Chapter 1

Textile Industry in Co-operative Sector

Introduction

Textile industry is the largest economic activity in India, next only to agriculture. It produced 38,440 million square meters of cloths, employing 22 million people in 1999-2000. It has enjoyed an annual growth rate of 6.00 percent during the last five years of the last century. The textiles contribute about 14.00 percent of industrial production and 37.00 percent of export earnings, while claiming 2.00 percent of the import bill.\(^1\)

Handloom industry

The Handloom textiles constitutes a timeless facet of the rich cultural heritage of India. As an economic activity, the handloom sector occupies a place next only to agriculture in providing livelihood to the rural people. The element of art and craft present in Indian handlooms makes it a potential sector for the upper segments of the market, both domestic as well as global. However, the handloom is beset with manifold problems such as obsolete technologies, unorganised production system, low productivity, inadequate working capital, conventional product range, weak marketing link, overall stagnation of production and sales and above all, competition from the mill sector. As a result of effective Government intervention through financial assistance and implementation of various developmental and welfare schemes, the handloom sector has been able to tide over some of the
above disadvantages. As a result of these measures, the production of handloom fabrics has gone up to 7,250 million square meters during 2000-2001 from a level of 500 million square meters in the early fifties².

In textile industry, handloom with 4.2 million looms occupies a significant place producing 7,250 million square meters of cloth in 2000-2001, accounting for 19.40 percent of total textile production in India and the sector employs 7.2 million workers in weaving and other allied activities like dyeing and trading.

Handloom forms a precious part of the generational legacy and exemplifies the richness and diversity of our country and the artistry of the weavers. Tradition of weaving by hand is a part of the country’s cultural ethos. Handloom is unparalleled in its flexibility and versatility, permitting experimentation and encouraging innovation. Innovative weavers with their skillful blending of myths, faiths, symbols and imagery provide the fabrics an appealing dynamism. The strength of handloom lies in introducing innovative design which cannot be replicated by the powerloom sector.

Promotion and Development schemes of Handloom Sector

The Office of the Development Commissioner for Handlooms has been implementing, since its inception in the year 1976, various schemes for the promotion and development of the handloom sector and providing assistance to the handloom weavers in a variety of ways.
Some of the major programmes formulated by this office relate to

a] employment generation
b] modernisation and upgradation of technology
c] input support
d] marketing support
e] publicity
f] infrastructural support
g] welfare measures
h] composite growth oriented package
i] development of exportable products and their marketing and
j] research and development.

The various schemes implemented by the Development Commissioner for Handlooms are weaver oriented and address the needs of disadvantaged social strata and occupational groups which are at the bottom of the economic hierarchy. Concerted efforts are being made through the schemes and programmes to enhance production productivity and efficiency of the handloom sector and enhance the income and socio-economic status of the weavers by upgrading their skills and providing infrastructural support and essential inputs. In addition, the Government of India has launched the following ongoing schemes and programmes.

**Ongoing Schemes and Programmes of Government of India**

**a] Deen Dayal Hathkargha Protsahan Yojana (DDHPY)**

DDHPY has been launched to provide assistance to the handloom weavers in an integrated and comprehensive manner. The scheme has been in operation w.e.f. 1.4.2000 and will continue till 31.3.2007.
centrally sponsored plan scheme entails nearly Rs.310 crore of Central assistance for the 10th plan period. The scheme aims at taking care of a wide gamut of activities such as basic inputs like looms and accessories, working capital loans, product development, infrastructure support, institutional support, training to weavers, supply of equipments and marketing support, both at micro and macro levels, to the handloom organisations. The handloom organisations can also get assistance under other components of DDHPY, like design inputs, publicity, marketing incentive and transport subsidy for North Eastern Region, Sikkim, Jammu and Kashmir. Prior to introduction of the DDHPY, most of the schemes were aimed at benefiting the weavers under the co-operative fold only. The DDHPY envisages covering weavers both under co-operative and non-co-operative fold. The national and state level organisations, primary societies, self-help groups, etc; are eligible to get benefit of the scheme. There is a focused emphasis on purchase and modification of looms, skill upgradation, design support to facilitate product diversification, enhanced productivity and marketability of handloom products. The handloom agencies could get assistance for installing Computer Aided Design (CAD)/ Computer Aided Manufacturing (CAM) system and availing the services of designers to improve designs and fabrics as per requirement of both the domestic and international market.

A special component to provide transport subsidy for the transportation of finished goods from North Eastern states, including
Sikkim and Jammu and Kashmir, has been incorporated. It has been noticed that a number of organisations at state level need to be strengthened and therefore, a component has been provided for restructuring such organisations for better marketing efforts through bankable projects to be cleared by the Union Ministry of Textiles.

In order to improve quality of finished products, financial assistance is available to the handloom agencies for establishing infrastructure facilities, like setting up of a processing house having bleaching, dyeing, finishing and other facilities, effluent treatment plant and common facility centers.

