

Handloom Industry in Kerala is affected by different problems that hinder the prosperity of the industry. Some of the important problems are discussed below:

(i) Scarcity of Yarn

Local yarn dealers are the main source of raw material for the cooperative societies in the State. The apex bodies, Hanveev and Hantex, which is set up to supply yarn and other raw materials at reasonable cost to the HWCSs have not been able to make any remarkable achievement in this direction. Of the total requirement of yarn these institutions meet only 17.48%. The procurement and supply of yarn has been progressively declining over the years.

(ii) Financial Crisis of the HWCSs

Most of the handlooms weaving cooperative societies market their products through the Hantex. The products are supplied to Hantex for marketing while the payments for the supply is made once or twice in a year. As a result the working capital of the society gets blocked and at the same time the payments received from Hantex are eaten away by the interest component of the existing loan. Some societies are therefore not able to repay the loans on time. This crisis results in lack of investment funds for most of the HWCSs.

(iii) Obsolete Technology

Modification and upgradation of machines and processes in the handloom sector is necessary for lessening the strain on operations, improve quality and

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increase productivity. But, unfortunately most of the weavers and societies are resisting changes in the handloom sector. Lack of funds also hinder modernisation of looms in the State.

(iv) **Limited Product Diversification/Lack of Demand Oriented Products**

Product diversification is seldom considered in the handloom sector. Additional attachments such as dobbey, jacquard and five-wheel take up mechanism are prerequisites for producing good quality value added fabrics besides improving the productivity. Only five percent of the looms in the State have the dobbey/jacquard attachments as per the study conducted by the Textile Committee during 2003. Most of the cooperative societies (except in Kannur District) work in an environment, which are isolated from the changes that are happening around the corner. They lack access to such information for their isolation from the main stream besides funds crunch.

The purchase of ‘Grey Saree/Set Mundu’, which is the traditional dress of the women in Kerala, has been in the downward trend over the years. On the other hand, the market demands for coloured sarees are the highest among the handloom varieties in the State. But the production of these varieties is not in tandem with the demand pattern. Instead a major portion of the grey saree/set mundu is produced in southern and central regions of Kerala.

(v) **Absence of ‘Kerala Brand’**

The Kerala handloom industry needs to produce value added products that come with signature designs. The challenge before Kerala is to create this niche, like the way Tiruppur or Kancheepuram did. Unfortunately, in Kerala such signature designs are rare except in Kannur.
(vi) Excessive Dependence on Rebate System

It is observed that handloom industry in Kerala excessively depends on the Rebate System for selling the products. Handloom societies and weavers should move out from the rebate system and consider rebate only as a bonus offer. The real fact is that excessive supports hinder changes, prosperity and commercialization of handloom industry in Kerala.

(vii) Neglect of Private Players

Private sector contributes a major portion of the handloom exports from Kerala. During 2004-05, Rs. 275 crore worth of handloom goods were exported from Kannur, as per the information from the Kerala Handloom Export Organisation. There are 79 private handloom units in Kannur besides 73 registered co-operative weaving societies. However, it is alleged that, the Governments ignore the private players in handloom sector. The Kerala Handloom Exports Organisation (which is a private institution) points out that the promotional funds in the handloom sector were not often being spent in the right areas. The organisation demands Income Tax exemption to the handloom exporters. Further, they demand the implementation of the required projects, as part of the Textile Infrastructure Development Scheme at Kannur, to achieve the export target of Rs. 1000 crore within a few years.

(viii) VAT (Value Added Tax)

The State Revenue Department of Kerala has decided to impose 4% tax on garments and textiles including handlooms and silk items, though the Union Government exempts them from the purview of VAT. The Garment Dealers Association and others flay the imposition of VAT on Textiles.
Further, the industry faces some other problems such as market competition, low wages, underutilized infrastructural facilities, non-availability of trained tailors, inadequate advertisement, inadequate market information, poor performance of the apex societies like Hantex and Hanveev, etc.

4.9.6 New Development Strategy

4.9.6.1 Cluster Development

Cluster based approach is accepted for the repositioning of handloom industry in the State. A cluster can be defined as a sectoral and geographical concentration of enterprises, especially Small & Medium enterprises (SMEs), which have common opportunities and face similar threats (We have already discussed in detail the meaning of cluster development in Chapter 3).

