INTRODUCTION
CHAPTER I

INTRODUCTION

Since time immemorial India has been the home of Cotton, knowing its use 4000 years before Christ. She had been popular in the international market for her web of woven wind.¹ From the dawn of history India has been an exporter of cotton textiles to Europe,² India's Cultural heritage has been closely bound with her pre-eminence as a producer of textiles. In the textile history, handlooms occupy the pride of place for their fine qualities that reflect the age-old skills of people. The handloom sector employs the largest number of persons accounting for nearly 10 million, next only to agriculture. The annual production of the handloom sector accounts for 3,179.64 million metres of cloth which represents nearly 30 per cent of cloth produced in the Country. It contributes in no small measure to the country's foreign exchange earnings as shown in the following table.

### TABLE 1

**EXPORT OF HANDLOOM GOODS 1966-67 TO 1988-89**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Year</th>
<th>Export Value (Rs. Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1966 - 67</td>
<td>11.43</td>
</tr>
<tr>
<td>2.</td>
<td>1967 - 68</td>
<td>11.70</td>
</tr>
<tr>
<td>3.</td>
<td>1968 - 69</td>
<td>15.77</td>
</tr>
<tr>
<td>4.</td>
<td>1969 - 70</td>
<td>30.14</td>
</tr>
<tr>
<td>6.</td>
<td>1971 - 72</td>
<td>30.07</td>
</tr>
<tr>
<td>7.</td>
<td>1972 - 73</td>
<td>48.46</td>
</tr>
<tr>
<td>8.</td>
<td>1973 - 74</td>
<td>99.59</td>
</tr>
<tr>
<td>9.</td>
<td>1974 - 75</td>
<td>120.95</td>
</tr>
<tr>
<td>10.</td>
<td>1975 - 76</td>
<td>195.05</td>
</tr>
<tr>
<td>11.</td>
<td>1976 - 77</td>
<td>272.14</td>
</tr>
<tr>
<td>12.</td>
<td>1977 - 78</td>
<td>258.43</td>
</tr>
<tr>
<td>13.</td>
<td>1978 - 79</td>
<td>302.92</td>
</tr>
<tr>
<td>14.</td>
<td>1979 - 80</td>
<td>290.41</td>
</tr>
<tr>
<td>15.</td>
<td>1980 - 81</td>
<td>326.33</td>
</tr>
<tr>
<td>16.</td>
<td>1981 - 82</td>
<td>374.02</td>
</tr>
<tr>
<td>17.</td>
<td>1982 - 83</td>
<td>323.60</td>
</tr>
<tr>
<td>18.</td>
<td>1983 - 84</td>
<td>336.02</td>
</tr>
<tr>
<td>19.</td>
<td>1984 - 85</td>
<td>403.21</td>
</tr>
<tr>
<td>20.</td>
<td>1985 - 86</td>
<td>421.14</td>
</tr>
<tr>
<td>21.</td>
<td>1986 - 87</td>
<td>447.39</td>
</tr>
<tr>
<td>22.</td>
<td>1987 - 88</td>
<td>516.21*</td>
</tr>
<tr>
<td>23.</td>
<td>1988 - 89</td>
<td>630.79*</td>
</tr>
</tbody>
</table>

**SOURCE**: Handloom Export Statistics 1981-82 to 1986-87
Published by the Handloom Export Promotion Council, Madras - 6. 1989 p.5.

**Note**: * Provisional figures.
Indian Textile:

The Indian Textile Industry which has for centuries enjoyed a big lead in the reputation, internal as well as external markets, is beset with innumerable difficulties, in recent years. Unlike in the olden days when handloom was the only sector, now there are three sectors - the mills, the powerlooms and the handlooms. Of the three, the handloom sector is the worst affected by the severe competition of the mills on the one hand and the powerlooms on the other. Mass production in mills and powerlooms is relatively less costly than the cost of production of even the best producer among handlooms. The latter has however an advantage in production of varieties which need special skill, that provides a touch of arts and crafts of fine quality.

