CHAPTER - I

INTRODUCTION

EVOLUTION OF CO-OPERATIVE MOVEMENT

GROWTH OF CO-OPERATIVE MOVEMENT IN INDIA

GROWTH OF WEAVER CO-OPERATIVE IN INDIA

STATUS OF INSTITUTIONAL CREDIT FOR HANDLOOM WEAVERS
INTRODUCTION

There has been continuous attempt on the part of every government to initiate a better process of development. Various strategies have been adopted depending upon the realities obtaining in the region. In spite of best possible attempt, development continues to be a challenge. It remains largely unsolved. Even if a new problem could be solved, another problem is born. This chain of unabated problem becomes a new temptation to keep on new policies and programmes.

While the basic institutional framework followed after independence was a mixed economy with co-existence of both public and private sectors, a pivotal role was assigned to the planning process. The State machinery controlled the sectoral resource
allocation through the instruments of licencing and import permits. Public investment itself played a dominant role in the industrial sector. Domestic industries were protected through quotas and high tariffs of well over 100 percent in several sectors. A more market friendly system was put in place after the initiation of reforms in 1991. International trade was liberalised to promote competition and efficiency by removing almost all the import quotas (except on consumer goods) and reducing tariff rates to moderate levels. Foreign industry was promoted to modernise technology and take advantage of the global division of labour.¹

It is also realised that the availability of resources is not sufficient to address the emerging concerns. Very unfortunately we have also not been able to tap the existing resources while there has been multiplying demand on the resources. Hence, new development strategies need to be worked out from time to time. Mention may also be made of the fact that the problems acquire interrelated dimensions. The same problem has different

perspectives. The problem may have historical perspective. It may have social perspective. It may also acquire economic perspective. It has also cultural perspective. A sound strategy of development must capture these perspectives adequately to prove itself to be meaningful. Otherwise the policy response is largely very limited.

The state and pace of India’s development show many troubling signs at the beginning of 1990s. In the early 1990s, there was a dream which seemed to be tantalizingly within reach – the dream of becoming a new tiger, a fast-growing miracle economy, of finding just one decade of Gross Domestic Product (GDP) growth at 7 percent per year, so that poverty could be wiped out. However, this dream remains elusive.

The excitement and optimism generated by the reforms process have abated. The ability of policy makers to obtain radical changes, as in the early 1990s environment of macroeconomic crisis; greatly diminished in the following years. The progress of reforms has been blocked by special interest groups in numerous areas.²

Reference can also be made to the organization of resources. From time to time we may require organizational set up in the whole exercise. The participation, involvement and contribution of the people are decidedly important. The urges of the people, temptations of the people, upward thrust of the organised communities continue to be a critical input in the development process. It is perhaps in this connection that we appreciate the roles of institutions. The institutional response gives a new shape to the behaviour of various activities. In other words, the organised response of durable character is what we look forward to.

When we open the chapters of development experience, we come across the application of instruments. One of the instruments is co-operative society. The co-operative society is perhaps the institution close to the people and formed with the article of unified action based on available local resources. This is perhaps one advantage having strong bearing upon the process of economic decentralization.
The role and vision of cooperatives have been visualised on the basis of analysis of social, economic, cultural and technological trends that are happening in the world. Viewed in this context India's real and purposive march towards development aiming at establishment of democratic and equity based socio-economic order with co-operatives as important constituents commenced only after independence.

**EVOLUTION OF CO-OPERATIVE MOVEMENT:**

In the middle of 18th century, with the birth of crude industrialisation and capitalism based on the Darwinian theory of survival of the fittest, the world witnessed chaotic and exploitative situation leading to marginalisation of wage earners, agriculturalist and poor people. Co-operatives emerged as an antithesis of the Darwinian concept. It was propounded by sociologists like Prince Kropotkin who emphasised that to survive in a competitive situation, organisational strength is the key. Economists like Saint-Simon and also the social and church leaders in Europe further elaborated this concept. Prominent among them was Robert Owen of England who initiated a number of experiments for making co-operation as an instrument of economic order.
Although earlier experiments of Robert Owen and other socialist economists did not succeed to a desired extent to develop co-operation as an economic system, they prepared fertile ground for sowing the seeds of future co-operative movement. In 1844, in a small town of Rochdale of Great Britain, 28 flannel weavers formed the first co-operative organisation viz, the Rochdale Equitable Pioneers Co-operative Society. The venture succeeded.\(^3\) The Rochdale success crossed the boundaries of England and influenced the neighbouring countries particularly the growth of agricultural co-operatives in Germany, and agricultural co-operatives in Denmark and service co-operatives in other European countries.\(^4\)

The formation of the International Co-operative Alliance ICA in 1895 was the turning in the global context. Since then, co-operative movement at global level has not looked back and is growing steadily.