The sharing of grant portion of this centrally sponsored schemes, between the Centre and the States is in the ratio of 50-50 except in the case of North Eastern States, Sikkim and Jammu and Kashmir, where the funding pattern is in the ratio of 90:10. Agencies where 100 percent members are from SC/ST/MinoritiesAVomen, the funding pattern is in the ratio of 75:25. The assistance for marketing incentives under the scheme, however, is in the ratio of 50-50 between the Centre and the State Government in respect of all the States.

During the year 2000-2001, a sum of Rs. 1,695.84 lakh was released as grant under the scheme to 12 states', (Rs.763.79 lakh towards basic inputs covering 197 projects and Rs.932.05 lakh as marketing incentive). From the year 2001–02, the committed liabilities towards the projects sanctioned under the erstwhile Project Package Scheme, Integrated Handloom Village Development Scheme (IHVDM),
Margin Money for Destitute Weavers (MMDW) Scheme and Handloom Development Centre (CHDC)/Quality Dyeing Unit (QDU) Scheme are also met out of the budget provision under the DDHPY head.

In the year 2001-2002, a sum of Rs.6,359.33 lakh was released as grant from the DDHPY head, consisting of release of Rs.5,725.05 lakh under the basic input and marketing incentive components of the DDHPY, Rs.479.98 lakh under the Project Package Scheme (PPS), Rs.89.57 lakh under Integrated Handloom Village Development Scheme (IHVD), Rs. 1.78 lakh under Handloom Development Centre/Quality Dyeing Unit Scheme (HDC/QDU), Rs.1.00 lakh under the Margin Money for Destitute Weavers (MMDW) and Rs.61.95 lakh for Census.

For the year 2002-03, there is a budget provision of Rs.8,070 lakh for disbursement of grant under the schemes covered by the DDHPY head. Out of this budget provision, a sum of Rs.2,784.36 lakh has been released upto January 2003 consisting of release of Rs.2,694.22 lakh under the basic input and marketing incentive components of the DDHPY, Rs.68.64 lakh under PPS and Rs.21.50 lakh under IHVD.

b) National Centre for Textile Design (NCTD)

NC-TD has been set up to promote the traditional and contemporary designs so as to enable weavers to be responsive to the rapidly changing market demand, thereby providing adequate growth opportunity to the textile industry and in particular to the Handloom sector.
c) Input Support

Handloom sector is largely dependent on the organised mill sector for supply of its principal raw-material, namely, yarn. This sector uses the bulk of its yarn in the form of hanks. The Central Government has been making efforts to ensure regular supply of yarn to the handloom sector by enforcing the order (Hank Yarn Packing Notification), making it obligatory on the spinning mills to pack a prescribed percentage of the yarn produced by them in hank form.

d) Scheme for supply of yarn at mill gate price

This scheme was introduced during 1992-93 with the objective of providing all types of yarn to the handloom weavers’ organisations at the price at which it is available at mill gate.

e) National Handloom Development Corporation (NHDC)

NHDC, a Government of India undertaking, is the only agency authorised to implement the scheme, which benefits the following organisations and their member weavers.

1] All handloom organisations of National/State/Regional level.

2] Handloom Development Centres (HDC).

3] Handloom producers / exporters / manufacturers registered with Handloom Export Promotion Council (HEPC) / any other Export Promotion Council under the Union Ministry of Textiles or the State Directors of Industries.

4] All approved export houses/trading houses/star trading houses for production of handloom items.


7] Any other agency with the approval of the Development Commissioner (Handlooms).

All types of yarn required for production of handloom items are covered under the scheme.

The Government of India is meeting entire expenditure under the scheme. The yarn is being arranged by NHDC from the mills as per the requirement of user agency (as mentioned above) and is being transported to the godown of the agency.

f] Training to Handloom Personnel

To impart training in modern management and production techniques, dyeing practices, marketing of handloom products, etc., the Office of the Development Commissioner for the handlooms has been operating training programmes for human resource development in the co-operative sector for the benefit of personnel engaged in Handloom sector at different levels through institutions like National Council for Co-operative Training, National Co-operative Union of India and National Handloom Development Corporation. The main objective of such programmes is to create consciousness on the latest technique in dyeing/printing and processing of handloom fabrics and awareness among the members and the functionaries of the handloom co-operatives about their rights and duties and to inculcate in them the
spirit of co-operation and enhance their participation in the day to day activities of the co-operatives concerned.

g] Weavers Service Centre (WSC)

Presently there are 24 Weavers Service Centres functioning under the Office of the Development Commissioner for Handlooms which play a vital role in conducting research and development and in imparting training to weavers to upgrade their skill and increase productivity in the handloom sector. They have also been instrumental in evolving innumerable new designs and reviving traditional designs. The Weavers Service Centres primarily render extension services, which involve transfer of design inputs, skills and technology evolved in the Weavers Service Centres to the weavers at their cottages.

h] Indian Institute of Handloom Technology (IIHT)

IIHT mainly function to provide qualified and trained manpower to the Handloom sector and to undertake experimental and research programmes on all aspects of the handloom industry. There are four IIHTs at Varanasi, Salem, Guwahati and Jodhpur in the central sector and two IIHTs at Venkatagiri (AP) and Gadag (Karnataka) in the state sector.

i] Decentralised Training of Weavers

Decentralised training programme is aimed at training of weavers, designers, dyers and printers connected with the handloom industry, on improved technology so that they are able to increase production, improve their earnings and get a better market for their
products. The Decentralised Training Programme provides training to weavers in Weaving Technology, Design Development and Dyeing Techniques.