The problem of the handloom industry began with the Industrial Revolution in England, the opening up of the Suez Canal, the development of mill industry in several countries, keen competition from the large-scale industry in Lancashire and later by the growth of native large-scale industry in India itself. In 1854, Devar
ventured to start a textile mill with an English man as partner, in Bombay. Soon, many mills appeared in other regions of India. Their spread has given a death-blow to the time-honoured handloom industry of India because the latter has not been able to face the competition of the former in price and finishing.

Revival:

There came a revival of the handloom units. The fillip was given by the Swadeshi Movement of Mahatma Gandhi in the early part of this century. Gandhiji advocated Khadhi as a weapon of economic emancipation. Its rationale was that the capital output ratio is low in handlooms and it helps economising of scarce capital and employment of relatively abundant labour. People developed a flare for handlooms.

In the year 1941, the Government of India appointed a fact finding Committee to have the real knowledge of the

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4 Kasthuri Srinivasan, Ibid., P.9.

various constraints and grievances of handlooms. Thanks to the recommendations of the Committee, an All India Handloom Board was set up whose function was confined to matters of raw materials supply, marketing and administration of grants-in-aid. Steps were taken by the government to protect the handlooms from deterioration. But since 1951, the Industry showed a falling trend because of a number of factors such as a drop in demand, increased competition from mills and lack of supply of yarn.

The All India Handlooms Board was set up to help the handloom sector with financial assistance and credit facilities. The Government appointed a series of Committees such as the Kanungo (1954), Karve (1955) and Ashok Mehta Committee (1964) to assess the growth of the Cotton Textiles Industry in various sectors and particularly to improve the performance of handlooms. They made several recommendations regarding financial assistance, exports and amelioration of the lot of the weavers who were not in the Co-operative sector. The progress of the industry over the plan period can be seen from Table 2.
<table>
<thead>
<tr>
<th>S.No.</th>
<th>Five Year Plans</th>
<th>Finance Sanctioned (Rs. Cr.)</th>
<th>Qty Target</th>
<th>Qty Actual (Rs. Cr.)</th>
<th>Exports Value (Rs. Cr.)</th>
<th>Employment (In Lakh persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>FIRST</td>
<td>11.10</td>
<td>1,500</td>
<td>1,400</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2.</td>
<td>SECOND</td>
<td>59.50</td>
<td>1,700</td>
<td>1,900</td>
<td>5.00</td>
<td>30.00</td>
</tr>
<tr>
<td>3.</td>
<td>THIRD</td>
<td>34.00</td>
<td>3,500</td>
<td>3,056</td>
<td>12.60</td>
<td>-</td>
</tr>
<tr>
<td>4.</td>
<td>FOURTH</td>
<td>39.35</td>
<td>4,250</td>
<td>3,650</td>
<td>17.00</td>
<td>52.10</td>
</tr>
<tr>
<td>5.</td>
<td>FIFTH</td>
<td>55.32</td>
<td>3,000</td>
<td>2,900</td>
<td>290.41</td>
<td>61.50</td>
</tr>
<tr>
<td>6.</td>
<td>SIXTH</td>
<td>310.93</td>
<td>4,100</td>
<td>3,600</td>
<td>348.86</td>
<td>74.66</td>
</tr>
<tr>
<td>7.</td>
<td>SEVENTH</td>
<td>-</td>
<td>4,600</td>
<td>4,500</td>
<td>485.00*</td>
<td>23.47*</td>
</tr>
</tbody>
</table>

SOURCE: Compiled from the drafts of each Five Year Plan.

NOTE: * Estimated Account in Cr.Crores.
Progress of Handlooms over the Five Year Plans

During the First Five Year Plan assistance was given to the weavers in the form of credit, yarn, approved looms and equipments, technical advice and establishment of sales depot etc. The production and employment increased. The production of handloom cloth almost doubled.

During the Second Plan the financial assistance as working capital was provided at uniform rates of Rs.200.00 per cotton-loom and Rs.500.00 per silk-loom. The plan allotted Rs.59.5 crores for the development of the handloom industry. Fuller employment was given to three million weavers.

