CHAPTER - VII

PROBLEM EVALUATION OF POLICY EXECUTION AND PROGRAMMES

IMPLEMENTATION

Introduction

There was a time when Travancore was able to produce all the cloths she required and even more. Weavers in rural areas who had no easy accessibility to urban markets wove coarse cloths for meeting local demand. The master weavers and handloom factories were engaged in producing high quality fabrics meant for internal as well as external markets. They were very enthusiastic in introducing improved looms and in changing patterns and designs of the fabrics according to the changing demand in the market.

With the industrial revolution the advanced capitalist countries were able to produce textiles on a massive scale using the capital-intensive modern technology. In the absence of unemployment, there was no need for them to revive their traditional industries. Moreover, the new technology products were relatively cheaper.

Further through colonialisation or through international trade they were able to capture the third world market, with their cheap textile products of the modern technology. It adversely affected the traditional handicraft and textile industries of the third world in general and India in particular, especially during the colonial period.

Besides, increased population pressure in the villages and the absence of remunerative occupations other than agriculture compelled the weavers to stick on to handweaving for subsistence. Most of the weavers who had landed property considered weaving as a subsidiary occupation during the slack season. This aberration deteriorated the artistic talents of the weavers besides the locking up of capital in land. But gradually, the division, subdivision and fragmentation of land holdings caused by population growth, especially in the weaving castes resulted in the possession of economically unviable plots. The weavers had to be content with subsistence livelihood.

*Sivaraman Committee Report*

The rapid growth of cotton mills and powerlooms and the government policy of encouraging the cotton mills eroded the base of the handloom industry and had farreaching consequences on the socio-economic conditions of the weavers.
Even then the handloom industry employed more than 30 million weavers all over India. The rapidly declining economic condition of the weavers all over the country compelled the central government to study the problems of the industry and to take ameliorative measures. Accordingly, the Government of India appointed a High Powered Study Team under the chairmanship of B. Sivaraman in 1973. The major recommendation of the study team as per its report submitted in 1974 are the following:

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

2. A separate Directorate should be created under Development Commissioner for handlooms in the Ministry of Commerce charged with the responsibility for dealing with handloom alone. It must be assisted by technical personnel wellversed in handloom technology.

3. The coverage of the weavers in active co-operative societies should be 60 per cent of the total by the end of Fifth Plan Period.

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4. The supply of yarn to the co-operative sector can be ensured by promoting co-operative spinning mills. In respect of the handlooms outside the co-operative fold the NTC mills could be linked with the handloom sector.

5. It has also to be ensured that yarn manufactured by a co-operative mill in a mainly handloom area is supplied in full to the handlooms. In addition the yarn availability of the NTC mills should be reasonably linked with the handloom requirements outside the co-operative sector.

6. The Textile Commissioner should ensure that straight hank yarn will be utilised only by the handlooms and the objective should be to see that 300 million Kg. straight hank yarn is produced every year for the handloom sector.

7. The Reserve Bank should give facilities for medium term financing to weavers in order to enable them to contribute to the share capital of the co-operatives. However, it is in the best interest of the co-operative societies to observe the financial discipline laid down by the RBI and to improve their own operating efficiency within the framework of the RBI schemes.

8. The Apex Societies must take responsibility for supply of yarn for a reasonable percentage of weavers requirements and arrange to market at least 50 per cent of the production of the primary weaver's societies through a central organisation. The Apex Marketing Societies
should immediately strengthen their organisation and take over this responsibility in a phased manner in each state.

9. If rebate system is accepted by the State Governments, they should make it a point to reimburse promptly the legitimate rebate to the societies.

10. Design, colour and fabric quality changes are continuously taking place in the consuming markets of the world and continuous research support will be necessary for export promotion.

11. Organise 25 units of 5000 to 10000 handlooms each outside the co-operative sector, but comprising of individual weavers now at the mercy of the moneylenders and petty dealers for their livelihood should be organised during the Fifth Plan.

12. Maintain a raw material bank with adequate stocks of yarn, dyes and chemicals and spare parts for the looms so that a continuous supply of these inputs to the weavers in the unit could be maintained, if necessary to organise a suitable dyeing unit to support the production programme of the unit.