Year-wise performance of the scheme during the IX Plan period is given below.

Table 1.1

<table>
<thead>
<tr>
<th>SL No.</th>
<th>Year</th>
<th>No. of weavers Trained</th>
<th>Amount sanctioned (Rs. in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1997-98</td>
<td>1814</td>
<td>89.10</td>
</tr>
<tr>
<td>2</td>
<td>1998-99</td>
<td>3172</td>
<td>156.19</td>
</tr>
<tr>
<td>3</td>
<td>1999-00</td>
<td>3898</td>
<td>154.74</td>
</tr>
<tr>
<td>4</td>
<td>2000-01</td>
<td>2900</td>
<td>105.66</td>
</tr>
<tr>
<td>5</td>
<td>2001-02</td>
<td>3150</td>
<td>210.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>14934</td>
<td>715.69</td>
</tr>
</tbody>
</table>

Source: Ministry of Textiles, Government of India, New Delhi, Annual Report - 2002-2003

jj Design Exhibition-cum-Dyeing Workshop

The Weavers Service Centres (WSCs) have been organising Dyeing-cum-Design workshops since 1995-96 with a view to creating awareness in the weavers concentrated areas about the services available in Weavers Service Centres and to impart training in Dyeing Techniques and Design Development. Design exhibitions and Dyeing workshops are organised in the handloom clusters by Weavers Service Centres to promote and propagate modern dyeing techniques, besides, making available designs at the doorsteps of the weavers.
Year-wise number of exhibitions conducted and expenditure sanctioned during the IX Plan period are furnished in Table 1.2.

### Table 1.2

<table>
<thead>
<tr>
<th>SI. No.</th>
<th>Year</th>
<th>No. of dyeing &amp; design exhibition conducted</th>
<th>Amount sanctioned (Rs. in lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1997-98</td>
<td>45</td>
<td>6.60</td>
</tr>
<tr>
<td>2</td>
<td>1998-99</td>
<td>104</td>
<td>17.00</td>
</tr>
<tr>
<td>3</td>
<td>1999-00</td>
<td>89</td>
<td>9.40</td>
</tr>
<tr>
<td>4</td>
<td>2000-01</td>
<td>240</td>
<td>24.00</td>
</tr>
<tr>
<td>5</td>
<td>2001-02</td>
<td>240</td>
<td>24.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>718</strong></td>
<td><strong>81.00</strong></td>
</tr>
</tbody>
</table>

Source: Ministry of Textiles, Government of India, New Delhi, Annual Report - 2002-2003

**k) Design Development and Training Programme**

In order to have a holistic and integrated approach to the issues of design development and skill upgradation in the handloom sector, a comprehensive Design Development and Training Programme has been formulated during the X Plan Period by merging various schemes including “Decentralised Training of Weavers Scheme” and Design Exhibition cum Dyeing Workshop of the IX Plan as component of the Design Development and Training Programme.

During the year 2002-2003, Rs.419 lakh was sanctioned for organising 240 training programmes for training of 6,000 weavers under
Decentralised Training of Weavers and Rs.24 lakh was released for conducting 240 Dyeing workshop cum Design exhibitions by various WSCs.

1] Workshed-Cum-Housing Scheme for Handloom Weavers

The Government of India introduced a centrally sponsored scheme called “Workshed-Cum-Housing Scheme” for handloom weavers from the beginning of the VII Five Year Plan (i.e.) 1985-86. The scheme is being implemented primarily for providing suitable workplace to the weavers, thereby achieving better productivity. The scheme is being implemented by the respective State Handloom Development Corporations, primary societies or any other specialised agency setup by the concerned State Government for execution of such projects.

During the current year of the X Plan, the funding pattern of the central assistance and the weavers’ contribution as also the loan tie-up arrangement are given in Table 1.3.