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As regards, the evolution of co-operative philosophy, in 1937, the world co-operative movement through International Co-operative Alliance formulated universal principles of co-operation. After effects of Second World War and consequent birth of socialism in many parts of the world, the International Co-operative Alliance reviewed the co-operative principles in 1963 through a Commission under the Chairmanship of Professor D.G. Karke. The Commission formulated the following six principles which was adopted by the 23rd ICA Co-operative Congress in 1966 at Vienna.

1. Voluntary and open membership;

2. Democratic control;

3. Distribution of surplus;

4. Limited interest on capital;

5. Co-operative Education; and

The International Co-operative Alliance (ICA) Congress held in Manchester in 1995 defined co-operative as under. “A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise”.

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity in the tradition of their founders. Co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

The Congress restated the seven principles which was adopted by ICA Congress in 1966 at Vienna as follows:

1. **Voluntary and Open Membership**
   Co-operatives are voluntary organisations, open to all persons able to use their service and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
2. **Democratic Member Control**

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

3. **Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of the capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Membership allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, some part of which would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.
4. **Autonomy and Independence**

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. **Education, Training and Information**

Co-operatives provide education and training for their members, elected representatives, managers, and employees, so they can contribute effectively to the development of their co-operatives. They inform the general public—particularly young people and opinion leaders—about the nature and benefits of co-operation.

6. **Co-operation Among Co-operatives**

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.
7. **Concern for Community**

Co-operatives work for the sustainable development of their communities through policies approved by their members.⁵

As such the co-operative sector has now acquired a new character of instrument for a perceptible performance.

**GROWTH OF CO-OPERATIVE MOVEMENT IN INDIA:**

Towards the end of the 19th century, the condition of the farmers was deplorable in India. As a result of increase in population and absence of rapid industrialisation, more and more people depended on agriculture. As the land got increasingly divided and sub-divided, the farmers who were once prosperous became petty peasants with tiny holdings of a few acres and were ultimately reduced to the status of landless labourers. They were in the clutches of money lenders and the rural debt was increasing.

In the situation, the farmers did not have the incentive or the ability to improve their condition. Therefore, the then British Government felt that the farmers could be helped through some type of co-operative effort.

The Land Improvement Act of 1883 and the Agriculturists’ Loans Act of 1884 as well as other relief measures were found to be highly incommensurate in coping with the stupendous and complex problem of rural indebtedness. The Famine commission of 1901 remarked “We, therefore, think that the time for palliative measures has passed”. The appalling and distressing conditions of the downtrodden peasantry called for more radical and revolutionary remedies.

The officials of the Government of India, who had studied working of Agriculture Banks of Egypt, were strongly of the view that India must go in immediately for co-operative experiments on similar lines.

In 1882, the Government of Madras deputed Sir Frederick Nicholson to probe into the possibility of introducing land and agricultural banks in that province. He produced a monumental report on the subject and emphatically opined that India must find its own Raiffeisens who could organise and effectively nurture a co-operative movement in the country.
While Sir Fredricks' enquiries were in progress, Mr. Dupernex of the Indian Civil Service, after a careful study of the problem, began to experiment with Banks in U.P. These two reports came to the notice of the Government of India in 1900 and as a result, a strong committee under Sir Edward Law was appointed to make proposals for consideration of the government.

The conclusion was that co-operative societies were worthy of every encouragement, and of a prolonged trial. Their recommendations proved the basis of the Bill which was passed into law in 1904, as the Co-operative Credit Societies Act.

The introduction of the Co-operative Credit Societies Act in 1904 marked the beginning of the co-operative movement in India. The great co-operator, Henry W. Wolff described the Act as "a turning point in economic and social history." The object of this Act, as stated in the preamble, was to encourage thrift, self help and co-operation amongst agriculturists, artisans and persons of limited means.
The movement gave a fresh impetus with the enactment of another Co-operative Societies Act in 1912. As a result, the number of societies, their membership and the amount of working capital increased steadily.\(^6\)

Since the attainment of independence, the co-operative movement has been making rapid progress in various directions. The Government has, from time to time taken important steps to reorganise and to develop the co-operative movement in terms of recommendations of various committees like the Co-operative Planning Committee (1946), The All India Rural Credit Committee (1954), the Vaikunth Lal Mehta Committee (1960), etc.

