CHAPTER - II

REVIEW OF HANDLOOM WEAVERS'
SOCIETIES LTD
India has been the home of a peerless art and craft tradition that has survived sweeping changes. This tradition has been kept alive and improved by generations of artists and crafts persons, who translated their dreams and visions into astonishing products of art that won acclaim from different sections of the people. India evolved its own textile tradition and became known for the production of distinct varieties of handloom cloth. The silk brocades of Banaras, the Tie and Dye products of Orissa, and the Himroose of Hyderabad, the kheds of the Punjab, the prints of Farukhabad, the pheneck and Tonger and Bottle designs of Assam and Manipur, the muslins of Chanderi, the Zari sarees of Kancheepuram and Venkatagiri, the shirthings of Kerala and the Lungies of Madras are some of the more widely renowned varieties of handloom products which got localised.

Handloom Industry is a part of the Indian culture and tradition. From the time immemorial, India has attained a high water mark of excellence in the manufacture of fine fabrics. This industry is highly tradition-oriented, labour intensive, caste-based, mostly un-organised and decentralised. It employ a large section of woman folk and thrives of inherited skills and patronage by our rural population and connoisseurs of art.

During the middle age, India had a flourished trade, in long cloth and printed and painted fabrics, with the Gulf Countries, Europe and spice Islands. In the Royal courts of France and England our handloome merchandise were held dear. In the annals of history, the travel accounts of Bernier, Warthima, Tavernier, Huan-Tsang, Fahiyan, carriri, General ormi, Megasthanese, Marcopolo spell out the glory of our handloom industry in the by-gone-days. Indian cultivators reaped rich harvest and expert craftsmen and weavers produced fabrics of amazing splendour and excellence from common place material.

History reveals that hand-weaving was in existence in India for over five thousand eight hundred years now. From about 1500 BC to 1500 AD for nearly thirty centuries, India held the world monopoly in the manufacturing of cotton goods. The country has maintained its distinctive quality for its intricate weaving and colour combination by its master craftsman. For instance, "Muslin cloth measuring several yards was reported to have been drawn through a finger ring and parcellled in a match-box". Besides silk and cotton, there were other types of textile exports.
from India. These covered products like muslins, cloaks, blankets and various other types of cottons.

In many regions of India fabrics of several varieties were produced. 36 varieties of muslin were woven in Bengal while a whole range of fabrics of varying textures were produced in the coromandal, Gujarat and other areas. The northern region was the centre of production of high value and high quality cloth. The Dacca muslin yarn woven fabrics were, perhaps, the supreme example of triumph of manual skill. The southern region of India was the centre for more extensive, export oriented, low priced fabrics of mass production. For instance, Masulipatnam painted cloth became an important export commodity only when the English and European citizens demand developed into an "Indian craze".

2.1 Handloom Industry in India

By the middle of 19th Century, textile mills were started in India mainly with the idea of supplying yarn to the Handloom Industry, thus intending them to be complementary to the Handlooms; but towards the end of 19th century, these spinning mills were slowly converted into composite Mills and then began the conflict between the mills and the handlooms. The mills in India gradually increased their production and at the beginning of World War I the production of handlooms and mills was approximately equal, each producing about 1,000 million yards of cloth. The Indian Textile mills took advantage of the situation and produced more and more cloth depriving the handlooms their legitimate share of yarn. Mr. R.D. Bell remarked that the handlooms were finally beaten; and not only beaten, but probably severely crippled.

There were 257 textile Mills in India in 1920-21 and another 77 were added by 1925-26. However, the capital invested in cotton Mills rose to 37 crores by 1923-24 and thus the mill industry could treble itself because of the import duties levied on cloth imported to India and a lenient policy of levying excise duty. In otherwords, the supply of yarn to handlooms was thus reduced by one third. The discarded looms from the textile mills were purchased by some entrepreneurs mostly in and around Bombay, and also at Bhivandi, Surat, Bihar, Punjab, Hyderabad and Mysore and these powerlooms were being operated by them unauthorisedly. In
1912 there were about 10,000 power looms and by 1914 their number increased to 15,000. Power looms are the greatest menace to the Handloom Industry and its most dangerous rivals. Added to this the British India Government Pursued such policies which helped the textile mills to increase their production detrimental to the production of handlooms. It also gave protection to Indian mill-made cloth against imported English and Japanese cloth. Hence, the Handloom weavers had been exposed to low work, low wages, more taxation and growing absence of markets.