**Table 1.3**

**Funding Pattern of the Central Assistance, Weavers Contribution and Loan tie-up arrangement for Workshed cum Housing Scheme for Handloom Weavers**

<table>
<thead>
<tr>
<th>Name of the Component</th>
<th>Unit cost in Rs.</th>
<th>Maximum Subsidy in Rs.</th>
<th>Loan from HUDCO/FIs in Rs.</th>
<th>Weavers contribution in Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural workshed</td>
<td>9000</td>
<td>7000</td>
<td>-</td>
<td>2000</td>
</tr>
<tr>
<td>Urban workshed</td>
<td>14000</td>
<td>10000</td>
<td>-</td>
<td>4000</td>
</tr>
<tr>
<td>Rural workshed-cum-houses</td>
<td>35000</td>
<td>18000</td>
<td>14000</td>
<td>3000</td>
</tr>
<tr>
<td>Urban workshed-cum-houses</td>
<td>45000</td>
<td>20000</td>
<td>20000</td>
<td>5000</td>
</tr>
</tbody>
</table>

Source: Ministry of Textiles, Government of India, New Delhi, Annual Report - 2002-2003
The funding pattern during the current year remains the same as that existed during the IX Five Year Plan. During the year 2001 "2002, a sum of Rs.980.54 lakh was released for construction of 3,650 units of Workshed/workshed-cum-houses including releases made in respect of Past commitment under the scheme.

For the current financial year 2002-03, a budget provision of Rs. 1,100 lakh has been provided out of which Rs.400 lakh has been earmarked for North Eastern States.

As on February 2003, a total sum of Rs.101.77 lakh has been released towards second instalment in past cases to various State Governments, out of which an amount of Rs.23.50 lakh has been released to North Eastern States.

Besides the above, the Government of India have introduced the following weavers welfare schemes.

i ] Health Package Scheme for Handloom weavers  
ii ] Thrift Fund Scheme for Handloom weavers  
Hi ] Group Insurance Scheme for Handloom weavers  
viv ] New Insurance Scheme for Handloom weavers

Handloom Exports

n 1 Development of Exportable Products and their Marketing Scheme

The importance of the handloom sector in the national economy is well recognised particularly from the point of its contribution to textile exports. On account of having the advantage of flexibility of small production run, uniqueness, constant scope for innovation, eco-
friendliness, adaptability and, above all, the element of rich artistry, this sector has the potential to contribute towards export earnings in a big way. Export of handloom has, therefore, been identified as a “Thrust Area” for the overall development of the sector. The Government is exploring the possibility of making optimal use of the resources to enhance production capabilities of exportable handloom products.

In order to give an impetus to the export of handloom fabrics, made-ups and other handloom items from the country, a scheme for Development of Exportable Products and their Marketing has been under implementation since 1996-97. Under the scheme, assistance is made available for developing exportable products and building up production capability for export marketing.

National and State level Handloom Corporations, Apex Co-operative Societies and Primary Handloom Weavers Co-operative Societies are eligible for assistance under this scheme. Private handloom exporters could be assisted through Handloom Export Promotion Council (HEPC).

The project cost under the scheme is shared by the Centre and the State Government/beneficiary agency. The agencies sponsored by the Central Government, like Handloom Export Promotion Council (HEPC), Handloom and Handicrafts Export Council (HHEC), National Handloom Development Corporation (NHDC), Association of Corporation
and Apex Societies of Handlooms (ACASH), etc., are entitled to 100 percent assistance from the Government of India under the scheme.

o] Handloom Export Promotion Council (HEPC)

The Handloom Export Promotion Council, registered under the Companies Act, 1956, was constituted in 1965 by the Government of India as the nodal agency for export promotion efforts related to the cotton handloom textiles.

The Handloom Export Promotion Council, provides to its members a wide range of services which, inter-alia include

1] Dissemination of trade information and intelligence.

2] Publicity abroad for Indian handloom products.

3] Organisation of business missions/buyer-seller meets and participation in international trade events.

4] Consultancy and guidance services for handloom exporters.

5] Liaison with the Government of India on all procedural and policy matters relevant to the handloom export trade.

6] Dealing with trade complaints pertaining to handloom exports.

7] Liaison with the commercial agencies abroad for augmentation of handloom exports.

8] Facilitating product diversification and adaptation to meet modern market requirements.

9] Providing impetus to modernisation of handlooms for the export market.

1C] Provision of design inputs to promote export of handloom products5.
Handlooms in the Five Year Plan period

The growth of handloom from I to IX Five Year Plan period are furnished in Table 1.4.

