Chapter - III
Chapter -III

ROLE OF WEAVER’S CO-OPERATIVE SOCIETIES IN SALEM DISTRICT

Handloom industry is important in next only to agriculture in India. Specially in Tamil Nadu. The importance of cottage industries to India's economy cannot be exaggerated. In the past, India had attained a very high position in the rest of the world was still in a semi civilized state. India has been a producers of cotton cloth from time immemorial and is generally regard as the birth place of cotton manufacture. Cotton was used for textiles even at the rem of period of "Indus Valley Civilization". All the fabrics were in the absence of machine made inevitably on handloom and they had a virtual monopoly, major position of the requirement of handloom cloth in the world being met by Indian handlooms.

The handloom industry is an important small-scale industry is an important Tamil Nadu. Next to agriculture, the Handloom sector provide a major source of employment in the steps gradually in nurturing the handloom industry and in promoting the welfare of the people who depend on it for their livelihood. At present, the government is showing been interest in the development of weaver's co-operative societies and their members by introducing some intensive welfare measures like share capital loans for admission of weaver's into co-operative fold, state participation, in the share capital of primary weaver's co-operative societies and scheme for modernisation of Handlooms.
About ten million weaver's find employment in this industry which in 1988-89 produced 3.381 million meters of cloth according for 37 percent of the total cloth produced in India. Handlooms also contributed Rs. 630 crores to the export earning through export of fabric and garment during 1988-89. The tradition of handloom weaving in this country has been long and distinguished and the skill of India handloom weavers has been of high orders this fact was supported by Sri Ranada in the following words. “Egyptian mummies dating from 2000 BC have been found wrapped in India Muslim of the finest quality.”

**Present Position :**

Handloom has a very strong tradition, with 4.27 lakh looms and 11.00 lakh weaver’s depending on it. The Government of Tamil Nadu is totally Committed to the welfare of handloom weaver’s and we are in the implementing schemes aimed at the welfare of the weaver’s which is of the order of Rs 120 crores annually. We are the only state to offer market support of 20% rebate on the sale of handloom cloth throughout the year. Our absorption of assistance from the Government of India and nabbed is among the highest in the weaving Community was demonstrated recently in the appointment of a high level committee to stock, flow of credit to weavers and measures to provide continuos employment a package to provide continuos employment Government of Tamil Nadu recently announced a package of relief measures costing Rs. 70 crores. This package included an additional rebate of 10% for Insurance cover to weavers by Rs. 10,000/- like realisation of the scheme of pensions rehabilitation of co-operative societies easier supply of yarn on credit, apart from a special procurement plan to relieve stock accumulation. While the State Government plan has taken these
measures to relieve the situation, we look to the Government of India to come forward and assist the State Governments in providing necessary relief to the handloom sector in this hour of need.

Problem of Handloom Industry

The handloom Industry, though contributing a lot to the nations economy, faces a number of borders. Weavers who own the handlooms constitute a weavers section of the society and cannot afford to invest adequately in the necessary outlay required on production of cloth. Their credit in the organised banking sector being small they get little accommodation from the banks and have to fall in the clutches of the money-lenders or master weavers. Supply of raw material is another major input of handlooms, through the weavers have organised a few spinning mills of their own, most of the yarn is produced by the mills in the private sector and these mills keep the handlooms last on their list of customers, giving them only residual yarn that also through a chain of middlemen, In times of scarcity, the handlooms hardly get any supplies. In case they produce cloth they face the problems of marketing. More often them not they surrender their produce to the middleman who reap the produce to the middleman who seap the better part of profit. In this age of advancing technology, the weavers lay behind the organised sector. Nor do they have processing and dying facilities, which are a necessary adjunct to production as well as marketing.

Need for Co-operative Societies : -

In orders to provide financial aid and technical guidance and to strengthen the bargaining power of weavers, it is necessary that they should be brought within an
organisation. It has been realised that no organisation other than Co-operatives can suit than better efforts were, therefore, directed towards bringing weavers in the co-operative fold.

Objectives :-

Objects of weaver's Co-operatives are to supply raw material to members and for that purpose to make purchases these of in bulk, to raise funds for running expenses of the industry to provide technical assistance to the members in producing goods of attractive patterns to provide common services such as dying printing and bleaching to arrange collective sale of cloth produced by members and generally to promote the industry 9n such way that its benefit goes to the weavers.