Government of India have set up the All India Handloom Board with a committee on raw materials and another committee on marketing. The objectives of All India Handloom Board are (1) to provide for the supply of raw materials to weavers and arrange for the marketing of handloom products (2) to arrange for the research and development in the handloom industry (3) to organise the spinning mills in the co-operative sector so as to enable handloom weavers to have steady supply of yarn and (4) to reserve certain fields of cloth production to handlooms.

In 1952, the handloom industry witnessed the most difficult period in its history as there was an unprecedented slump and crisis with accumulation of stocks and locking up of capital resulting in large scale unemployment among weavers. Aimless migration and deaths due to starvation were also reported. Hence, the Government had to open relief centres and Gruel centres to overcome the grave situation. Further, the country wide agitation for the reservation of a field of production exclusively for Handlooms forced the Government of India to constitute the Textile Enquiry committee to enquire into the conditions of the three sectors viz Handlooms, Mills and powerlooms. This paved the way for the adoption of an industrial policy resolution by the Indian parliament in April 1948 which stated that no Tax shall be levied on the raw materials consumed or finished products produced by the cottage industries. Further, the Government of India created a Handloom Development Fund of Rs. 10.00 lakhs in 1949 and placed it at the disposal of the Board for disbursement to state Governments as grants for approved handloom development schemes. From 1950 it has been envisaged to develop the handloom sector through Five Year Plans as a part of National Reconstruction.
Government of India started collecting census of Handloom Weavers and in co-operative societies in India once in every 10 years. The state-wise distribution of handloom weavers in India in 1990 is shown in table No. 2.1.1. It is revealed that one fifth of the total handloom weavers in India are in the organised sector namely the cooperative societies. Large number of handloom weavers' cooperative societies are located in Tamil Nadu followed by Andhra Pradesh and Maharashtra states. However, Tamil Nadu accounts for the largest number of total weavers in handloom industry followed by Assam state in 1990. Nearly 18.0 percent of the total handloom weavers are in Tamil Nadu and another 10.0 percent are in Assam. These two states together have more than one quarter of the handloom weavers in the country. On an average, the strength of each cooperative society in India in 1990 was 5 members while it was the same in Andhra Pradesh, 2 members in Tamil Nadu, 17 members in Assam. A review of the progress of cooperative societies during the five year plan periods in India is presented hereunder.

2.2 Handloom Weavers' Cooperatives in India

Handloom industry was the largest industry, next to agriculture, in our country. Unfortunately, this industry suffered serious setbacks during the British rule in India. Further, it failed to attract Governmental attention for financial support until the implementation of Five Year Plan programmes in our country. A brief review of the Weavers' Cooperative societies in India during the Five Year Plan period is presented hereunder.

First Five Year Plan (1951-56)

Government of India realised the size and magnitude of the handloom industry in 1952 and various measures such as provision of Rs. 4 crores every year under the 'Cess fund scheme' including organisation of weavers in to cooperative societies, financing of weavers' co-operative societies by way of share capital and working capital were taken up. Further, several steps like rebate on the sale of handloom products, introduction of improved handlooms and appliances, marketing of handloom products and encouraging the starting of co-operative spinning mills etc., were initiated.
### TABLE NO. 2.1.1