### Table 1.4

**Growth of Handlooms in Five Year Plan periods**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Five Year Plan Period</th>
<th>Plan outlay Rs. in lakh</th>
<th>Production in million sq. meter</th>
<th>Employment in millions</th>
<th>Value of handloom exports Rs. in lakh</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I</td>
<td>1,160 (0.59)</td>
<td>1,700</td>
<td>3.00</td>
<td>444</td>
</tr>
<tr>
<td>2</td>
<td>II</td>
<td>5,950 (1.27)</td>
<td>1,471</td>
<td>3.20</td>
<td>655</td>
</tr>
<tr>
<td>3</td>
<td>III</td>
<td>3,450 (0.40)</td>
<td>1,900</td>
<td>3.40</td>
<td>820</td>
</tr>
<tr>
<td>4</td>
<td>IV</td>
<td>3,935 (0.24)</td>
<td>3,530</td>
<td>3.00</td>
<td>1,500</td>
</tr>
<tr>
<td>5</td>
<td>V</td>
<td>14,800 (0.40)</td>
<td>4,250</td>
<td>5.00</td>
<td>10,000</td>
</tr>
<tr>
<td>6</td>
<td>VI</td>
<td>31,000 (0.32)</td>
<td>3,600</td>
<td>6.00</td>
<td>26,100</td>
</tr>
<tr>
<td>7</td>
<td>VII</td>
<td>34,400 (0.19)</td>
<td>4,155</td>
<td>6.50</td>
<td>48,500</td>
</tr>
<tr>
<td>8</td>
<td>VIII</td>
<td>1,00,700 (0.28)</td>
<td>7,000</td>
<td>7.00</td>
<td>1,00,000</td>
</tr>
<tr>
<td>9</td>
<td>IX</td>
<td>1,41,415 (0.38)</td>
<td>7,250</td>
<td>7.20</td>
<td>3,17,000</td>
</tr>
</tbody>
</table>

Source: Planning Commission Reports, Government of India.
Note: 1. Plan outlay for the I Five Year Plan includes provision for khadi, village and small industries.
2. Figures in Columns 3, 4- and 5 represent performance in the last Year of the Five year Plan period. However in IX Plan the figures relate to 2000-2001 AD.

The amount of allotment under the plan period had been rising continuously. Yet the share of handloom in Plan outlay fluctuated widely from 1.27 during the II Five Year Plan period to 0.19 during the
VII Five Year Plan. Variation in production and employment were not so sharp. Handloom exports increased continuously, particularly during the last two Five Year Plan periods when value of exports increased more than threefold.

In the I Five Year Plan period, the All India Handloom Board was established to monitor the development of handloom industry. A number of emporia, sales depots for handlooms, handicrafts and village industries were started during the I Five Year Plan.

During the II Five Year Plan period focus was made on increasing production and sales of handloom products. Researches were undertaken to increase production in the handloom sector.

In the III Five Year Plan period, besides strengthening existing handloom production, strenuous efforts were made to promote export of handloom cloth. Also Weavers Service Centres were started in Bombay, Madras, Varanasi, Calcutta and Kanchipuram. Further, two institutes of Handloom Technology were established to impart better training to handloom weavers.

In the IV Five Year Plan period steps were taken to enact the Handloom Reservation Act and to strengthen the handlooms in co-operative sector. Also the handloom exports increased considerably.

During the V Five Year Plan period employment through handlooms increased by 20 percent and exports increased substantially.
from Rs.5 crore to Rs.100 crore. Twentyfive intensive Handloom Development projects were established all over India during this period for employment generation in rural areas. Nine more Weavers’ Service Centres were setup\textsuperscript{10}.

In the VI Five Year Plan period considerable efforts were made to ensure an adequate raw material supply through establishment of co-operative spinning mills. Financial assistance was given to setup wet processing units for better marketing of handloom products. State level apex societies were provided with adequate financial support to establish retail showrooms to ensure better marketing of handloom products. Modernisation of looms was also undertaken\textsuperscript{11}.

During the VII Five Year Plan period, concentration was made on increasing the share of handloom cloth, thereby increasing the employment generation. Necessary measures were also taken to strengthen handloom training, research and marketing. Special attention was paid to the development of handloom in hill and tribal areas\textsuperscript{12}.

During the VIII Five Year Plan period, measures were taken to ensure reasonable wages for weavers, supply of hank yarn at reasonable prices, establishment of silk yarn bank and export development. Efforts were made towards strictly monitoring the implementation of Handloom Reservation Act of 1985. Also several measures were undertaken for the welfare of the handloom weavers\textsuperscript{13}.
In the IX Five Year Plan period, the handloom sector faced severe cut throat competition from the power looms and the following new schemes were introduced during this period.

a] Deen Dayal Hathkargha Protsahan Yojana (DDHPY),
b] National Centre for Textile Design (NCTD),
c] Handloom Development Centres (HDC) and Quality Dyeing Unit Scheme (QDU).

a] Deen Dayal Hathkargha Protsahan Yojana (DDHPY)

Under this scheme, assistance was given for product development, infrastructure, institutional support, design input, training to weavers, supply of equipment, market incentive and publicity.

b] National Centre for Textile Design (NCTD)

NCTD has been setup to provide information about fashion trends, colour and design forecast for the benefit of the weavers, exporters and handloom agencies. The centre aims at benefiting the handloom weavers by linking them to the market.

c] Handloom Development Centres and Quality Dyeing Unit Scheme (HDC/QDU)

This scheme envisaged 3,000 Handloom Development Centres (HDCs) and Quality Dyeing Units (QDUs) in different parts of the country over a period of 4 years with a view to ensure timely supply of yarn of requisite quality and required quantity to provide training in improved weaving practices and marketing of the cloth and to provide working capital to sustain long term production needs, etc.
Other schemes are housing to weavers, thrift fund scheme, insurance to handloom weavers, research and development, marketing through ACASH (Association of Corporations and Apex Societies of Handloom), conducting international trade fairs and domestic exhibitions for promoting handloom goods market\textsuperscript{14}.