Four Consortia had been formed in the handloom sector at Kannur, namely (i) Chirakkal Consortium (ii) Kannur South Consortium (iii) Irinavu Consortium and (iv) Payyannur Handloom Consortium. They are in the process of making innovative and trendy designs as well as new marketing networks. Garment clusters are also being developed at Idukki, Kottayam, Ernakulam, Wayanad and Kasaragod. We can summarise the benefits of Integrated Handloom Cluster Development (IHCD) as follows;

- Assistance for setting up of common facility centre and show room
- Assistance for upgradation and purchase of accessories and appliances
- Organising/participation in exhibitions/fairs
- Assistance for developing publicity material
- Assistance for declaring the cluster as legal entity
- Assistance for organization of workshops/seminars
- Market research and technical consultancy
- Cost of engaging designer as per the project price
- Organising buyer-seller meets
Under Deen Dayal Hatkargha Protsahan Yojana (DDHPY) also cluster development approach was taken as a component for the development of the handloom industry. The DDHPY covers weavers both under co-operative and non-co-operative fold. Project proposals in respect of 385 PHWCS were submitted to Government of India during the year 2003-04. Of which 295 were sanctioned and the Government of India released an amount of Rs.2644.98 lakhs. This along with the State share, an amount of Rs. 5660.30 lakhs, has been distributed to the beneficiary societies, by the State Government as on 30-9-2005.13

A host of reputed national agencies such as National Institute of Design (NID), National Institute of Fashion Technology (NIFT), National Centre of Textile Design (NCTD), Weavers Service Centre (WSC), Indian Institute of Management (IIM)- Kozhikode, Institute of Handloom and Textile Technology (IHTT), at Thottada etc. are engaged in the process of cluster development as support institutions

4.9.6.2 Self-Help Groups

The directorate of Handloom has evolved a new strategy for development of handloom industry by involving Self-Help Groups of weavers, a departure from the conventional co-operative approach. Three projects, THANIMA, at a cost of 14.64 crores for Thiruvananthapuram district, KRITHIKA, at a cost of 11.08 crores for Kannur district and PRATHIBHA at a cost of 12.68 crores for Ernakulam and Palakkad districts have been submitted to Government of India for assistance.14 THANIMA has been approved and the remaining projects are waiting for approval.

14 Ibid
4.9.7 Promotion of Handloom Industry in Kerala

There is a full-fledged government department called Directorate of Handlooms and Textiles who is mainly in charge of the development of the handloom sector in general and co-operative sector in particular. The Directorate makes the policy, the implementation of which is carried out in association with other departments such as Department of Industries and Commerce, etc. But the implementation of issues relating to credit supply, supply of raw materials, provision of technology inputs, product development support and marketing of the products, which are key to success of the cooperative action, were missing. In order to bridge up these areas, the Government of Kerala set up an apex cooperative society for handloom weavers to carry out the above jobs. The apex society, the Kerala State Handloom Weaver’s Co-operative Society Ltd, known as “Hantex” was established in 1961.

4.9.7.1 Kerala State Handloom Weaver’s Co-operative Society Ltd. (Hantex)

Hantex is the apex society of 458 primary handloom weaver’s co-operative societies in Kerala. It was constituted in 1961 by amalgamating the Sreemulam Handloom Weaver’s Co-operative Society, Cochin Handloom Weaver’s Co-operative Society and the Malabar Handloom Weaver’s Co-operative Society, under the special provisions Act, 1960 passed by the State Assembly. The State Government is the major shareholder with 98.9% of the total share capital. It is the selected Nodal Agency for many Central and State sponsored Schemes for handloom industry.

The main objectives of Hantex are (i) Making provision for easy availability of credit supply; (ii) Supply of raw materials at a reasonable cost; (iii) Provision of technical support for the societies; (iv) Helping societies to produce as per the market demand and finally, (v) Market their products. Marketing is the main function of Hantex. It markets the products through the 152 sales outlets of
which 150 are in Kerala and two in Coimbatore. Hantex procures handloom goods produced by the primary societies and markets through these outlets.