**STATE-WISE DISTRIBUTION OF HANDLOOM-WEAVERS IN INDIA - 1990**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>State/Union Territory</th>
<th>Cooperative societies</th>
<th>Handloom Weavers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Andhra Pradesh</td>
<td>48,019</td>
<td>2,19,122</td>
</tr>
<tr>
<td>2.</td>
<td>Arunachal Pradesh</td>
<td>-</td>
<td>545</td>
</tr>
<tr>
<td>3.</td>
<td>Assam</td>
<td>22,568</td>
<td>3,84,262</td>
</tr>
<tr>
<td>4.</td>
<td>Bihar</td>
<td>8,767</td>
<td>23,254</td>
</tr>
<tr>
<td>5.</td>
<td>Gujarat</td>
<td>10,072</td>
<td>23,007</td>
</tr>
<tr>
<td>6.</td>
<td>Gova</td>
<td>-</td>
<td>28</td>
</tr>
<tr>
<td>7.</td>
<td>Haryana</td>
<td>373</td>
<td>17,429</td>
</tr>
<tr>
<td>8.</td>
<td>Himachal Pradesh</td>
<td>18</td>
<td>6,099</td>
</tr>
<tr>
<td>10.</td>
<td>Karnataka</td>
<td>10,126</td>
<td>83,395</td>
</tr>
<tr>
<td>11.</td>
<td>Kerala</td>
<td>24,154</td>
<td>46,092</td>
</tr>
<tr>
<td>12.</td>
<td>Madhya Pradesh</td>
<td>12,524</td>
<td>29,845</td>
</tr>
<tr>
<td>13.</td>
<td>Manipur</td>
<td>395</td>
<td>1,07,148</td>
</tr>
<tr>
<td>14.</td>
<td>Maharasra</td>
<td>41,089</td>
<td>66,210</td>
</tr>
<tr>
<td>15.</td>
<td>Meghalaya</td>
<td>10</td>
<td>480</td>
</tr>
<tr>
<td>16.</td>
<td>Mizoram</td>
<td>2</td>
<td>2,074</td>
</tr>
<tr>
<td>17.</td>
<td>Nagaland</td>
<td>0</td>
<td>26,899</td>
</tr>
<tr>
<td>18.</td>
<td>Orissa</td>
<td>56,191</td>
<td>88,405</td>
</tr>
<tr>
<td>19.</td>
<td>Punjab</td>
<td>32</td>
<td>10,106</td>
</tr>
<tr>
<td>20.</td>
<td>Rajasthan</td>
<td>1,499</td>
<td>31,916</td>
</tr>
<tr>
<td>21.</td>
<td>Tamil Nadu</td>
<td>1,84,180</td>
<td>3,98,647</td>
</tr>
<tr>
<td>22.</td>
<td>Tripura</td>
<td>431</td>
<td>17,216</td>
</tr>
<tr>
<td>23.</td>
<td>Uttra Pradesh</td>
<td>5,575</td>
<td>2,70,212</td>
</tr>
<tr>
<td>24.</td>
<td>West Bengal</td>
<td>24,485</td>
<td>3,04,845</td>
</tr>
<tr>
<td>25.</td>
<td>Delhi</td>
<td>2,589</td>
<td>7,654</td>
</tr>
<tr>
<td>26.</td>
<td>Pandicheri</td>
<td>1,827</td>
<td>34,364</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>Cooperative societies</th>
<th>Handloom Weavers</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,54,978</td>
<td>22,19,747</td>
</tr>
</tbody>
</table>

**Source:**

(1) Handloom Census - 1989-90 Govt. of India

During the first five year plan period Government of India attempted to establish industrial cooperatives on a sound footing. The number of industrial cooperatives societies increased from 7,105 in 1951 to about 15,300 in 1956. Of this, the handloom industry accounted for about 8000 cooperative societies. The Handloom Board concentrated on the development of handloom Industry on cooperative lines. The objective of developing the industry on cooperative basis has been renewed from plan to plan and may be considered to be the main plank in the development of the handloom industry. Further, The entire subject of protection for the handloom industry in relation to the textile industry is being reviewed by a committee and the importance of ensuring an adequate market for the handloom industry is well recognised.

In 1951 it was reckoned that there were 3 million handlooms at work, in addition to about 23,000 powerlooms. Common production programmes, which include cottage industries within their scope, have necessarily to be worked out in general terms because these industries are still more or less unorganised. For the First Five Year plan period the total outlay allocated for handloom industry was Rs 11.1 crores. However, the actual expenditure incurred was Rs. 9.69 crores. Production of handloom in the country increased from about 810 million yards in 1950-51 to about 1,449 million yards in 1955-56 against the set target of 1700 million yards.

The Government policy during the First Five Year Plan was aimed at exercising control over the productive capacity of the Mills with a view to minimise the area of competition from the large-scale industry to the handloom industry and to give a wider scope to the later. Accordingly, granting of licence for the installation of additional looms in the composite Mills was stopped. During the First Five Year Plan period it was estimated to produced 1.179 million lbs of cotton yarn, 3,718 million yards of mill cloth and 892 million yards of handloom cloth.