**Performance of handloom sector in India**

A profile of the performance of the handloom sector during the period from 1989-90 to 2000-2001 can be found in Table 1.5.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Year</th>
<th>Production in million square meters</th>
<th>Percentage of increase over previous year</th>
<th>Percentage share in total textile production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1988-89</td>
<td>3,381</td>
<td>---</td>
<td>24.56</td>
</tr>
<tr>
<td>2</td>
<td>1989-90</td>
<td>3,837</td>
<td>11.88</td>
<td>22.85</td>
</tr>
<tr>
<td>3</td>
<td>1990-91</td>
<td>4,237</td>
<td>9.44</td>
<td>23.40</td>
</tr>
<tr>
<td>4</td>
<td>1991-92</td>
<td>4,065 (~4.23)</td>
<td>23.11</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>1992-93</td>
<td>5,216</td>
<td>21.98</td>
<td>22.20</td>
</tr>
<tr>
<td>6</td>
<td>1993-94</td>
<td>5,851</td>
<td>10.70</td>
<td>21.29</td>
</tr>
<tr>
<td>7</td>
<td>1994-95</td>
<td>6,180</td>
<td>5.80</td>
<td>21.90</td>
</tr>
<tr>
<td>8</td>
<td>1995-96</td>
<td>7,202</td>
<td>16.58</td>
<td>22.80</td>
</tr>
<tr>
<td>9</td>
<td>1996-97</td>
<td>7,456</td>
<td>3.56</td>
<td>21.74</td>
</tr>
<tr>
<td>10</td>
<td>1997-98</td>
<td>7,603</td>
<td>1.98</td>
<td>20.60</td>
</tr>
<tr>
<td>11</td>
<td>1998-99</td>
<td>6,792 (-010.60)</td>
<td>19.10</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>1999-00</td>
<td>7,352</td>
<td>8.23</td>
<td>19.90</td>
</tr>
<tr>
<td>13</td>
<td>2000-01</td>
<td>7,725</td>
<td>5.08</td>
<td></td>
</tr>
</tbody>
</table>

In the total clothing scenario, the volume of output in handlooms rose continuously except in 1991-92 and 1997-98. However, annual growth rates fluctuated sharply during the period. The share of handloom in total textile production has decreased continuously since 1991-92, because of growth in power looms and hosiery.

Handlooms of Tamilnadu

Tamilnadu occupies a prominent place in textile production and the handloom products of this state are quite famous all over India and even abroad. The handloom goods are better known as “Kaithari” in Tamil. At present there are about 1,382 primary Handloom Weavers Co-operative Societies producing about 94.83 million square meters of fabrics of the value of Rs.4,019.70 million. There are about 4.2 lakh handlooms operating in Tamilnadu, accounting for 25.5 percent of the output of the handloom sector of the country. Handlooms provide employment to around 10 lakh persons through weaving and allied trade activities. In Tamilnadu the handloom centres produce pure cotton goods, pure silk sarees and dhotis, furnishing goods and blended goods.

Out of 4.2 lakh handlooms, around 65,000 are silk weaving handlooms. Silk handlooms produce around 30 lakh meters. Silk goods valued at about Rs.2,000 million. The major silk weaving centres are Kancheepuram, Kumbakonam, Thanjavur, Arani, Salem and Paramakudi. Silk goods include pure silk sarees and dhotis, which are mainly worn during wedding seasons. The above centres are the home of the finest and pure silk goods. The golden zari thread is used in extra warp and
weft figuring using ethnic motifs like kalasam, mango, parrot, tower and floral designs using Dobby or Jacquard. The colours are fascinating and rich. Korvai sarees are those items that come with solid border from the skillful hands of the weavers.

For cotton, the major weaving centres are Erode, Trichy, Madurai, Coimbatore, Tirupur and Jayamkondam. Finer and medium counts of cotton yarn are used in production of sarees and dhotis. First the cotton yarn is dyed with synthetic or natural dyes. After warp preparation, the warp and weft are interlaced to produce cotton sarees and dhotis. Tamilnadu produces some of the finest material having delicate texture and super fine softness with art silk decorated with figures of animals, leaves, fruits or abstract or geometrical patterns, checks or stripes and diamond patterns woven skillfully.

In the case of furnishing materials, societies operating in Erode district have earned a name for their products known in India and abroad. The handloom centres concentrating on the production of furnishing fabrics are Erode, Chennimalai, Karur, Dharapuram and K. Valasu. They produce bed linens, jacquard beds spreads, pillow covers, pieques, table cloths, napkins, towels, table mats, kitchen made ups, and a variety of household items. Around Rs.800 crore worth of furnishing goods were exported from this region in 1999-2000.