4.9.7.1.1 Performance of Hantex

Performance of Hantex can be analysed on the basis of sales turnover, value of cloth production, profit/loss and exports. Working results of Hantex, excluding export, is given in table 4.5

Table 4.5 : Working Results of HANTEX

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<tbody>
<tr>
<td>Sales turnover</td>
<td>19.21</td>
<td>20.19</td>
<td>19.16</td>
<td>18.00</td>
<td>16.93</td>
<td>16.13</td>
</tr>
<tr>
<td>Value of cloth produced</td>
<td>17.48</td>
<td>16.32</td>
<td>11.28</td>
<td>5.3</td>
<td>10.46</td>
<td>8.75</td>
</tr>
<tr>
<td>Net loss</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>50.85</td>
<td>59.10</td>
<td>78.26</td>
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Table 4.5 shows that sales turnover and value of cloth production of Hantex represent a declining trend during the last 5 years (1999-2000 to 2004-2005). Sales turnover has decreased from Rs. 19.21 crore to Rs. 16.13 crore and value of cloth production has decreased from 17.48 crore to Rs. 8.75 crore during the same period. Therefore sales turnover has declined by 16% and production has declined by 50% over the period. At the same time the accumulated loss of Hantex has increased to Rs. 59.10 crores in 2003-04 and to 78.26 crores in 2004-05.

4.9.7.1.2 Exports

It is evident from table-4.6 that Hantex failed to boost up its exports during the period of globalisation. Between 2000-01 and 2004-05, it’s exports
remains stagnant though there was an upswing in the year 2001-02 (refer table-4.6). Moreover, compared to the previous year its exports have declined by 21% in the year 2004-05. The export trend of Hantex is clearly illustrated by the Fig. 4.2

Table 4.6 : Export of Handloom Products by HANTEX (Rs. in Lakhs)

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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>2.56</td>
<td>4.65</td>
<td>3.13</td>
<td>6.52</td>
<td>12.42</td>
<td>13.61</td>
<td>8.25</td>
<td>6.52</td>
</tr>
</tbody>
</table>

Source: Hantex, Head Office, Thiruvananthapuram.

Figure 4.2 : Export of Handloom Cloth by Hantex

![Bar chart showing export trends]

Figure 4.2 shows clearly that exports of Hantex is registering a declining trend since 2002-03. So as an apex Society Hantex is not making the best use of the liberalised era due to its poor organisational set up.

4.9.7.2 The Kerala State Handloom Development Corporation (HANVEEV)

Many handloom weavers in the northern part of the State were outside the purview of the co-operative sector even after setting up of primary societies and Hantex. Under these circumstances, a different form of co-operative organization,
The Kerala State Handloom Development Corporation (Hanveev) was set up in 1968 in Kannur. Hanveev promotes the private handloom sector as well as the co-operative sector. This Corporation organizes the weavers under common procurement centres called ‘clusters’ by linking them to the supply-cum-procurement centres. The product decision completely rests with Hanveev and the Corporation supplies yarn to the registered weavers to produce as per the product specification of Hanveev. The product is woven at the loom shed of weaver’s premises and is supplied to the Hanveev. The weavers receive the conversion charges/wages. Kerala Garments Ltd, is a fully owned subsidiary of Hanveev, incorporated in 1974. The main activities of the company are stitching garments on job work and sale of readymade garments.

4.9.7.2.1 Performance of HANVEEV

Performance of Hanveev is analysed with the help of available secondary data on value of production, sales revenue, profit/loss, etc. Working results of Hanveev is given in table 4.7.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of production</td>
<td>876</td>
<td>—</td>
<td>354</td>
<td>335</td>
<td>511.05</td>
<td>—</td>
</tr>
<tr>
<td>Income through sale</td>
<td>1858.95</td>
<td>1792</td>
<td>1688</td>
<td>990</td>
<td>1627.37</td>
<td>1603.84</td>
</tr>
<tr>
<td>Accumulated loss</td>
<td>732.45</td>
<td>883.5</td>
<td>992.7</td>
<td>1441.3</td>
<td>2085.64</td>
<td>2503.53</td>
</tr>
</tbody>
</table>


Working results of Hanveev reveal that values of production and sales revenue have decreased between 1999-2000 and 2004-2005. Production has decreased from Rs. 876 lakh to 511.05 lakh and income through sales has decreased from Rs. 1858.95 lakh to Rs.1603.84 lakh during the same period. Therefore, production has declined by 41.6% and sales revenue has decreased by 13.7% over
the period. Moreover, the accumulated loss of Hanveev has increased from Rs. 732.45 lakh to 2503.53 lakh during the same period. It is estimated that the accumulated loss of Hanveev has increased by 242% over the period! As an apex society Hanveev also represents a story of poor performance (refer table- 4.7)

4.9.7.2.2 Conclusion

It is estimated that the sales turn over of Hantex and Hanveev is nearly 12.5% of the value of total handloom production of Kerala in the year 2003-04, as per the available data from the Economic Review. The private chain shops, showrooms of big co-operative societies, showrooms of the apex societies of other States and small retail shops contribute the remaining 87.5% of the market share. As 87.5% of the handloom market size is controlled by the players other than the apex organizations (Hantex and Hanveev), the objective of Hantex and Hanveev to safeguard and promote the interest of weavers and also the handloom economy, as a whole is questioned. Its role in the development of the industry has also become insignificant.