Second Five Year Plan (1956-61)

Under the 1956 Industrial policy resolution Government of India patronised the small scale and village industries and assigned the crucial role to these industries. The approach during the second Five Year Plan was that the handloom industry was to be organised more and more on cooperative lines. "Weavers in cooperative societies were given much greater assistance than
those working on their own and increased the number of handlooms in the cooperative field from 1 million to 1.45 million\textsuperscript{29}. Further, in June 1955, "The village and small scale industries committee was appointed by the planning commission and on its recommendation the Government of India established Weavers' Service Centres, in 1956. Later, these centres were converted into All India Institutes of Handloom Technology" and were located at Varanasi and Salem to cater to the needs of Northern States and Southern States respectively.

The handloom Industry had to undergo a critical phase during 1957-58, when it had to encounter the grave slump created as result of over production due to avariciousness of the owners\textsuperscript{30}. By 1959-60 the number of industrial co-operatives increased to about 29,000 including about 11,200 handloom weavers' societies. The number of looms in the co-operative fold increased from less than 7.0 lakhs in 1953 to almost 13 lakhs by the middle of 1960. The production of handloom cloth increased from about 742 million yards in 1950-51 to about 1900 million yards in 1960-61. Employment mostly part-time was provided to nearly 11 lakhs additional spinners besides whole time employment to about 1.4 lakhs weavers\textsuperscript{31}.

The Second Five Plan outlay for the Handloom Industry was Rs. 59.5 crores\textsuperscript{32}. During this Plan period a programme for the conversion of handlooms in to powerlooms on a co-operative basis was undertaken. This envisaged the installation of 35,000 powerlooms during 1956-58. Progress was, however, very slow and only 3500-4000 powerlooms were installed out of 13,000 sanctioned upto the end of the second plan period\textsuperscript{33}. About 14 lakhs of handlooms were brought into the cooperative fold by the end of the second Five Year Plan Period\textsuperscript{34}.

Third Five Year Plan (1961-66)

The Third Five Year Plan attempted to expand the handloom production through full employment of the handloom weavers and the introduction of improved techniques. Hence, higher priority was accorded to the supply of improved appliances, provision for training, introduction of improved designs and purchase of required yarn from the cooperative spinning-Mills. The programme of co-operativisation of handloom industry was continued during this plan. "At the end of 1964-65 the estimated number of industrial cooperatives was 51,000 with sales
value of Rs. 117 crores. Nearly one half of the existing handlooms were in the co-operative sector\textsuperscript{35}. The progress of handloom industry was encouraging during the first two years of the Third Five Year plan and slowed down afterwards for various reasons including the shortage of raw materials following the hostilities of 1962 and 1965. The Third Five Year Plan outlay for handloom industry was Rs. 34.00 crores\textsuperscript{36} but actual expenditure incurred for the development of handloom industry (including powerlooms) was Rs. 26.43 crore.

The production target of 3185 million meters of cloth was set for the Third Five Year plan period, but the achievement of cloth production was 3146 million meters\textsuperscript{37}. In the Third Five Year Plan special emphasis was on the creation of more employment opportunities and solving the vexed problem of un-employment which is expected to grow by about 1 million by the end of the third plan in addition to the back log of 7 millions un-employed at the end of second plan. In this context, the place and importance of handloom industry which is a rural industry providing direct employment to 75 lakhs and capable of absorbing many more un-employed and which does not need heavy capital expenditure is clearly realised\textsuperscript{38}.

**Annual Plans (1966-69)**

There was no change in the basic policy of the Government towards the development of handloom industry during the Annual plans of India. The same policy was continued and the expenditure incurred during these Annual plans on handloom industry amounted to Rs. 13.00 crores\textsuperscript{39}.

**Fourth Five Year Plan (1969-74)**

The Third Five Year Plan policies of positive assistance to the handloom sector and phased conversion of handlooms into powerlooms continued during the Fourth Five Year Plan Period. Efforts were made to assist the weavers' cooperative societies in obtaining credit from the State Cooperative Banks and steps were taken to arrange for the regular supply of yarn and other raw materials at reasonable rates. Further, steps were taken to import training in improved appliances and implementing strictly the restrictions on production of special varieties of cloth reserved exclusively for the handloom sector.
In addition, measures were also initiated by a number of State Governments for strengthening and organising cooperatives and other institutional agencies for assisting the weavers in respect of the supply of yarn, credit and marketing\textsuperscript{40}. During this plan period it was proposed to setup several cooperative, Spinning Mills, with 25,000 spindles capacity each. Further, higher priority was accorded to the expansion of the existing cooperative spinning Mills.