CO-OPTEX

Co-optex is the apex body of the handloom co-operative societies established in 1.935. Co-optex is a leading textile co-
operative marketing federation with a paid up capital of Rs.26 crore and a sales turnover of Rs.275 crore in 1998—99. It has a wide range of product categories (about 30) with a large number of variation within each. It is the nodal marketing federation for several handloom weavers’ co-operative societies with 328 exclusive showrooms all over India. Co-optex manages its distribution through fifteen regional warehouses including nine within Tamilnadu. The textile market went through drastic changes due to competition from low cost long lasting synthetic power loom/mills goods. In customer preference, there was a shift from traditional sarees to other fashionable dress materials. These factors forced Co-optex to reorient it’s marketing strategies from product orientation to market orientation.

HANDLOOM CO-OPERATIVES IN TAMILNADU

As Table 1.6 shows, between 1995-99 the handloom co-operative sector shrank as shown by the decline in the number of societies, number of looms, production and sales.

Table 1.6

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No. of weavers co-op societies</td>
<td>1,439</td>
<td>1,439</td>
<td>1,386 (-3.68)</td>
<td>1,382 (-0.38)</td>
</tr>
<tr>
<td>2</td>
<td>No. of handloom In lakhs</td>
<td>4.15</td>
<td>3.45 (-16.88)</td>
<td>3.67 (6.38)</td>
<td>3.44 (-6.28)</td>
</tr>
<tr>
<td>3</td>
<td>Production in lakhs meters</td>
<td>1,240.86</td>
<td>1,055.36 (-14.9)</td>
<td>1,006.4 (-4.66)</td>
<td>948.34 (-5.76)</td>
</tr>
<tr>
<td>4</td>
<td>Sales (Rs. in crore)</td>
<td>455.68</td>
<td>422.56 (-7.26)</td>
<td>431.68 (2.13)</td>
<td>445.30 (3.25)</td>
</tr>
<tr>
<td>5</td>
<td>Working Capital Loan (Rs. in crore)</td>
<td>221.93</td>
<td>268.78 (21.2)</td>
<td>270.19 (0.74)</td>
<td>304.13 (12.65)</td>
</tr>
</tbody>
</table>

Source-Department of Handloom and Textiles, Government of Tamilnadu. Figures within parenthesis indicate the percentage of growth or decline in the parameters.
All the four important parameters show a declining trend; but the working capital loan rose from Rs.222 crore in 1995-96 to Rs.304- crore in 1998-99.

Co-operative Spinning Mills (CSMs) in India

In 1942, the Fact Finding Committee on Handloom industry recommended establishment of spinning mill with the help of the state government under some sort of official control for realising twin objectives of securing remunerative price for cotton growers and ensuring availability of quality yarn on reasonable prices to the handloom weavers. The first co-operative spinning mill was established in 1951 at Guntakkal in Andhra Pradesh.

By 1993 there were 126 co-operative spinning mills with 31.33 lakhs spindles which accounted for 10 percent of the total installed spindles in the country.  

If the co-operative sector is to give a lead to yarn supply and its prices, it should control 40 to 45 percent of the total yarn production in the country. Therefore it can be concluded that the spindlage in co-operative spinning mills (CSMs) is inadequate.

Co-operative spinning mills (CSMs) in Tamilnadu

Government of Tamilnadu setup The South India Co-operative Spinning Mills Ltd., at Pettai in Tirunelveli district in 1958 and it was followed by 17 CSMs, established between 1958 and 1985.
List of Co-operative Spinning Mills in Tamilnadu

There were 18 co-operative spinning mills in Tamilnadu as detailed below.

1. The South India Co-operative Spinning Mills Ltd., Pettai, Tirunelveli.
10. South Arcot District Co-operative Spinning Mills Ltd., Sararn.

Out of the eighteen co-operative spinning mills mentioned above, Pudukottai District Co-operative Spinning Mills Ltd., has been under closure since June 1994 and North Arcot District Co-operative Spinning Mills Ltd., from 1st December, 1997. Also South Arcot District Co-Operative Spinning Mills Ltd., and Madurai District Co-operative Spinning Mills Ltd., were closed between 1994 and 1999.
At present, there are 14 CSMs in Tamilnadu as in 1999-2000 with 4.69 lakhs spindles as listed below.

1. The South India Co-operative Spinning Mills Ltd., Pettai, Tirunelveli.
5. Periyar District Co-operative Spinning Mills Ltd., Dharmapuram.

The installed capacity in these CSMs range between 12,000 to 50,000 spindles. They produced 225 lakh kilogrammes of yarn, which met about 55 percent of the yarn requirements of handloom weavers in Tamilnadu.