Further, the co-operation has been assigned an important role in the country's plans. In fact, it is considered as the basis of planned growth and social development. The Co-operative Planning Committee observed "The co-operative society has an important

role to play as the most suitable medium for the democratisation of economic planning. It provides the local unit which can fulfil the dual function of educating public opinion in favour of a plan and of execution.⁷

Co-operation is a value based socio-economic system that has emerged in the world to achieve social cohesion aiming at providing organisation strength to the weak.⁸

The Indian co-operative movement making its maiden debut in the year 1904 is nearly ten decades old. The movement has made remarkable progress in various segments of Indian economy. There are 545,354 co-operative societies with a total membership of 236.226 million and working capital of Rs. 34,00,555.7 million. It covers 100 percent villages and 75 percent of rural households. There are 19 national level co-operative federations in the country.

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⁷ NCUI.(1946). Report of the Co-operative Planning Committee
The following is the status of Indian co-operative movement:

### TABLE - 1

**INDIAN CO-OPERATIVE MOVEMENT AT A GLANCE**  
**ALL CO-OPERATIVES - 2000-2001**  
*(Value Rs. in Million)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agricultural Credit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Production Credit Advanced (ST+MT) :*</td>
<td>Value Rs. in Million</td>
<td></td>
</tr>
<tr>
<td>(a) Short Term (ST)</td>
<td>Rs. 166,803.8</td>
<td>Rs. 208,151.7</td>
</tr>
<tr>
<td>(b) Medium-Term (MT+LT)</td>
<td>Rs. 34,176.1</td>
<td>Rs. 34,237.1</td>
</tr>
<tr>
<td>* Investment Credit Advanced (LT) :*</td>
<td>Rs. 24,959.1</td>
<td>Rs. 28,361.8</td>
</tr>
<tr>
<td>* Total Loans Advanced (ST+MT+LT) :*</td>
<td>Rs. 225,939.0</td>
<td>Rs. 270,750.6</td>
</tr>
</tbody>
</table>

*Source: Indian Co-operative Movement, A Profile 2002, National Resourse Centre, NCUI, New Delhi*
GRAPH - 1

GROWTH OF CO-OPERATIVE MOVEMENT
(During 1973-74 to 1999-2000)

Source: Indian Co-operative Movement, A Profile 2002
National Resource Centre, NCUI, New Delhi
# TABLE - 2

**SHARE OF CO-OPERATIVES IN NATIONAL ECONOMY**

<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Network (Villages Covered)</td>
<td>100%</td>
</tr>
<tr>
<td>Agricultural Credit Disbursed by Coops</td>
<td>46.15%</td>
</tr>
<tr>
<td>Fertilizer Disbursed (6,049 Million Tonnes)</td>
<td>36.22%</td>
</tr>
<tr>
<td>Fertilizer Production (3.293 MT - N &amp; P)</td>
<td>27.65%</td>
</tr>
<tr>
<td>Sugar Produced (10,400 Million Tonnes)</td>
<td>59.0%</td>
</tr>
<tr>
<td>Capacity Utilisation of Sugar Mills</td>
<td>11.5%</td>
</tr>
<tr>
<td>Wheat Procurement (4.501 Million Tonnes)</td>
<td>31.8%</td>
</tr>
<tr>
<td>Animal Feed Production/supply</td>
<td>50%</td>
</tr>
<tr>
<td>Retail Fair Price Shops (Rural + Urban)</td>
<td>22%</td>
</tr>
<tr>
<td>Milk Procurement to Total Production</td>
<td>7.44%</td>
</tr>
<tr>
<td>Milk Procurement to Marketable Surplus</td>
<td>10.5%</td>
</tr>
<tr>
<td>Ice Cream manufacture</td>
<td>45%</td>
</tr>
<tr>
<td>Oil marketed(branded)</td>
<td>50.0%</td>
</tr>
<tr>
<td>Spindleage in Co-operatives (3.518 Million)</td>
<td>9.5%</td>
</tr>
<tr>
<td>Cotton Marketed/Procurement</td>
<td>NA</td>
</tr>
<tr>
<td>Cotton yarn/Fabrics Production</td>
<td>23.0%</td>
</tr>
<tr>
<td>Handlooms in Co-operatives</td>
<td>55.0%</td>
</tr>
<tr>
<td>Fishermen in Co-operatives (Active)</td>
<td>21.0%</td>
</tr>
<tr>
<td>Storage Facility (Village Level PACS)</td>
<td>65.0%</td>
</tr>
<tr>
<td>Rubber Processed and Marketed</td>
<td>95.0%</td>
</tr>
<tr>
<td>Arecanut processed and marketed</td>
<td>50%</td>
</tr>
<tr>
<td>Direct Employment Generated</td>
<td>1.07 Million</td>
</tr>
<tr>
<td>Self-Employment Generated for persons</td>
<td>14.39 Million</td>
</tr>
<tr>
<td>Salt manufactured (18,266 Matric Tonnes)</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