Working of Societies : -

Handlooms industrial societies are of two types, i.e., those, which help the members to carry on work individually, and those in which the members produce goods collectively.

In the First type namely, supply and marketing society, the society purchase yarn in bulk and supplies it at reasonable rates to the weavers members. It also provides them with some loan for investment in raw materials and appliance members weave cloth and get it marked through the society.

The second type of society maintenance a production centre, where looms and others appliances are provided Investment in raw material is also made by the society. Members come and work in the production centre on wages. The society is responsible
for the sale of goods so produced. profits, if any are divided among members in proportion to the wags earned by them. in this type of society, it is easy to standardise the finished products. It is also easy to empire advanced technology

Generally the societies are of mixed type which maintain are or more production centres and also help the members in developing their individual industry. The common production centres are maintained for training and designing purposes and also gives yarn to the members who prepare cloth from it according to given specifications, the cloth so made is returned to the society, which markets it. The corkers get wages for the work done.

**Secondary Societies** :

The basic Structure of weaver’s movement comprises the primary societies with individual weavers as members. For handing the supply of yarn from the mills to the weavers and for arranging the sale of cloth on an extensive scale, some board-based organisation is needed. The primaries also study the market for changing tastes and fashion. Apex societies have therefore, been organised in the states. The function of these societies is to facilitate the operations of the affiliated primary societies them raw material and more specifically to supply them raw material and appliances and market their products these societies have get only primary societies as their members. In some states, direct or regional level federations have also been organised. In 1977-78, these were 93 regional and 22 apex level weavers federations.
Highlevel study team

A study team headed by Shri B. Sivaraman which gave its report in July 1974 made a members or recommendations for the development of handloom industry based on these recommendations an action programme has been prepared with includes the following.

1. Efforts will be made to bring atleast 60% weavers in the fold of Co-operatives Special efforts in the will be made in places having a concentrations of handlooms.

2. A survey of handloom Co-operative will be undertaken to locate, viable and potentially viable societies, which will be, provided additional share Capital assistance by the Government.

3. Supply to yarn and other input shall be adequate ensured. New spinning mills will be set up in the Co-operative sector so as to reduce dependence on Private mills. Marketing of Finished Cloth would be organised more effectively and sales will be linked with Consumer's Co-operative, instead of opening new sales depots of handlooms themselves.

4. Manufacture of yarn dyed dhotis, chaddars, bed-covers, low reed pick cloth, tablecloth and napkins, saress, coloured saress with zari borders exceeding 2.5 width, and cloth of plain weaver will be reserved for handloom sector.

5. A separate Development Commissioner for Handlooms will be appointed and All-India Handloom Board received and Converted into a statutory body to be able to private effective assistance to weavers Co-operative
6. An All-India Handloom Research and Development Associates will be set up to be in overall charge of technical development of handloom sector.

7. Management is the most importance pre-requisite for the successful running of any business. Adequate arrangement of training of the staff of the Co-operative Training side by side, member education programme for handloom Co-operative will be strengthened

Finances:

The Handloom weavers Co-operative Societies, like any other Co-operative institution, need sufficient funds for their Co-operations. The societies have to purchase yarn for weaving. Cloth is the got bleached, processed and dyed before it can be put on the market, side by side, stocks of dyes and chemicals have to be kept and wages for weaving cloth have to be paid to members. All this process is expected to take about three months for which period it is necessary for the societies to raise working capital finance from the banks. As per Reserve banks scheme for handloom Finance (1956), as amended from time to time, control Co-operative banks have been granting hypothecation limits to handloom weavers societies including those producing silk and woollen cloth equal to three months requirements. Requirements are assessed on the basis of last year's production plus 20% for expected increase NABARD has further enhanced the permissible limits to 40 percent of the annual production. Before sanctioning limits, the Co-operative bank should ensure that;

1. The society works on products - com - sale basis
2. Sale effected should not be less than 2/3 of their production during the year.
3. Society should have remitted 50% of the sale proceeds to its cash credit cannot with the bank.

4. Society should have the capacity to provide 10% margin. Cash and bank balance reserve fund deposits in banks, cost of building constructed out of profits and plant and machinery used in business, are reckoned towards 10 percent margin.

If the society was in need of funds over and above the normal limit mentioned above, the co-operative bank may give additional limit against pledge of stocks with a margin of 10 percent.

