CHAPTER VI
SUMMARY AND CONCLUSION

Handloom industry has formed an integral part of India’s economy since time immemorial. It ranks next only to agriculture in terms of employment and population, dependent on it. The handloom sector of Indian textile industry has a significant place in the rural-urban technological and social linkages. Unfortunately despite a number of policy measures formulated for its development, the handloom sector has not grown up to the expectation of the planners. There are several reasons for it—some structural constraints and other operational bottlenecks, causing low productivity and uncertain profit to the weavers. A crisis syndrome has prevailed for long, calling for an indepth study into the causes of sickness in handloom sector of the textile industry and possible remedies for them. This study meets this need. Its objectives are to enumerate the number, size of business and the number of persons employed in the handloom textile units, category-wise, study the economics of handloom production, assess the nature and causes of sickness in handloom industry and to suggest specific remedial measures.

Study area:

Karur Taluk is an important centre specialising in the manufacture of handloom cotton textiles and it
concentrates in the production of bedsheets, bedspreads, pillow-covers, towels, Jacquard pieces, napkins, hand-kerciefs, Bar-maps, curtain cloth, tea-mats, sofa-cloths, face cloth, Kitchen cloth, canvas, seer sucker, brushed shirtings etc. Easy availability of raw-materials, presence of enormous technically skilled and unskilled cheap labour, already established service facilities and marketing facilities, all favoured the establishment and growth of handloom industry in Karur Taluk. There are about 20000 handlooms in the taluk. They provide employment opportunities for nearly 40,000 people. Of this workforce, about 28,000 are engaged directly in the weaving industries and about 12,000 in various allied activities like bleaching, dyeing, warping, winding, transporting and marketing of the finished products. Their turnover is Rs.50 to Rs.120 million a year. They earn about Rs.60 to Rs.90 million as foreign exchange every year. It is the universe for the present study.

Methodology:

The study used both secondary data on production, export, cost of production, price and profit
for a period of two decades ending 1989-90 collected from various sources, the Karur Handloom Weavers Association particularly and Primary data collected from 200 weavers selected by a stage-stratified random sampling method and interviewed personally with the help of a pretested comprehensive schedule. Besides, a cross section of officials, master-weavers and traders were also contacted in person to elicit their opinions and suggestions. The collected data were analysed with reference to each of the specific objectives of the study. Simple tabular analysis was used to study costs, returns, employment and profitability in handlooms. Time series secondary data were used to study the growth pattern in employment, production and value added by the industry in Karur Taluk. Price variation and profit variation were studied with the help of coefficient of variation. Opinion of weavers about the major causes of sickness and the various remedial measures suggested by them and others were studied with the help of frequency tables and ranking techniques.

Findings:

The number of looms had increased ten fold during the period of 20 years. In the seventies, the
increase in number of looms was from 2000 to 12,600, more than six fold, roughly adding around 1000 looms a year for the first two years. The number nearly doubled in the next two years and rose by nearly 2000 looms in 1975-76.

Compared to the rise in the number of handlooms in Karur Taluk, production of handloom products increased very slowly. Annual growth rate was 2.38 lakh metres or 3.45 percent in the eighties. Over the two decades the ten fold increase in the number of looms had contributed to only 1.5 fold increase in production. The reason for this disparity was the market constraint causing several looms to remain idle and others being underutilised.

In terms of value production, annual growth rate in the seventies was 8.72 percent per annum, part of it being due to the devaluation of rupee, and 18.47 percent in the eighties.

The export of handloom products from Tamil Nadu had shown a steady uptrend. Similar positive trend was seen in the export of handloom products from Karur Taluk also. Exports of handloom products included a large variety of goods. Broadly they were classified into two categories,
viz., fabrics and made ups. The share of madeup was around sixty per cent. Another important feature in the export of handloom products was the relative stability in it during the eighties as compared to the seventies.

Powerlooms and handlooms are run as cottage industries on account of the relatively large share of labour in their cost of production. Therefore, the wage-cost depends not only upon the wage-rate, but also on effective hours of productive employment. Wages in powerloom were lower than that in mills and wages of handloom workers are the lowest. Especially the weavers who work for Master-Weavers as cooly weavers are under the poverty line and they lead a more miserable life when compared to the Independent Weavers and Co-operative Weavers. They get an income of Rs.5,584.2 far below the poverty line income of Rs.10,186/- vide table 37. When wages were low and the wage-income was the major-if not the sole-source of income of the worker family - they work more, to protect their income level. Thus, mill workers work for 7.5 hours per day, others work 10 hours per day. There was only one shift in handlooms. Productivity of labour would determine the required labour
per unit of the product. This requirement was measured by operative hours per 100 metres of fabric. It was lowest in mills and a little higher in powerlooms but relatively very large in handlooms. The handloom industry had to live with high wage-cost and consequent high prices of its products. Thus, one possible inference would be that handlooms were economically less advantageous than powerlooms which could technically replace the handlooms without much dislocation in the social setting. Therefore, it would be socially undesirable to expand handlooms.