*Source: Indian Co-operative Movement, A Profile 2002*

**National Resource Centre, NCUI, New Delhi**
Development aiming at rapid economic growth focuses on reduction of disparities in wealth and income, equality of opportunities, eradication of poverty and improvement in the quality of life of vast majority of people thus creating an egalitarian society based on growth with social justice. As such the co-operative sector has now acquired a new character of instrument for a perspective performance.

GROWTH OF WEAVER CO-OPERATIVE IN INDIA:

The handloom industry in India perhaps attained a very high degree of appreciation centuries before the mechanised loom was invented. It was a big craze and status symbol for the European countries to possess the Indian handloom products in their homes. Thus, the industry is said to have flourished during the civilization of Indus Valley.

History shows that hand weaving has been in existence in India for over five thousand eight hundred years. Five thousand years ago the people of Mohenjodaro knew how to grow cotton and spin and weave. These early inhabitants of the Indus Valley made garments of dyed and patterned cotton. Archeological evidences establish the fact of early skill of spinning and weaving.

10. LOUIS BOONE E. etc.(1977) : Foundation of Marketing
The attention of the public authority was given to the Handloom sector from time to time. The promotional roles of the Government may be mentioned. The Royal Commission of 1880 and Famine Commission of 1898 underlined the marked importance of the Handloom industry in the country and recommended practical measures for the development of Handloom industry.

The isolated units operating at micro level faced a tough time to compete with the large scale production of the mechanised looms. In fact, in the market there has to be competition. Competition presupposes co-operation. In other words, combination of co-operative units having similar commercial objectives becomes a new imperative for competitive performance. The fact is very simple. There is appreciation of skill and craftsmanship. The output is fine. However, they have to equip themselves with greater strength in terms of innovation and marketing. The development strategy based on co-operation could be one possible answer. Of course, this is not new. It has happened all over the world. As a matter of fact, the base for competitive performance has to be strengthened adequately. Hence, socio-economic and commercial integration becomes the need of the hour. This is perhaps the crux of the issue.
The performance of co-operative sub-sector could gradually received the attention of the government particularly after independence. The plan period is important for the development of Handloom industry right from the first 5 year plan as it implies planned process of development. One finds an interesting picture of plan outlay for Handloom sector as given hereunder.

**TABLE - 3**

**PLAN OUTLAY OF HANDLOOM SECTOR IN INDIA**

*(in Rs. crores)*

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Plan</th>
<th>Years</th>
<th>Outlay for Handloom Sector</th>
<th>P.C. Increase</th>
<th>Expenditure on Handlooms</th>
<th>P.C. Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1st Plan</td>
<td>1951-56</td>
<td>11.10</td>
<td>N.A</td>
<td>11.10</td>
<td>N.A</td>
</tr>
<tr>
<td>2</td>
<td>2nd Plan</td>
<td>1956-61</td>
<td>59.50</td>
<td>436.04</td>
<td>29.70</td>
<td>167.57</td>
</tr>
<tr>
<td>3</td>
<td>3rd Plan</td>
<td>1961-66</td>
<td>34.00</td>
<td>(-) 42.86</td>
<td>25.40</td>
<td>(-) 14.48</td>
</tr>
<tr>
<td>4</td>
<td>Annual Plans</td>
<td>1966-69</td>
<td>10.00</td>
<td>(-) 70.59</td>
<td>13.00</td>
<td>(-) 48.82</td>
</tr>
<tr>
<td>5</td>
<td>4th Plan</td>
<td>1969-74</td>
<td>27.08</td>
<td>170.80</td>
<td>29.00</td>
<td>123.08</td>
</tr>
<tr>
<td>6</td>
<td>5th Plan</td>
<td>1974-79</td>
<td>99.92</td>
<td>268.91</td>
<td>80.00</td>
<td>175.86</td>
</tr>
<tr>
<td>7</td>
<td>Annual Plans</td>
<td>1979-80</td>
<td>48.59</td>
<td>(-) 51.37</td>
<td>N.A</td>
<td>N.A</td>
</tr>
<tr>
<td>8</td>
<td>6th Plan</td>
<td>1980-85</td>
<td>310.93</td>
<td>539.90</td>
<td>280.00</td>
<td>250.00</td>
</tr>
<tr>
<td>9</td>
<td>7th Plan</td>
<td>1985-90</td>
<td>621.00</td>
<td>99.72</td>
<td>512.00</td>
<td>82.86</td>
</tr>
<tr>
<td>10</td>
<td>8th Plan</td>
<td>1990-95</td>
<td>760.00</td>
<td>22.38</td>
<td>N.A</td>
<td>N.A</td>
</tr>
<tr>
<td>11</td>
<td>9th Plan</td>
<td>1997-2002</td>
<td>600.00</td>
<td>(-) 21.05</td>
<td>N.A</td>
<td>N.A</td>
</tr>
</tbody>
</table>