13. The government may workout an arrangement under which the manufactures make available the required quantities of dyes and chemicals to a few specified institutions etc., in each state for final distribution to the handloom weavers.
14. The Institute of Handloom Technology should run courses for training managers. There should be a system of further training in production organisations which may be selected from practical co-operative societies and/or organisations in the non-co-operative sector. The candidates for these courses should invariably be sponsored by co-operative institutions and private entrepreneurs who could give a suitable undertaking and guarantee that these trainees will be employed by them in the handloom sector.

Review of Implementation

The recommendations of Sivaraman Committee were aimed at an effective co-ordination of the various activities in different sectors of the handloom industry in the country. The committee had recommended for bringing the major part of the industry into the co-operative fold in a phased manner. It further proposed various measures for implementation for the easy accessibility of inputs, cheap credit and financing, skill formation and training and marketing facilities. In this context it is appropriate to make an evaluation of the implementation of the recommendations in the State of Kerala.

Co-operativisation

A separate Directorate was created under a Development Commissioner for handlooms in the State of
Kerala even before the submission of the Sivaraman Committee Report. It has been assuming its assigned duty of co-ordinating the functioning of the various sectors of the industry in principle. But, in fact, the Directorate could only partially fulfil this objective due to excess bureaucratisation and absence of imagination and initiative.

The basic policy followed by the Government during the last three decades for the development of the industry was one of bringing more and more looms into the co-operative fold and strengthening the co-operative structure of the industry. The primary societies and the Apex Society are being given financial assistance for the construction of the buildings and for the creation of necessary infrastructure for production and marketing of handloom goods.

The total number of handlooms and societies remained stagnant at 95,000 and 578 respectively in 1983-84 and 1984-85. But the number of looms in the co-operative sector increased from 49,000 in 1983-84 to 54,000 in 1984-85. But the State Government could not mobilise 60 per cent of the looms in the State into the co-operative fold based on the recommendation of Sivaraman Committee. It could only mobilise

56.8 per cent of the total looms. The production of the handloom cloth in the co-operative sector and the unorganised sector increased to 42.5 million metres and 40 million metres respectively during the year 1984-85. However, the productivity was very high in unorganised sector, that is 975 metre/loom compared to 787 metre/loom in the co-operative sector, probably due to higher capacity utilisation. The total value of production in the co-operative sector during 1984-85 was ₹26.5 crores, while it was ₹25 crores in the unorganised sector.

The Sivaraman Committee Report was based on a false impression that through co-operativisation all evils haunting the industry could be exorcized. But in the context of Kerala's socio-political conditions co-operative societies serve a drainage of resources through misappropriation into the pockets of the politicians and a vehicle of corruption by bureaucracy. More often new societies were formed only because the weavers outside the system had no other go but to come to the co-operative fold for their subsistence. However, Sivaraman Committee wanted rebate subsidy scheme to be scrapped as corruption and malpractices had caused irreparable damage to the co-operative system itself. It
suggested that the huge sums given by way of rebate could be utilised for improving the production and marketing techniques. However, it may be pointed out that the rebate subsidy scheme continues as earlier.

<table>
<thead>
<tr>
<th>Year</th>
<th>Value of Cloth Procured (Rs. lakhs)</th>
<th>Value of Cloth Sold (Rs. lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976-77</td>
<td>273.00</td>
<td>320.84</td>
</tr>
<tr>
<td>1977-78</td>
<td>291.00</td>
<td>267.40</td>
</tr>
<tr>
<td>1978-79</td>
<td>351.00</td>
<td>390.97</td>
</tr>
<tr>
<td>1979-80</td>
<td>518.73</td>
<td>515.00</td>
</tr>
<tr>
<td>1980-81</td>
<td>622.92</td>
<td>672.28</td>
</tr>
<tr>
<td>1981-82</td>
<td>749.58</td>
<td>791.61</td>
</tr>
<tr>
<td>1982-83</td>
<td>776.14</td>
<td>866.80</td>
</tr>
<tr>
<td>1983-84</td>
<td>650.93</td>
<td>823.15</td>
</tr>
<tr>
<td>1984-85</td>
<td>657.39</td>
<td>776.00</td>
</tr>
</tbody>
</table>