4.9.8 Performance of Handloom Industry in Kerala

Performance of the handloom sector in Kerala is analysed with the help of available data on Government assistance, number of looms and weavers, production of handloom cloth, employment generation and exports.

4.9.8.1 Government Assistance

The Governments are distributing a large amount of money for promoting the handloom industry in Kerala, besides the loans. Table 4.8 represents the assistance made by Central and State Governments by way of grant for the handloom industry.
Table 4.8: Assistance Extended by way of Grant for Handloom Industry in Kerala

(Rs. in Lakhs)

<table>
<thead>
<tr>
<th>Grant</th>
<th>1999-00</th>
<th>2000-01</th>
<th>2001-02</th>
<th>2002-03</th>
<th>2003-04</th>
<th>2004-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Government</td>
<td>364.42</td>
<td>379.78</td>
<td>874.71</td>
<td>338.51</td>
<td>166.24</td>
<td>946.9</td>
</tr>
<tr>
<td>Central Government</td>
<td>143.86</td>
<td>148.68</td>
<td>315.00</td>
<td>249.67</td>
<td>1150.12</td>
<td>1072.5</td>
</tr>
<tr>
<td>Others (NCDC NABARD, HUDCO)</td>
<td>65.82</td>
<td>2.9</td>
<td>--</td>
<td>429.00</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Total</td>
<td>574.10</td>
<td>531.36</td>
<td>1189.71</td>
<td>592.46</td>
<td>2316.36</td>
<td>2019.4</td>
</tr>
</tbody>
</table>


Table 4.8 shows that there is an increase in the allotment of both Central and State Government grants for the handloom industry during the last five years. Though the total amount of Government grants for the handloom industry have increased from Rs. 574.10 Lakh in 1999-2000 to Rs. 2019.4 Lakh in 2004-2005, it has declined by 12.8% in the year 2004-05, compared to the previous year. Moreover, the figures exhibit instability in the giving of grants by the Central and State Governments.

### 4.9.8.2 Number of Handlooms and Weavers

Table- 4.9 shows that the number of handlooms in Kerala has declined from 50981 in 1999-2000 to 50200 in 2004-05. Though the number of looms under the cooperative sector has declined from 48465 to 47200, it has increased under the unorganized/private sector i.e. from 2516 to 3000 during the same period. Total number of weavers in Kerala has increased from 111373 to 135450. Weavers under the cooperative sector have increased by 23.5%. However, weavers under the unorganized/private sector have diminished from 6750 to 6200 i.e. by 8.1% during the same period.
Table 4.9: Number of Handlooms and Weavers in Kerala

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No of looms</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Co-op. sector</td>
<td>48465</td>
<td>41256</td>
<td>41256</td>
<td>45788</td>
<td>46024</td>
<td>47200</td>
</tr>
<tr>
<td>ii. Unorganised/ Private sector</td>
<td>2516</td>
<td>2500</td>
<td>2500</td>
<td>2500</td>
<td>2800</td>
<td>3000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50981</td>
<td>43756</td>
<td>43756</td>
<td>48288</td>
<td>48824</td>
<td>502002</td>
</tr>
<tr>
<td><strong>No of weavers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Co-op. sector</td>
<td>104623</td>
<td>128861</td>
<td>128861</td>
<td>129000</td>
<td>129025</td>
<td>29250</td>
</tr>
<tr>
<td>ii. Unorganised/ Private sector</td>
<td>6750</td>
<td>5872</td>
<td>5872</td>
<td>5900</td>
<td>6100</td>
<td>6200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>111373</td>
<td>134733</td>
<td>134733</td>
<td>134900</td>
<td>135125</td>
<td>135450</td>
</tr>
</tbody>
</table>


4.9.8.3 Production, Productivity and Employment Generation

Performance of the handloom industry in Kerala cannot be analysed without the data on production, productivity and employment generation. Here we make a comparative analysis of the performance of both sectors: the cooperative sector and the unorganised/private sector.
Table 4.10 : Production and Productivity under the Handloom Industry in Kerala