*Source: Five Year Plans, Government of India, Planning Commission, New Delhi*
It is a matter of common observations that planning cannot materialise without adequate financial planning and provision. Finance speaks of the scale of work. One observes a fluctuating trend of the expenditure on Handloom sub-sector during plan period. There was 167.57 percent increase of expenditure during the Second Five Year Plan, — followed by negative rates of increase of 14.48 and 48.82 during the period of 3rd plan and annual plans. Of course, it recorded an increase of 123.08 percent followed by 175.86 percent. increase during 4th and 5th plan period. The experience of 6th plan period is also encouraging in terms of percentage increase of 250 while the experience during the 7th plan period was not very encouraging with an increase of 82.86 percent. It is now evident that there has not been adequate attention directed towards the continuous process of development of the Handloom sub-sector during the plan period. Although there has been a development strategy for decentralisation of production, income and employment, the critical assessment may be appreciated primarily from the angle of employment generating capacity of the sector in the rural economy.
It must be noted in this connection that the rural economy of India is facing the problem of rural unemployment, rural inequality and rural poverty. The three basic problems confronting the rural economy is sought to be addressed by depending upon the efficiencies of rural industries particularly the Handloom industries which adopt the labour intensive technique of production. As such during the early period of economic development the Handloom sub-sector deserves specific consideration.

With the dawn of the India’s Independence in 1947, the Central Government under the leadership of Pandit Jawaharlal Nehru revised the position of Cottage Industries in India and an Industrial Policy Resolution was adopted by the Parliament in 1948 in order to look after the cottage and small scale industries which have a very nucleus role in the national economy and which have scopes for individuals or villages or co-operative enterprises.

In the wake of the Textile Policy of June, 1985, the co-operatives were to provide organisational infrastructure and it was estimated that by 1987-88, the coverage would be around 17.5 lakhs effective looms. By the end 7th Five Year Plan they were to achieve a production target of 4500 million meters of cloth
in the handloom sector. According to the Handloom Census 1987-88, there were 30.6 lakhs weaver households in the country; of these 26.3 lakhs were inhabited in rural segments. Total population of these households is 156.1 lakhs. About 7.4 households belonged to the Scheduled Tribes while 3.7 lakhs to the Scheduled Castes. There were 43.7 lakhs handloom weavers in the country, of which 22.4 lakhs are full time weavers and the rest part time weavers.

The largest number of full time weavers i.e. 12.1 lakhs work independently while 4.5 lakh weavers work under co-operative societies and 3.4 lakhs under master weavers. The remaining weavers work under private owners, State Handloom Development Corporations or Khadi and Village Industries Commission/Board.

The Eighth Five Year Plan gave priority to the generation of adequate employment opportunities and the role of the Government should be to facilitate the process of people’s involvement in developmental activities by creating right type of infrastructure, particularly in the rural areas. This institutional infrastructure can be created by cooperating the handloom weavers and making concerted efforts to strengthen these co-operatives.
By way of recognition of the economic importance of the Handloom sub-sector, Government of India produced a very important document to highlight the Concerns of various categories of weavers. The Handloom census 1987-88 identifies six categories of weavers namely:

(a) Independent weavers;
(b) those working as master weavers;
(c) those in co-operative fold;
(d) those under the State Handloom Development Corporations;
(e) those in Khadi Sector (KVIB/KVIC) and
(f) private owners.