(Tentative)


It can be seen from Table 7.1 that procurement and sale of handloom goods has increased considerably from 1976-77 to 1984-85. In 1976-77 total procurement of
fabrics was valued at ₹273 lakhs which is increased to ₹657.39 lakhs in 1984-85. Even then it could not lift 50 per cent of the fabrics produced in primary societies according to the recommendation of Sivaraman Committee. In the case of sales, it was increased from ₹320.84 lakhs in 1976-77 to ₹776 lakhs in 1984-85. Even then stocks valued more than ₹6 crores stock piled in the various godowns of HANTEX. 4

Table - 7.2 Details Regarding Rebates of HANTEX

<table>
<thead>
<tr>
<th>Year</th>
<th>Given (₹. lakhs)</th>
<th>Received (₹. lakhs)</th>
<th>Balance (₹. lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>78.61</td>
<td>58.61</td>
<td>33.52</td>
</tr>
<tr>
<td>1981-82</td>
<td>93.46</td>
<td>70.05</td>
<td>56.93</td>
</tr>
<tr>
<td>1982-83</td>
<td>123.42</td>
<td>69.03</td>
<td>111.32</td>
</tr>
<tr>
<td>1983-84</td>
<td>122.66</td>
<td>91.24</td>
<td>142.74</td>
</tr>
<tr>
<td>1984-85</td>
<td>120.12</td>
<td>76.48</td>
<td>186.38</td>
</tr>
</tbody>
</table>


In order to dispose of the accumulated stocks, the Central and State Governments are allowing rebates to the HANTEX and primary societies. The amount of rebate

allowed by the Government of HANTEX in 1980-81 was valued at Rs. 78.61 lakhs in 1980-81 (See Table 7.2). It is increased to Rs. 120.12 lakhs in 1984-85. But the total amount to be reimbursed from Government to the HANTEX stood at Rs. 186.38 lakhs. The working capital of HANTEX, the Central institution for the co-operative sector is Rs. 400 lakhs but the Government owed Rs. 454 lakhs to this institution under different items of due. As a result 371 primary societies are facing acute financial stringency.

Table - 7.3  Credit Sales to Government Servants

<table>
<thead>
<tr>
<th>Year</th>
<th>Given (Rs. lakhs)</th>
<th>Received (Rs. lakhs)</th>
<th>Balance (Rs. lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>84.70</td>
<td>71.81</td>
<td>88.10</td>
</tr>
<tr>
<td>1981-82</td>
<td>94.78</td>
<td>60.00</td>
<td>122.88</td>
</tr>
<tr>
<td>1982-83</td>
<td>120.68</td>
<td>60.00</td>
<td>183.56</td>
</tr>
<tr>
<td>1983-84</td>
<td>107.02</td>
<td>86.33</td>
<td>204.25</td>
</tr>
<tr>
<td>1984-85</td>
<td>110.52</td>
<td>100.00</td>
<td>214.77</td>
</tr>
</tbody>
</table>


5. ibid.
As a part of sales promotion HANTEX has introduced a scheme of credit sales to Government servants. In 1984-85, HANTEX sold ₹110.52 lakhs worth of fabrics on credit basis (See Table 7.3). But Government owed ₹214.77 lakhs to HANTEX as in 1984-85. This has adversely affected the working capital position of HANTEX to a great extent.

The sales turnover of HANTEX during 1984-85 amounted to only ₹10.13 crores against ₹10.28 crores in 1983-84.\(^6\) It distributed yarn worth ₹2.28 crores to primary societies in 1984-85.\(^7\) The Apex Society has 232 trade outlets including 28 retail outlets all over India of which 12 are located outside the State. It proposes to construct a fullfledged regional central godown attached to each of Regional Office in the district headquarters. Four showrooms have already been opened. A pre-loom and post-loom unit with capacity of 800 Kg. yarn/day and 9000 metre/day respectively are working at Balaramapuram.