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1. Production of cloth (M.M)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. C-op. sector</td>
<td>72.31</td>
<td>65.60</td>
<td>68.9</td>
<td>54.95</td>
<td>58.38</td>
<td>59.90</td>
</tr>
<tr>
<td>ii. Unorganised/Private sector</td>
<td>2.14</td>
<td>1.87</td>
<td>1.87</td>
<td>1.87</td>
<td>2.10</td>
<td>2.40</td>
</tr>
<tr>
<td>iii Total</td>
<td>74.45</td>
<td>67.47</td>
<td>70.77</td>
<td>56.82</td>
<td>60.48</td>
<td>62.30</td>
</tr>
<tr>
<td>2. Productivity (M/L/A)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Co-op sector</td>
<td>1492.0</td>
<td>1409.0</td>
<td>1480.0</td>
<td>1200.0</td>
<td>1268.0</td>
<td>1269.07</td>
</tr>
<tr>
<td>ii. Unorganised/Private sector</td>
<td>617.9</td>
<td>749.0</td>
<td>749.0</td>
<td>748.0</td>
<td>750.0</td>
<td>800.03</td>
</tr>
<tr>
<td>Employment Generated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Co-op sector</td>
<td>574.6</td>
<td>513.0</td>
<td>530.0</td>
<td>423.0</td>
<td>448.0</td>
<td>457.0</td>
</tr>
<tr>
<td>ii. Unorganised/Private sector</td>
<td>25.16</td>
<td>22.0</td>
<td>22.0</td>
<td>23.0</td>
<td>24.64</td>
<td>28.0</td>
</tr>
</tbody>
</table>

Source: Economic Reviews (various issues), State Planning Board, Kerala

Table 4.10 represents production, productivity and employment generation under the handloom industry in Kerala. Production in both sectors together have declined from 74.45 million metres in 1999-2000 to 62.30 million metres in 2004-05, though there was a marginal increase in the year 2004-05 from the previous year, by 3%. It is clear that production in the cooperative sector has declined but in the unorganized/private sector, it has increased, during the same period. We can estimate the fall in production under the co-operative sector by 17.2%, but it had increased by 12.1% under the unorganized/private sector over the period. Productivity under the co-operative sector has also fallen. It has declined from 1492 (Metre/Loom/Average) to 1269 between 1999-2000 and 2004-05. On the other hand, productivity under the unorganized/private sector
sector has increased from 617.9 (M/L/A) in 1999-2000 to 800 in 2004-05. Employment generation under the handloom industry has declined under the cooperative sector, but it has increased under the private sector during the same period. It has declined from 574.6 (man days in lakhs) to 457 under the co-operative sector. Under the unorganized/private sector it has increased from 25.16 (man days in lakhs) to 28.0, during the same period. Therefore, while the employment generation has fallen by 20.5% under the co-operative sector, it has increased by 11.3% under the unorganized/private sector, over the period.

4.9.8.4 Exports

We have discussed the export performance of Hantex above (refer table-4.6). Hantex, the apex society, with 458 member societies, is exporting only a small portion of the total exports of handloom fabrics from Kerala. Nearly 98% of Kerala’s handloom exports are made from Kannur District. There are 73 registered co-operative weaver’s societies and 79 private handloom units in Kannur. Both the cooperative societies and private units are concentrating in export-oriented production. Official data on the total exports of handloom cloth from Kerala is not available from the Directorate of Handloom. However, export data from Kannur District is available from the Handloom Exports Organisation. Therefore, the export performance of handloom industry in Kannur is analysed on the basis of this data. This analysis also represents the performance of Kerala (Since the majority of exports is made from this district).
Table 4.11 : Export of Handloom Products from Kannur District in Kerala

<table>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>210</td>
<td>210</td>
<td>215</td>
<td>220</td>
<td>235</td>
<td>235</td>
<td>240</td>
<td>255</td>
<td>260</td>
<td>275</td>
</tr>
<tr>
<td>Growth rate</td>
<td>—</td>
<td>—</td>
<td>2.4</td>
<td>2.3</td>
<td>6.8</td>
<td>0</td>
<td>2.1</td>
<td>6.2</td>
<td>2.0</td>
<td>5.8</td>
</tr>
</tbody>
</table>

Source: Kerala Handloom Exports Organisation, Kannur.
Table 4.11 represents a steady growth of exports, from Rs. 210 crore in 1995-96 to Rs. 275 crore in 2004-05, marks a better performance, with an annual growth rate of 5.8%, and an annual average growth rate of 3.5%.