Normal as well as additional financial accommodations provided by Co-operative banks to handloom Societies are re incur sable from NABARD at 2.5 percent below the Bank Rate. Cover for drawls from NABARD is the non-overdue outstanding of the Central Co-operative banks against societies. Because of liberalisation of the scheme of financing handlooms, the advance from R.B.I / NABARD to Co-operative Banks have increased from only Rs 49 lakh in 1957-58 to Rs 15 crores in 1982-83.

**Assistance for Installing Power Looms**

With the view to increasing the productivity of the handloom sector and to introduce better, cheaper, quicker and easier methods of weaving, the Government of India decided in 1956 that handlooms may gradually be converted into powerlooms, 35,000 powerlooms were decided to be set up during the second five-year plan. A provision to advance a loan at the rate of Rs 3,600/- per powerloom set up in the to unsatisfactory progress, the scheme was given up in 1961.
The scheme was, however, reversed on the recommendation of the Powerloom Enquiry Committee set up under the Chairmanship of Sri Ashok Metta. 60,000 Powerlooms were proposed to be installed in the cotton sector during the fourth plan. Preference was to be given to the setting up of powerlooms in the Co-operative sector by the handloom weavers. The scheme provided that the powerlooms should be rest up in clusters of about 300 looms. A set of four powerlooms was considered viable. State assistance was to be given for the setting up of powerlooms in the Co-operative sector at the rate of Rs. 6,000/- to meet the cost of powerlooms and accessories and Rs. 2,700/- for working capital. Common facility services were also to be provided by the Government of India to the handlooms as well as powerlooms both within and outside the co-operative sector. Progress was, however very slow. In June 1983, these were 894 Powerloom societies of which 469 were dormant. These society produced cloth valuing Rs.14 crores on 50,000 powerlooms. Only 216 societies were in profit.

Outside the Co-operative sector, however, powerlooms have made good progress. In 1989 these were 9 lakh powerlooms, of which 5.3 lakhs were 9 lakh powerlooms, of which 5.3 lakhs were working on cotton. During 1988-89, they produced 3.680 million meters of cloth Government is not very been to bring these looms with in the fold of Co-operative either. Its attention is towards handlooms.
TABLE 3.1
CLASSIFICATION OF WEAVER’S CO-OPERATIVE
SOCIEDTES IN SALEM AT PRESENT

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Types of weaver’s Co-operative Societies</th>
<th>No. of Societies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cotton Weavers Co-operative Societies</td>
<td>44</td>
</tr>
<tr>
<td>2.</td>
<td>Industrial Weaver’s Co-operative Societies</td>
<td>7</td>
</tr>
<tr>
<td>3.</td>
<td>Silk Weavers Co-operative Societies</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Director of Handlooms Salem.

As per the old 20-point programme and on the recommendation of the Sivaraman Committee, Six-Handloom Development projects were organised in Tamil Nadu so as to bring more number of Handloom weavers into the Co-operative fold. One such Co-operative Intensive Handloom Development project is at Salem. It was organised in the year 1979. Due to administrative reasons and to provide more benefits to weavers the handloom Development project was converted into a Co-operative society.
### TABLE 3.2

**ANNUAL PRODUCTION OF THE HANDLOOM CO-OPERATIVE SOCIETIES IN SALEM DISTRICT**

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Year</th>
<th>No. of Societies</th>
<th>Production value</th>
<th>Production in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1996-1997</td>
<td>44</td>
<td>1294.44</td>
<td>100</td>
</tr>
<tr>
<td>2.</td>
<td>1997-1998</td>
<td>44</td>
<td>1120.57</td>
<td>86</td>
</tr>
<tr>
<td>3.</td>
<td>1998-1999</td>
<td>44</td>
<td>1140.20</td>
<td>88</td>
</tr>
<tr>
<td>4.</td>
<td>1999-2000</td>
<td>44</td>
<td>1242.94</td>
<td>96</td>
</tr>
<tr>
<td>5.</td>
<td>2000-2001</td>
<td>44</td>
<td>3876.27</td>
<td>299</td>
</tr>
</tbody>
</table>