The following table shows the distribution of weavers.

**TABLE - 4**

**CATEGORYWISE DISTRIBUTION OF WEAVERS IN INDIA**

<table>
<thead>
<tr>
<th>Category of Weavers</th>
<th>Weavers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. in lakhs</td>
<td>Percentage to total</td>
</tr>
<tr>
<td>(a) Independent</td>
<td>12.11</td>
<td>53.99</td>
</tr>
<tr>
<td>(b) Masterweavers</td>
<td>3.45</td>
<td>15.38</td>
</tr>
<tr>
<td>(c) Cooperative Fold</td>
<td>4.55</td>
<td>20.28</td>
</tr>
<tr>
<td>(d) State HDCs</td>
<td>0.47</td>
<td>2.10</td>
</tr>
<tr>
<td>(e) KVIB/KVIC</td>
<td>0.46</td>
<td>2.05</td>
</tr>
<tr>
<td>(f) Private Owners</td>
<td>1.39</td>
<td>6.20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22.43</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

*Source: Census of Handloom in India 1987-88, Development Commissioner for Handloom, Ministry of Textiles, Government of India*
It would be seen from the details given above that the independent weavers constituted the biggest chunk of full-time weavers and if we add those under master-weavers and private owners also, those outside the institutional credit support system constituted as much as 75 percent of total weavers.

**STATUS OF INSTITUTIONAL CREDIT FOR HANDLOOM WEavers**:

The first major step for credit support to the handloom sector was the organisation of co-operatives of weavers. Organising weavers into Primary Co-operative Weavers’ Societies made its beginning in the erstwhile Madras province. The earliest PWCs is stated to have been organised at Kanchipuram in 1905. Subsequently, the movement recorded progress and PWCs and Apex Weaver’s Societies were organised in due course in most of the states. Another major step in the direction of providing institutional credit support was a decision of RBI in 1957 to introduce a refinance window for handloom co-operatives through the co-operative banking system. The RBI also set up an Adhoc Advisory Committee on Handloom Finance under the chairmanship of one of its Deputy Governors for periodically reviewing, among other things, the progress under its refinance scheme. Since the formation of the NABARD in 1982, the RBI’s refinance scheme for handloom co-operatives is routed through the NABARD.
The number of weavers co-operatives in the country is 20,023 in 1999-2000 with a membership of 2.01120 million. The weavers co-operatives during the year 1999-2000 had Rs. 2,195.2 millions as share capital, of which government participation was 17.9 percent. The amount of working capital was Rs. 8513.6 million. 5896 societies were profit making societies.

**STRUCTURE OF WEAVERS CO-OPERATIVES**

- **ALL INDIA HANDELoom FABRICS MARKETING CO-OPERATIVE SOCIETY**

- **STATE HANDELoom CO-OPERATIVE SOCIETIES/FEDERATIONS**

- **REGIONAL/DISTRICT HANDELoom CO-OPERATIVE FEDERATIONS**

- **PRIMARY HANDELoom WEAVERS CO-OPERATIVE SOCIETY**

- **MEMBERS**
**MAIN FUNCTION:**

*All India Handloom Fabrics Marketing Co-operative Society:*

Promote domestic and export market for products by handloom co-operatives,

Arrange marketing of finished goods,

Arrange exhibitions,

Publications

Liaison with Government, NCDC, NABARD, KVIC, All India Handloom Board, Co-operative Institutions and other organisations.

**State Handloom Co-operative Society/Federation:**

Procure raw materials, tools and supply to member institutions,

Marketing of finished goods of members by obtaining orders,

Organise exhibitions,

Technical Training/Education

Liason with Government, NABARD, NCDC, Co-operative Bank and other organisations.

**Regional/District Handloom Co-operative Federation:**

Procure raw material, tools, implements and supply to primaries,

Provide common facilities,

Marketing of finished goods of primary societies.

**Primary Handloom Weavers Co-operative Society:**

Raise funds from different sources,

Procure raw materials, tools, implements and supply to weaver members,

Education
GRAPH - 2

GROWTH OF WEavers' CO-OPERATIVES IN INDIA

Source: Indian Co-operative Movement A Profile 2001
National Resource Centre, NCUI, New Delhi

GRAPH - 3

BUSINESS TURNOVER OF WEavers CO-OPERATIVES

Value Rs. in Million

Source: Indian Co-operative Movement A Profile 2001
National Resource Centre, NCUI, New Delhi