Fig. 4.3 clearly shows that the exports of handloom cloth from Kannur have been increasing steadily, from 1995-96 to 2004-05. Therefore Kannur district (where nearly 98% of the total exports of the State is made) represents much better performance in the exports of handloom cloth.

**Fig. 4.3 : Export of Handloom Cloth from Kannur District**

![Graph showing export growth from 1995-96 to 2004-05](image)

### 4.9.9 Prospects of Handloom Industry in Kerala

Handloom Industry in Kerala has to improve its efficiency and productivity to meet the emerging global and domestic competition. Product diversification, demand-oriented production, modernization of looms, reorganization of primary handloom weaving cooperative societies and apex societies, promotion of private players in handloom sector, etc. are needed to attain better prospects for the industry. However, the declaration of Kannur as the Town of Export Excellence...
for Handloom by the Government of India, patent holding on natural dyes for handloom cloth, etc. provide some strength and exhibit better prospects for the handloom industry in Kerala.

4.9.9.1 Town of Export Excellence for Handloom at Kannur

Government of India, Under Foreign Trade Policy-2004 has declared Kannur, as Town of Export Excellence for handloom industry. Kannur is a major export oriented handloom production centre in the State with its exports accounting for 10% of the total handloom exports in the country. Rs.132 crore has already been sanctioned by the Central Government for Infrastructure development Projections over the next 5 years in Kannur. Of the total 50200 looms in the State, the share of Kannur district is around 11000. There are 73 registered co-operative weaver’s societies and 79 private handloom units in Kannur. They are largely engaged in the production of export variety items. Kannur contributes 98% of the State’s total handloom exports. Home furnishing goods are the main export items from here. These items are mainly exported to USA and Western Europe. Kannur handlooms are also exported to Japan, Israel and Gulf Countries, to an extent. Eastern Europe, South America and the countries of South Africa are the targeted countries for the export of handloom goods from Kannur.

4.9.9.2 Natural Dyes

Mudapathi Balakrishnan from Kannur district is the holder of a patent for dyeing fabrics with herbal extractions. The trial unit has already begun sample production of herbal handloom cloth material for exhibiting in international handloom fabric textiles fairs. The unit was inaugurated in Kannur (Nadukani), in November 2005. The unit projects medicinal values of the dyes. Therefore, the unit focuses manufacture of undergarments and bed sheets, which can discharge herbal properties useful for the body. It is believed that the concept of herbal cloth will be a commercial success.
The modern trend of using Natural/Ayurvedic dyes has also been started in Balaramapuram (Thiruvananthapuram District) cluster. ‘Tulasi cloth’, ‘Sandal cloth’, ‘Ramacham cloth’, etc. were already introduced by some of the HWCSs. Herbal value addition through Ayurvedic dyes ensures good remuneration to the weavers. Most of the handloom importing countries recently prefer natural dyes rather than chemical dyes. Therefore the necessary focus on changes in design, colour, and varieties based on natural dyes will result in the expansion of export markets for handloom products.

4.9.9.3 Conclusion

We can conclude our analysis with the following observations:

(i) Handloom industry in India registered a poor performance in production, in recent years. But, in exports the industry made a better performance during the liberalised period. However, the industry has to improve its efficiency and productivity to meet the emerging global competition.

(ii) The apex handloom societies, Hantex and Hanveev, are unable to solve the problems of handloom industry in Kerala. As promotional agencies they are exhibiting poor performance with heavy loss, declining production, sales, and exports.

(iii) Handloom industry in Kerala accounts a poor performance in production, productivity and employment generation, in recent years.

(iv) However, the industry made much better performance in exports, especially from Kannur. Therefore handloom industry in Kerala has a good prospect during the period of globalisation.

(v) The unorganised/private handloom sector in Kerala registered a better performance in production, productivity and employment generation compared to the cooperative sector during the period of globalisation. This requires some essential reorganisation of handloom cooperatives in Kerala.

(vi) There are some signs of changes in the handloom sector of Kerala, which are insufficient to meet the present challenge of the market economy.
Chapter 5

PERFORMANCE AND PROSPECTS OF HANDLOOM INDUSTRY IN ERNAKULAM DISTRICT

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