During the Third Plan emphasis was shifted from rebate and subsidy to more positive forms of assistance. A target of production of about 3,500 million yards of

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handloom cloth was fixed for the plan period. An allocation of Rs.34 crores was made for the handloom industry. Facilities were made for advanced training to the weavers, technical assistance and publicity in internal and international markets. The production of handloom cloth at the end of the plan period 1965-66 was 3,056 million yards against the target of 2,800 million metres. The total value of exports of handloom cloth increased from Rupees five crores in 1961-1962 to Rs.12.6 crores during 1965-66.

During the Fourth Plan\(^9\), the progress was unsteady. The production of handloom cloth increased from 3,584 million metres in 1968-69 to 3,830 million metres in 1972-73 but decreased to 3,650 million metres during 1973-74. The value of exported handloom cloth was Rs.15.6 crores in 1972-1973 and Rs.17 crores in 1973-1974.

During the Fifth Plan period the handloom cloth production decreased to 2,900 million metres in 1979-80 and the estimated value of production registered a growth rate of only 6.81 per cent per annum.

During the Sixth Plan the emphasis was on wider coverage by Co-operatives, provision of raw materials, managerial assistance, marketing facilities, etc., regular flow of finance and research and development (R and D) support. Thanks to these promotional efforts, the sale of handloom products from the 2000 retail outlets amounted to Rs.400.00 crores during this period. Schemes like the National Bank for Agriculture and Rural Development, The National Handloom Development Corporation for procurement and distribution of yarn, The North East Handicrafts and Handloom Development Corporation, were introduced.

The Seventh Plan aimed at reserving the production of controlled cloth and janatha cloth fully

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to the handloom sector to the tune of 650 million metres., improving the quality of cloth, transferring the technology from the research institutions to the handloom sector and supplying the input to handloom weavers in time. Special attention would be paid to the development of handloom in hill and tribal areas.

**Problem Focus:**

In spite of these special schemes, the handloom sector has to face a host of problems. First, they have to compete with the expanding production of powerlooms and mills in time. Though certain varieties of cloth are reserved for handlooms, production is constrained by inadequate supply of yarn because of the keen competition of mills. People in general and youths in particular prefer the dip and dry mill products to the rough and rugged handloom fabrics. The Common man favours a clothing which is economical, comfortable to wear and durable. These properties are found in polyester staple fibre cotton-blend and hence this also provides a challenge to the handloom sector.
As shown by Nair\(^{13}\) the unfair competition from the powerloom sector which exports materials passing them as handloom products and the non-availability of cotton, are major constraints to boosting handloom exports.

Ratnam\(^{14}\) points out that one of the factors inhibiting the demand for handloom fabrics is the lack of varieties that have consumer appeal. The report of S.I.T.R.A says that handlooms cannot compete with the mill sector since the latter enjoys the advantages of low yarn costs as well as high productivity.

Yet the handloom industry is the life-blood and live-wire of rural India. It provides employment to millions of persons. Tamil Nadu has a rich heritage in handlooms, as weaving has been handed down from generations. In Tamil Nadu alone there are about 5.56 lakhs handlooms, providing employment to 10 lakhs weavers and livelihood to 30 lakhs persons.\(^{15}\) It is the largest in the decentralised sector next to agriculture employing nearly 10 million persons.\(^{16}\)

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13 Govindan Nair, Secretary, Handloom Export Promotion Council, The Hindu, Madras, 27.2.1990.
16 Ibid., P. 1.
It employs a simple labour-intensive technology. It has contributed to the progress of the rural economy of India through its great potential for employment of labour on a large scale in rural and semi-urban areas like Uraiyyur - Tiruchirapalli.

Further, the varieties of designs in which the handloom fabrics are produced speak about the deftness and talent of the Indian weavers and as Rao¹⁷ says, they serve as the Cultural Ambassadors of India.

Few Land Marks in policy:

According to the New Textile Policy (1978) the mill-made control cloth would be limited to 400 million metres and would be produced by the National Textile Corporation and the private sector mills. The policy further laid that it is intended that the handloom sector should to the maximum extent possible and the shortest time, meet the requirement of cloth of the weaker sections of the people.