In any case, a weaver would be able to establish a loom of any type of his choice for a total cost of less than Rs.5000/- and start his production, with necessary working capital for the raw materials used. Only human energy, that too largely contributed by the weaver and other members of his family was used in weaving. But weaving required special skill.

There are four categories of weavers viz. Independent weavers, those working for the master weavers, co-operative weavers and those working for mills. The last category was simply wage-earners. So, only three categories of weavers were entrepreneurs and they were studied.
All the three categories of handloom weavers earned positive profit as the return per year exceeded the total cost per year including the cost of depreciation and maintenance of the looms and the interest on fixed capital.

Co-efficient of variation for production for the three categories of handloom weavers is less when compared to the co-efficient of variation for their respective returns owing to price uncertainty.

Business efficiency of handloom weaving was studied with the help of seven measures viz. i. Productivity per day of works, ii. Labour used per metre of cloth, iii. Output/input ratio, iv. Capacity utilization, v. Wastage, vi. Period of realization, and vii. CV of profit. The IW were the most efficient producers in terms of productivity, labour use and capacity utilization - all variables manageriable by them. However, the Co-operative Weavers were the best and their performance had room for improvement further, because the Co-operative weavers get their work-orders from the Co-operative societies which actually take the risk of sales. They are given bonus, advance etc., Sometimes the Co-operative weavers go and work in the Government Co-operative looms. They are encouraged by incentives during festivals.

But, the worst affected are the weavers who work for the master-weavers for their livelihood because they
get far below the poverty-level of income when they weave with ordinary looms, vide, 37.

Production in Jacquard looms was more value adding but they are costlier than ordinary looms. These two variables had acted as incentives to achieve higher efficiency standards by all the seven criteria for measuring business efficiency of Jacquard looms. By productivity per work day, labour use per metre of cloth, output/input ratio and lowest C.V. of profit, the co-operatives emerged to be the most efficient among the three groups, in terms of production in Jacquard looms.

Sickness in textile industry in general and in handloom industry in particular was not new. The non-availability of timely credit was the major reason for the sickness. Besides that, poor knowledge of marketing, conservation, risk aversion, inertia of the entrepreneurs and delayed payments by the buyers of the product and their monopoly power, were no small causes. There were also other reasons for the sickness in handloom industry. Low productivity, traditional technology that causes low productivity, lack of ability and skill of the individual weavers, quality of the products that fail to meet the consumers' tastes and preferences, non-availability and poor quality of raw materials, pre-loom conditions, work
environment and uncertainty of work have been the important causes of sickness. Very wide fluctuations in the prices of both raw materials and products have also been a major source of business risk and industrial sickness in turn.

While referring to the causes of the sickness of the handlooms, Nataraja Iyer said, with the powerlooms numbering about 6000 in and around Karur, and those offering more wages, there had been steady exodus of weavers from Handlooms to powerlooms. Secondly, the new generation of youngsters from the weaving families of Karur who having gone through the portals of educational institutions were reluctant to continue their family vocation of weaving. It was curious with the export houses offering fairly high wages and also powerloom owners paying higher wages than the handlooms, these youngsters preferred to idle away with the result on some days or some months in a year, 50 percent of the looms had to be idle and hence the recent syndrome, "More looms with less weavers" being witnessed in Karur.

Again as Iyer said this prosperous industry is now facing a new threat by way of imposition of sales tax on

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1 Ramanaraskum," Under the shadow of a New Threat "
The HINDU, P.5, April 26, 1993
stitched clothes and handloom fabrics. This would kill the industry.

As Vaiyapuri says the 42 percent import duty levied by the Australian Government in March '93 has also told upon the export prospects of the industry. This sudden hike had come as a dampener for the handloom exporters from Karur.

Sivakannu, referring to the norms fixed for quota items, regretted while the durries made from Panipet were exempted from quota, similar table-mats produced from Karur, with 100 percent hand finishing only was not exempted from quota.

He said that the union government should take special interest in persuading the U.S. Government for getting exemption for all the 100 percent hand finished handloom products from Tamil Nadu, especially from Karur.

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2 Ibid., p. 5.
3 Ibid., p. 5.
Hypotheses Testing:

Results of the study show that most of the handloom weavers are below the poverty line. Most of them work for master weavers who exploit them by paying them meagre wages. In fact they get the lowest income when compared to the Independent and Co-operative Weavers. It is further proved from primary data and opinion survey that they will be able to be above the poverty-line if they switch over to Jacquard looms from ordinary looms. But it is beyond their individual capacity to effect the change all of a sudden. Hence most of them remain below the poverty line. Thus, the first hypothesis that most of the handloom weavers are below the poverty line was true.