**SOURCE :** Assistant Director of Handlooms, Salem

The above table shows that the annual production of Handloom weavers Co-operative societies in Salem District for 5 years from 1996 - 2000. 44 District in Salem District the production has fallen during 97-98 by 14% similarly these is a slight improvement in production by 20% in 98-99 and there a gradual increase in production by 8% in 99-00. In the succeeding year the production jumped to 299% i.e. there is a sprat in production by 203%. The sudden jump in production in reflected on sales by these societies. Corresponding in the same period sales have shown a good result. The tendency must follow by the societies.
TABLE 3-3

ANNUAL SALES OF THE HANDLOOM CO-OPERATIVE SOCIETIES

IN SALEM DISTRICT

<table>
<thead>
<tr>
<th>S. No</th>
<th>Year</th>
<th>No. of Societies</th>
<th>Production Value</th>
<th>Production %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1996-1997</td>
<td>44</td>
<td>1382.31</td>
<td>100</td>
</tr>
<tr>
<td>2.</td>
<td>1997-1998</td>
<td>44</td>
<td>1286.15</td>
<td>93</td>
</tr>
<tr>
<td>3.</td>
<td>1998-1999</td>
<td>44</td>
<td>1534.30</td>
<td>110</td>
</tr>
<tr>
<td>4.</td>
<td>1999-2000</td>
<td>44</td>
<td>1534.30</td>
<td>96</td>
</tr>
<tr>
<td>5.</td>
<td>2000-2001</td>
<td>44</td>
<td>4337.13</td>
<td>314</td>
</tr>
</tbody>
</table>

SOURCE : Assistant Director of Handlooms, Salem

The number of Societies is constant. But the sales vary widely. In the study period the sales in 97-98 falls by 7% in 97-98. But there is a sales shortage of 14% in 99.00. In the succeeding year the sales jumped from 96% to 314% i.e. there is an increase of 218% in 2000-01. This is due to clearance of a stock by all the members' societies during the particular period. This shows the better working performance of the societies. The sales of the weaving societies are given in a par diagram.
The Annual Sales of the Weaver's Societies in Salem District is Showing in a bar-diagram
TABLE 3.4
THE RESULTS OF THE WEAVERS CO-OPERATIVE SOCIETIES,
IN SALEM DISTRICT
IN THE YEAR 2000 - 01

Rs. in lakhs

<table>
<thead>
<tr>
<th>S.NO</th>
<th>Variety</th>
<th>Profit</th>
<th>Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Silk Pretty</td>
<td>1065.38</td>
<td>-</td>
</tr>
<tr>
<td>2.</td>
<td>Silk Sarees</td>
<td>-</td>
<td>802.14</td>
</tr>
<tr>
<td>3.</td>
<td>Cotton Dhothy</td>
<td>182.22</td>
<td>-</td>
</tr>
<tr>
<td>4.</td>
<td>Power Looms</td>
<td>15.40</td>
<td>-</td>
</tr>
</tbody>
</table>

Table 3.4 discloses that among the four varieties produced by the weaver's societies the silk Sarees incurred a loss of 802.14 lakhs in the 2000-01. But other varieties are showing satisfactory result among the four varieties silk Dhothies are giving dominating result i.e. the profit of 1065.38 lakhs.
Profit and Loss of the Various Varieties are showing in a bar-diagram

- Silk Pretty: Profit
- Silk Sarees: Loss
- Cotton Dhoty: Loss
- Power Looms: Loss

Value in Lakhs
SALEM DISTRICT

Salem is one of the 30 Districts in Tamil Nadu. Dharmapuri District bound it on the north, Trichrapalli District on the south, Periyar District on the west and South Arcot District on the east with a total geographical area of 8643 sq. kms. The average annual rainfall in the District except in Yercaud Taluk, ranges between 500 mm and 1150 mm. In the plains, the climate is hot from March to June every year. The climate in Yercaud is very pleasant throughout the year. Five categorizes of soil viz., clay, mixed black loam, Black sand, Red ferruginous are red soil (gravel) are seen in the District. Forests cover over 1/5th of total area of the District (1.67 lakh hectares). The forest products produced from those forests are sandalwood, bamboo, timber, fuel wood, gallant, avaram bark, Konnai bark and tamarin. The major rivers flowing through the district are cauvery, vasishtandhi, swagardhi and Sarabhang - nadhi. The important fills in the District are shavarags Hills, Nagarmalai, Kalrayam Hills, Kolli Hills, Sithumalai and kanjamalai. The District has rich deposits of mineral resources of industrial importance like Bauscite, Limestone, Magnesium and steel.