The Textile Policy of 1981\textsuperscript{18} enhanced the production of controlled cloth from 400 million metres to 650 million metres with some modifications in the composition of the controlled cloth production. The policy emphasised a multi-fibre policy and encouraged the development of seriiculture and hosiery sectors etc.,

As per the New Textile Policy of 1985\textsuperscript{19} the handloom sector may continue to get a boost because of the reservation of the entire production of controlled cloth for production by this sector by the end of the Seventh Plan. The success of the cheap cloth programme hinges on two important factors namely, timely and adequate availability of yarn and at cheaper prices. To overcome these uncertain factors, the Government may establish a yarn bank to supply yarn at cheap price.

\textbf{Sickness}:

Sickness in Handlooms is not of recent origin. It goes back to the period of the Industrial Revolution. Handlooms were very badly affected and a result of the


imports of cloth into India after the Industrial Revolution and their numbers must have gone down quite considerably in the first half of the 19th Century.

But when yarn began to be imported into India also and later when Indian mills started producing yarn they could make a precarious living which depended largely on the price of their raw-material. But, the skills of spinning extremely fine yarns cultivated over many generations, had been irrevocably lost for ever and the ability to weave such yarns was also lost.

The position of the industry began to deteriorate from 1951 onwards. There are a number of factors responsible for this. Owing to the influence of Western Culture and change in pattern of dress, there is a drop in demand for the rough and rugged variety of handloom products. The modern youngsters prefer the light and lustrous, dip and dry to the mota handloom fabrics. So most of the handloom units are affected by a considerable drop in demand. They are further affected by the appearance of a number of textile mills in big centres like Bombay, Calcutta, Coimbatore, Madurai and others and their keen competition. Lack of timely and
adequate credit facilities is another reason for the sickness though the main one being the low level of technology in the looms. The handloom units are unable to give stiff competition to the powerlooms and mills. So they suffer loss. Above all, the handloom units are not sure of a regular supply of yarn and at a fixed price.

Altogether everything makes the handloom products costlier which ultimately affects the demand for handloom products and the units become sick.

Objectives:

Overall objective of the study is to assess the nature and causes of sickness in handlooms of Karur taluk and to suggest specific remedial measures for them. More specific objectives are:

i) To enumerate the number, size of business and the number of persons employed in the handloom textile units-category-wise;

ii) To study the economics of handloom production.

iii) To study the economic condition of handloom weavers in the context of poverty-line.
iv) to identify the causes of sickness in handloom industry and options available for their recovery; and finally,

v) to suggest specific strategies, technical, organisational and policy support for helping the industry.

**Hypotheses:**

Above objectives would require the following Hypotheses to be empirically tested:

i) Most of the handloom weavers are below the poverty-line.

ii) There are several causes for the sickness, among them, inadequate finance, (liquidity) unremunerative product price and excess of labour are important.

iii) The handlooms should recover from their sickness not only for their economic viability but also to ensure employment to the workers dependent upon them.

iv) With the government support, the sickness is curable.
v) The support from government by price-support, marketing and input-supply regulations and legal protection is inevitable; yet complete take over by the government may not be advantageous.

Scope of the study:

The study attempts to find out the basic reasons for the continuous deterioration of the handloom industry in Karur Taluk and to suggest remedies for its revival. This study will provide valuable information to the policy-makers in evolving and formulating policies for the revival of the sick handloom units by protecting them from the competition of powerlooms and mill sector.

Limitations:

The study is confined to the growth of the handloom industry, causes for its sickness, the problems of the weavers, nature of handloom products and above all, the employment opportunities available, especially to the weaker sections of the society. Thus, it covers only a segment - albeit, largest segment of the Textile Industry in the district.
The illiteracy of the weavers make them suspicious of any attempt to study their crafts. Therefore, co-operation has to be earned with much pursuasion and repeated appeal. Hence the study is time-consuming and in turn, limits the size of the sample. Even those convinced about the aim of the study provide data that needs to be checked by several ways for accuracy and consistency. This is largely due to lack of any recorded data and recall basis in the data supplied by call back from memory. This builds up the problem of cross checks and even rejection of a few inconsistent sample respondents as outliers. To ensure accuracy the researcher has to spend several hours, patiently asking for elaboration and clarification of the answers. Over all result is a small sample which is however large enough for statistical inference. The experience of the researcher brings to sharp focus the need to carefully draw the time-frame for any research involving collection of Primary Data.