The CSMs continuously incurred losses due to recession in textiles industries, high cost of raw materials, adverse trading conditions, inadequate working capital, surplus labour and unremunerative prices for yarn. It is to be noted that these CSMs have been selling yarn to weavers at a rate less than cost of production and market price. Financial institutions are reluctant to provide financial assistance to these mills due to non-repayment of earlier loans. Private
creditors have approached law courts for recovery of old dues on supply of cotton. Government of Tamilnadu declared CSMs as “Relief Undertaking” in order to protect them from the creditors. The Government of Tamilnadu also sanctioned Rs.40 crore for purchase of yarns and payment of bonus to the employees.

On the basis of the recommendation of the Expert Committee under the Chairmanship of Thiru S.V.S. Ragavan, Government of Tamilnadu announced the relief measures, amounting to Rs. 185.26 crore for the revival of CSMs, as shown in Table 1.7.

Table 1.7

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Details</th>
<th>Sources</th>
<th>Amount Rs. in crore</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Payment of statutory dues</td>
<td>Government of Tamilnadu</td>
<td>7.11</td>
</tr>
<tr>
<td>2</td>
<td>Payment of term loan dues</td>
<td>Government of Tamilnadu</td>
<td>4.45</td>
</tr>
<tr>
<td>3</td>
<td>Conversion of existing cash credit into long term loan (guaranteed)</td>
<td>NABARD/District Central Co-operative Banks</td>
<td>53.12</td>
</tr>
<tr>
<td>4</td>
<td>Fresh Cash Credit (Government guaranteed)</td>
<td>NABARD/District Central Co-operative Banks</td>
<td>34.41</td>
</tr>
<tr>
<td>5</td>
<td>Conversion of ways and means advance into share capital</td>
<td>Government of Tamilnadu</td>
<td>19.85</td>
</tr>
<tr>
<td>6</td>
<td>Voluntary Retirement Scheme</td>
<td>Government of Tamilnadu</td>
<td>4.70</td>
</tr>
<tr>
<td>7</td>
<td>Modernisation</td>
<td>National Co-operative Development Corporation</td>
<td>30.20</td>
</tr>
<tr>
<td>8</td>
<td>Margin Money</td>
<td>Government of Tamilnadu</td>
<td>6.20</td>
</tr>
<tr>
<td>9</td>
<td>Deferral of Sales Tax</td>
<td>Government of Tamilnadu</td>
<td>5.74</td>
</tr>
<tr>
<td>10</td>
<td>Conversion of TAN3PIN dues as Share Capital</td>
<td>TANSPIN</td>
<td>19.48</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>Government of Tamilnadu, Handlooms &amp; Textiles' policy &amp; programmes, Demand No.25, Department of Handlooms &amp; Textiles, Chennai, 1998-99.</strong></td>
<td><strong>185.26</strong></td>
</tr>
</tbody>
</table>
The Government of Tamilnadu have sofar released margin money assistance to 5 banks cleared by National Bank for Agriculture and Rural Development (NABARD) to the tune of Rs.2.23 crore. In addition, the Government have released the assistance under revival package scheme, of Rs. 138.42 crore as shown in Table 1.8.

Table 1.8
Assistance under revival package scheme

<table>
<thead>
<tr>
<th>SI. No.</th>
<th>Details</th>
<th>Amount Rs. in crore</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Payment of statutory dues</td>
<td>4.61</td>
</tr>
<tr>
<td>2</td>
<td>Payment of term loan dues</td>
<td>4.45</td>
</tr>
<tr>
<td>3</td>
<td>Conversion of existing cash credit into long term loan</td>
<td>53.12</td>
</tr>
<tr>
<td>4</td>
<td>Fresh cash credit</td>
<td>34.41</td>
</tr>
<tr>
<td>5</td>
<td>Conversion of ways and means advance into share capital</td>
<td>19.85</td>
</tr>
<tr>
<td>6</td>
<td>Voluntary Retirement Scheme</td>
<td>2.50</td>
</tr>
<tr>
<td>7</td>
<td>Conversion of TANSPIN dues as share capital</td>
<td>19.48</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>138.42</td>
</tr>
</tbody>
</table>


Also steps have been undertaken to reduce cost of production by voluntary retirement scheme and introduction of improved technology.

Financial Management

Financial management is applicable to any kind of undertaking or organisation regardless of its aim or its constitution\(^{20}\). The dynamic concept of financial management has widened considerably in its scope.
The old concept of finance as treasureship has broadened to include the concept of controllership, concerned with planning analysis and improvement of every phase of the business operation. Thus financial management seeks to match the sources and uses of funds, maximising the value of firms in the market.

Principles and techniques of sound financial management as followed everywhere, are relevant to CSMs also. It is true that the primary objective of commercial venture is maximisation of profit and wealth, while the CSMs aim at protecting the interest of cotton growers and weavers. However such service motive can not be achieved at the cost of profit.

Though profitability is not main objective of CSMs, no business can run incurring losses continuously. The CSMs should earn reasonable profit for continuous growth and development thus serving the handlooms perennially and effectively. Thus financial management of CSMs assumes great relevance. Hence the present exercise.
References


3] Ibid., p. 39.


18] Ibid., p. 69.