Results of the study also show that low productivity of labour due to dependence of labour on handlooms in excess of what it can bear has caused high cost of production per unit and high selling price for the products in turn. But competition from mills and powerlooms has been so heavy as to leave the prices for handloom products unremunerative, except in cases where personal attention of weavers produced several designs and quality of products. Even small delays in the realisation of sale proceeds put the weavers to the
mercy of lenders and indebtedness remains a bed-fellow of weavers. This problem has not been solved fully even in the Co-operative societies which have weaver's welfare as their goal. It was largely due to accumulation of unsold finished products blocking the flow of finance in several points of the marketing channel. But Independent Weavers and those working for Master Weavers system were worse affected the Co-operative Weavers. Thus the Co-operatives provide relief, but it is inadequate. Thus low productivity, high cost, unremunerative prices, inadequate finance and excess of labour are the major causes of sickness in handloom industry. It proves the second hypothesis that there are several causes for the sickness, among them, inadequate finance, (liquidity) unremunerative product price and excess of labour are to be holding important.

Recovery of the handloom industry from its sickness would ensure adequate income and full employment to the weavers as the handlooms were shown, even with its heavy labour use at present, to be economically viable. Need to shift at least part of the labour, dependent on the handloom was undeniable. Yet it would at best be a long-term goal. In the immediate future the revival should help employment goals too. Thus, the third hypothesis that the handloom should recover from their sickness not only for their economic viability but also to ensure employment to the workers dependent upon them was true.
However, the problem of excessive labour in handlooms and their high risk of loss at the slightest adverse turn in the product market would have to find remedy in i. modernisation, ii. conversion to power looms, iii. co-operatisation and iv. aggressive product and market promotion in the domestic market and export as well. It would require not only huge investment but also research, particularly market research and training for skill formation. Promotion of specialisation among the three sectors of the textile industry viz., mills, powerlooms and handlooms would be a remedy to avoid unhealthy competition among these unequal competitors. This goal could be achieved by a policy of reservation of specific products to each of these sectors and continuing price support to handlooms to compensate for the lack of cost effectiveness in the short run, until the process of modernisation was completed. Thus, the support of the government to the handloom sector was essential and with that support the four remedies could be successfully implemented to cure the present sickness. Thus, the fourth hypothesis that with the government support, the sickness is curable was also true.

Results also showed that weavers in the co-operative sector were better off. They had the support of the government in input supply, regulation of yarn prices, market facilities, and research and development
of designs for products. Sales promotion and rebate to buyers of finished products helped the disposal of finished products. Export market was thrown open to the handloom weavers by the policy of the government and strict quality control to win the confidence of the foreign customers. All these advantages were available from the deliberate policy of the government to help handloom weavers. But they were available through the co-operative societies where weavers had a democratic control. Yet, the benefit had not reached the weavers fully and in time. Delay in payment, seasonal accumulation of stock and low prices were not uncommon. The reason was seen to be the procedural delay and delayed response to market stimuli. If these problems could not be avoided in a co-operative set up deliberately working for welfare of the weavers, it could be less likely that they would be solved by government. In a competitive market requiring aggressive selling, quick decisions in response to market signals was the basic need and the government would be most unsuitable for such decisions. Therefore, strengthening the existing co-operative system and bringing all weavers into its fold was the real solution to the sickness of the handlooms and not their complete take over by the government. Thus, the fifth hypothesis that 'Complete take over by the government may not be advantageous', was there.
Market potential:

Modernization and conversion to powerlooms would improve the productivity per worker and income of the family of weavers and will also result in significant expansion in production. Theoretically, however, this expansion might be limited by the size of market. Fortunately however market was not a major constraint for handloom products even though marketing was not efficient. Even if the per capita consumption does not increase significantly the rise in population alone will need at least two per cent extra production per annum. Further, with the rise in per capita income, educational status, urbanisation of the population, there was a change in the consumption pattern from grey fabrics to finished cloth, from traditional to cosmopolitan garments and from natural fibres to synthetics and blends. People in India will certainly be better dressed in 2000 AD than they are today and the country will then need nearly 20 billion metres of cloth to clothe its entire population and 1500 million metres for exports. To meet this demand, textile production has to increase three folds of the present level. In that, mills, handlooms and powerlooms have their share and have to grow complementary to each other. Therefore, market would not be a constraint for development of handlooms. All that is necessary to exploit the potential is the right type of product-mix and effective and efficient market promotion strategies.
Conclusion:

The summary of finding and testing of hypotheses presented above lead to the following conclusions:

* As for looms compared to the rise in the number of handlooms in the Karur Taluk, production of handloom products increased very slowly. The reason for this is the market constraint causing several looms to remain idle and others being underutilised.