Organisation of Thesis:

The Thesis is organised into six chapters:

The First Chapter presents the importance of handloom industry in the country and the study area,
problem focus of the present study, objectives, hypotheses, scope of the study, Limitations and some key concepts such as the Poverty Line, income, employment etc.,

In the Second Chapter, the review of related literature is presented.

In the Third Chapter a profile of the handloom industry in the Karur taluk is presented. It provides the backdrop for the analysis.

In the Fourth Chapter materials and methods used for the study are described. It shows sampling method, tools of analysis and statistical tests used in collection and analysis data.

In the Fifth Chapter, Results of the analysis are presented and discussed to draw the specific inferences and conclusions over all.

In the Sixth and the last Chapter a summary of the findings and their implications for policies, research and re-organisation of the industry are presented.
Key concepts:

Yarn:

Yarn is a continuous strand of cleaned fibre of any textile materials combined, drawn out, twisted together so as to produce a strand, longer than the individual fibre.

Wages:

Wages\(^{20}\) included all payments made to the workers in cash as compensation for the work done by them during the year, such as basic wages, dearness allowance, overtime payments, shift allowance, leave wages, wages for paid holidays and regular bonus such as production bonus, good attendance bonus, incentive bonus etc., while they were paid more or less regularly for each pay period.

In this study, wages include the usual wages, Bonus, and Commission.

Employment:

Bishoni\(^{21}\) defined employment as a state of being engaged in productive work, continuous engagement in

\(^{20}\) Manual, Central Board of Excise and Customs, Printed by the Manager, Government of India, Nasik, 1985, P.7.

such work with sufficient amount of labour put in and an adequate reward flowing from it constituted full employment.

Mouly\(^{22}\) defined employment as a situation in which remuneration in cash or kind was received in exchange for active direct personal participation in the production process.

Raj Krishna\(^{23}\) identified four major criteria according to which a person may be called employed or unemployed - they were: the time criterion, the income criterion, the willingness criterion and the productivity criterion.

In this study employment referred to the employment of Independent Weavers, Weavers for Master Weavers' and Co-operative Weavers.

Income:

Malya\(^{24}\) defined income as the total household income of the family consisting of receipts from occupations, dairy enterprises and rents received if any.


\(^{23}\) Raj Krishna, "Unemployment in India" *Indian Journal of Agricultural Economics*, 28(1); 1-22, 1972.

The National Council of Applied Economics Research stated that the income of a household was the earnings both in cash and kind that accrued to and realised by the members of the household during the reference period of twelve months.

In this study income referred to the income of the family of the respective weavers belonging to the three categories - Independent Weavers, weavers working for Master weavers and weavers working under Co-operative societies. This income includes wages, bonus, commissions and other incentives like over-time payment.

Poverty Line:

Poverty, as Ruddar Dutt and Sundaram say, can be defined as a social phenomenon in which a section of the society is unable to fulfil even its basic necessities.

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26 Ruddar Dutt and Sundaram, K.P.M. 'Indian Economy,' Sultan Chand and Co. Ltd., 1979, p. 269.
of life, when a substantial segment of a society is deprived of the minimum level of living and continues to live at a bare subsistence level, and that society is said to be plagued with mass poverty.

The poverty line has been revised upwards in terms of monetary units taking into account, the rising cost of living but the basis of measurement of poverty remains the same viz., calorie intake of 2400 for rural and 2100 for urban areas. Thus, in 1984-85 the poverty line was drawn at per capita monthly expenditure of Rs.107/- for rural and Rs.122/- for urban populace.

According to a recent planning commission study, the poverty-line for a family of 5 should have been Rs.7,980/- for rural and Rs.9,120/- for urban areas at 1987-88 prices. The figure Rs.7,980/- relates to the price index of 155.9 for the year 1987-88. The consumer price index for 1990-91

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being 199 (base 1982 = 100) the poverty line income for the year 1990-91 (the study period) has been computed at Rs.10,186.

This chapter is followed by A Review of Literature and past studies on Handlooms.