There are certain problems in implementing some of the recommendations of Sivaraman Committee Report because of certain factors beyond the control of State.

\(^7\) ibid.
Government. In the case of supply of inputs, the basic policy of the Central Government assisting organised cotton mill sector, the State Government is helpless in controlling the cotton mills which are supplying the raw materials.

The Sivaraman Committee Report does not say anything about the implementation of all-India wage policy in the industry. If all-India wage policy is implemented, it would increase the cost of production of fabrics in other states where wage and cost of living are lower. Fear of losing export market, the Central Government is reluctant to implement all-India wage policy. Besides, the capitalist class in the textile industry is in a dominant position to determine the textile policy of the country. It is always against the interest of handloom industry since the horizontal development of these two sectors are contradictory.

**Supply of Inputs**

Timely availability of adequate quantity of yarn of requisite quality at reasonable prices has been a continuing problem of the industry. In spite of regulations making it obligatory for the spinning mills to produce and supply a percentage of hank yarn. All the hank
yarn required by the weaver is not always available. There has also been fluctuations in the price of yarn not reflected in a similar fluctuation of the price of cloth. The existing regulations for the production of hank yarn should be more vigorously enforced. In the setting up of new spinning mills priorities should be given to Weaver's Co-operative Spinning Mills and necessary credit for setting up of these mills may be made available from the All-India financial institutions. The Handloom Apex Societies and Handloom Development Corporation should be entrusted with the task of proper and timely distribution of yarn to the weavers. More Common Service Centres should be started to facilitate dyeing and processing yarn by weavers.

The handloom establishments small and big, were having their own dyeing facilities and firewood was used in large quantities for the purpose. But the recent exhorbitant rise in the cost of firewood and scarcity of the materials had caused immense hardships to the producers. Added to this, lack of emphasis on supply and marketing has continued the system of exploitation which exists in the yarn supply market. So too the cloth marketing system exploits the weavers most.
The provision of inputs in time is of great importance especially to export-oriented units as foreign buyers are keen on exporters keeping to schedules.

What the societies need is coarse yarn and finance at concessional rates of interest to meet the working costs till their products are marketed. In this context, what the Tamil Nadu Government did was worth emulating. It subsidised cotton purchases by the mills on the condition that they would not hike yarn prices. This helped the cotton cultivators, the mills as well as the weavers. Since there is no cotton cultivation in Kerala this procedure is out of question but the State Government could very well introduce a large system by which the spinning mills could be asked to reserve part of the yarn produced by them for handlooms in the State. There are 24 spinning mills in Kerala employing about 18000 workers. On an average the daily yarn production is about 600 bales which would meet at least 50 per cent of the demand in the State.8

Finance and Credit

Both the Central and State Governments provide finance for the development of the handloom sector and the RBI provides concessional credit to the weaver's societies.

Those outside the co-operative fold however, have to mobilise their own resources. Financial aid to the co-operatives is also deemed to be inadequate.

The scheme-wise expenditure under Handloom industry in Kerala from the Fourth Five Year Plan onwards is given in Appendix 7.2. The schemes have been grouped under six headings viz; (1) assistance to co-operative societies, (2) assistance to Handloom Development Corporation, (3) rebate on sale of handloom fabrics, (4) other marketing assistance, (5) welfare measures and (6) other schemes. The percentage of share of each group in the total outlay for the 14 years 1969-83 has also been provided (See Appendix 7.2). It can be seen that rebate and marketing assistance together accounted for about 41 per cent (₹709.07 lakhs) of the total outlay. 36 per cent (₹626.89 lakhs) of the total outlay has been spent for the development of handloom co-operative societies and 20 per cent (₹342.08 lakhs) for Intensive Handloom Development Projects and other schemes implemented by the Handloom Development Corporation. The share of the outlay for the unorganised sector of the industry is negligible. State spends only 1 per cent for the welfare measures of the weavers.
Credit facilities to the co-operative sector are taken care of by the RBI's scheme for handloom finance. The credit requirements of Intensive Handloom Development Projects and Export Promotion Project are looked after by Handloom Development Corporation. But a majority of weavers are outside the purview of these schemes. Weavers under the jurisdiction of dormant and defunct societies do not get credit facilities. Most of the weavers in the unorganised sector continue to depend on the master weavers as their forfathers did and they continue to be exploited by these master weavers. After the nationalisation of banks, the State is in a position to come to the assistance of these unfortunate weavers and get them out of the clutches of master weavers. Large number of families with one or two looms not covered by co-operative and development projects may be assisted with looms and grants under the Integrated Rural Development Programme (IRDP).