* Production for export was a practical way to help weavers in the Karur Taluk. There is a flair for Karur madeups. So, larger the share of made ups in total exports, larger would be the value of foreign exchange earned, ultimately culminating in the employment of more local labour.

* Therefore, the export promotion efforts have to continue the production trends in handlooms in general and in Karur, in particular.

The price of handloom products is high and not competitive with other sectors of textile industry and in international markets it becomes difficult to survive.

* Regarding Intersectoral comparison it would be socially undesirable to expand handlooms, and powerlooms were rational substitutes for them. But the response to their conversion programme was slow and halting because of lack of change in outlook on the part of
weavers with traditional skill, and above all, the massive financial assistance and assured market for the finished products. Further, the system of family based traditional production in handlooms would require much persuasion and conviction for a change in it.

* Regarding the economics of production of handlooms the following facts are observed.

i) Pit looms are economic when compared to frame type and semi auto-pedal type ordinary looms.

ii) In any case a weaver would be able to establish a loom of any type of his choice for a total cost of less than Rs. 5,000/- and start his production. But lion's share of the weavers found it difficult to make even this small investment and so they required loans.

* Therefore institutional credit support and much persuasion about the need for modernisation were essential for any programme for improving the productivity of handlooms.

* Production in Jacquard looms was more value adding and more costly than ordinary looms. By productivity per work day, labour use per g metre of cloth output/input ratio and lowest C V of profit the Co-operatives emerged to be the most efficient among the three groups in production of Jacquard looms.

* Therefore it was reasonable to conclude that the Co-operative Organisation was the best for efficient operation of
Jacquard looms and the handloom industry would gain in overall efficiency, if it could bring all the weavers into the Co-operative fold.

* It was further concluded that when all the three categories of weavers are working with Jacquard looms they are able to be above the poverty line while with the ordinary looms, only the Co-operative Weavers are able to be far above the poverty line, the Independent Weavers are just above the poverty line while the Weavers for Master Weavers are far below the poverty-line.

* So, weaving in Jacquard looms would keep the farmers above the poverty-line.

* Sickness in handloom industry is real and brooks no delay for its solution.

* Causes of sickness are, excessive labour use, lack of cost effectiveness, unfavourable and uncertain markets due to competition from other sectors viz. mill and powerlooms and unremunerative prices.

* Remedy for the sickness lies in i. modernization ii. conversion to powerlooms, iii. full coverage by the co-operative and iv. market promotion.

* Government support in policy, infrastructure finance and product promotion is essential.

* However, organisational pattern best suited to the handloom weavers is in the Co-operatives which can
vertically integrate input supply, production, marketing, export and sales promotion.

* Present ills of the co-operative sector are curable and it needs continuous government support, but not nationalisation of handlooms to bring it under complete control of the government. Free market is to the best advantage of the weavers, if unequal competition with mills and powerlooms is avoided. This also requires a policy of reservations.

**Policy Implications**:

Above summarised results and conclusions have important implications for policy. They are listed below;

* The high cost of production in handlooms is their handicap and it affects their competitiveness. The government should either subsidize the input, particularly the cost of yarn, or reduce the cost of inputs themselves through more advanced production and distribution technology. Inadequate supply of yarn being a major problem, there is need to augment the production of yarn. New spinning mills or expansion of capacity of existing ones are the urgent need.

* Improvement in productivity of handlooms and conversion to powerlooms would require training to
weavers in selection of raw material, designs, art of weaving, methods of printing and processing and quality control tests. The government has to encourage the cooperative societies and the Institute of Handloom Technology to undertake this responsibility.

* Enormous demand potential for handloom products exist in rural, semi-urban and urban markets and selected export markets. They require different qualities and types of product and selective promotional efforts would be required to exploit the potential.

* New designs and aggressive selling would go a long way to improve sales.

* The process of modernization that began with the recommendations of the Sivaraman committee (1974) is slow and halting. It needs to be speeded up. The concessional credit from NABARD should help this cause.

* Conversion of handlooms into powerlooms is desirable because handlooms are not profitable on the following ground 1. The weavers under handloom do not get the yarn regularly as well as at cheap rates. Hence, it makes the cost of production of handloom cloth prohibitive. 2. Secondly the time taken by

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4 The Economic Times, 20.8.92, P. II of Survey of States.
the handloom weavers to produce the required amount of cloth is always too long. 3. Thirdly there is a continuous fall in the demand for handloom cloth since it is rough and rugged and costly. So, if the handlooms are converted into powerlooms it will be profitable to the weavers as well as the Industry but some of the products requiring special skills and personal attention, are exclusively meant for handlooms. Reserving some (about 22) items exclusively for handloom industry and including them in the 9th Schedule of the Constitution is a remedy suggested by Damotharan to help handloom sector. It is desirable and feasible.

5 Ibid., Page II.