**Marketing Problems**

The HANTEX is responsible for marketing the products of its member societies only and hence the primary societies which are not members of the Apex body are exposed to inevitable competition from the master
weavers. Sometimes such non-member societies are forced to sell the bulk of their stock at a reduced rate in the absence of a proper market. The experience of non-member weaver's societies shows that any large scale attempt to give regular work and wages to their members cannot be based on a marketing system run exclusively by a primary co-operative without the support of a well-organised central body.

On many occasions a sudden reduction in procurement price of finished goods by the Apex society makes its member societies reluctant to channelise their products through this central body. The structure of the weaver's societies at the primary and Apex levels is interdependent and one cannot function efficiently without the support of the other. The system of procurement of finished products by the Apex society only at its central receiving centre in various district headquarters discourages response from primary member societies which are located far away.

The co-operatives are not able to enter the export market in a big way as they are not suitably equipped to undertake risk. An official said that there was difficulty in executing bulk orders ensuring uniform quality as the fabrics had to be woven by weavers at different centres,
unlike the master weavers who engaged weavers in one area to ensure uniform quality. The co-operative sector also lacks a well equipped market intelligence set-up to give guidance on exports whereas the private trade has a more dependable system of market intelligence provided by their contacts abroad and the extensive tours undertaken by their men in foreign countries frequently. In the matter of gathering market intelligence and keeping itself informed of the changing requirements in the foreign markets, the Export Promotion wing will have to appoint experts. It would also have to establish constant interaction with its buyer groups. Handloom export promotion work should be entrusted to persons with sufficient initiative, imagination and knowledge of the requirements of the foreign markets. The exporters are sore over the frequent changes in the import and export policies besides the cumbersome procedures to be followed for exporting. In the matter of issue of quotas for handloom garments in quota countries they contend, there is corruption and favouritism, the genuine trader often being denied his legitimate share.

Exact figures of the quantity and value of handloom goods exported from Kerala are not available since
the bulk of the exports are made by exporters based in cities like Bombay, Delhi, Madras, Bangalore etc. However, it is estimated that Kerala handloom goods worth Rs.25 crores to Rs.30 crores are exported annually. The direct export of handloom products by exporters of Kerala registered with the Handloom Export Promotion Council, Madras amounted to only Rs.3.82 crores during 1980-81. Cannanore which used to be an important centre for export of handlooms in the last decade has lost its place. Attracted by lower wages and better industrial relations Cannanore type of handloom products are manufactured in Tamil Nadu and exported under old generic names and sometimes with old trade marks.

It is revealed that prospects for export of fabrics and garments were bright and that there had not been any case of rejection on the grounds of quality by foreign buyer. The trouble arose only when the goods were not supplied in time. Quota restrictions hampered the growth of export of readymade garments. Information on the market situation in far off lands, official relations

10. ibid.
with importing countries, trade negotiations at high levels and visits of trade delegations to other countries for promotion of exports are needed.

The handloom sector can meet the competition from powerlooms only through Changeover to new designs and processes. Diversification has already started by way of the introduction of polyester cotton sarees and crease-resistant varieties of shirtings, novelty fabrics, furnishings and mul-mul varieties. The resistance to change emanates from the unwillingness of weavers to take risks, despite their awareness that production of the same traditional varieties would lead to stagnation and accumulation of stocks. Similarly there has also been resistance to introduction of new technology as weavers feel sophistication would mean more work. This problem is quite serious in the co-operative sector where the weavers own the loom while the master weavers in the private sector have been able to bring out changes without much difficulty.