The Fourth Five Year Plan production target in the decentralized sector which includes handlooms, powerlooms and Khadi was set at 4,572 million meters of cloth; but the estimated production was 3,146 million meters in 1965-66\textsuperscript{41}. The Fourth Five Year Plan envisaged an outlay of Rs. 27.1 crores for the states and union territories but the actual expenditure incurred was Rs. 29.00 crores\textsuperscript{42}. Most of the objectives of this plan could not be fully achieved largely due to the rapid growth of powerlooms, shortage of yarn, inadequate credit facilities, high percentage of dormancy among handloom weavers' societies and marketing difficulties\textsuperscript{43}.

Government had constituted a high-power study Team under the chairmanship of B-Shivaraman, towards the end of the Fourth Five Year Plan Period, to make an in-depth study of the problems of the handloom industry. The report was submitted to the Government in July 1974 and almost all the recommendations of the Sivaraman Committee report were accepted by the Government and implemented with immediate effect for the development of the handloom industry.

\textbf{Fifth Five Year Plan (1974-79)}

During the Fifth Five Year Plan period, with special care, provisions were made in the state plans for the expansion of the existing Mills and establishment of new co-operative spinning Mills. Efforts were also made to strengthen the cooperative organisations and enable them to supply raw materials, credit, improved appliances, provide marketing assistance common processing facilities and offer rebate on sale of handloom cloth to their members with the funds provided in the central plan.

As a result, during the period 1974-80 cloth production in the handloom industry has gone up from 2,100 million meters to 2,900 million meters. The employment coverage also
increased from 52.1 lakh persons to 61.5 lakh persons and the revenue from the exports (excluding silk goods) increased from Rs. 77 crores to Rs. 261 crores respectively during the same period. The significant feature of the Fifth Five Year Plan was the introduction of the Janatha cloth scheme in October 1976 which involved payment of subsidy at the rate of Rs 1.50 per square meter. The production of Janatha cloth went up to a level of about 8.0 million square meters in 1976-77.

The Fifth Five Year Plan outlay in the public sector for the Handloom Industry was Rs 99.92 crores. During this plan period substantial development was witnessed in the handloom sector in the Indian economy. Of the 30.21 lakhs handlooms in the country 13.17 lakhs looms had been brought under cooperative fold and 25 intensive handloom development projects with a coverage of a little more than 1.0 lakh handlooms and 21 Export-oriented production projects with a coverage of about 10,000 looms had been setup by March 1980. Further, 9 New weavers' service centres were setup in the country and the North Eastern region received special attention accounting for 3 centres at Gauhati, Agartala and Imphal.

Sixth Five Year Plan (1980-85)

During the six Five Year Plan Period the major thrust of the handloom development programme was on the augmentation the supply of hank-yarn to weavers. It was also decided to bring 60.0 percent of handlooms under effective cooperative coverage and strengthen the technical extension systems. It was also decided to assist the new, potential and viable cooperative societies under a central programme. To enhance the credit flow larger funds were provided by Reserve Bank of India. As result, the share capital base of primaries was augmented and that of the Apex societies' was strengthened. Interestingly, the Equity capital assistance to Apex Societies Was increased to Rs. 356.60 lakhs in 1983-84.

The National Handloom Development Corporation (NHDC) was setup in 1982 and National Bank for Agriculture and Rural Development (NABARD) was established in July 1982 for the effective implementation of development programmes in Rural Areas of our country. Further, a new Institute of Handloom Technology was established in 1982 in Gauhati to help the diversified
and commercial production of handloom cloth. NABARD provided refinance facilities to the state cooperative Banks for financing the procurement and marketing of cloth by apex / regional societies to the tune of Rs 232.76 crores in 1984-85. 

The public sector outlay for the handloom-industry during the sixth plan period was 310.93 crores. The Production of handloom cloth was envisaged to increase from 2,900 million meters in 1979-80 to 4,100 million meters (including 500 million meters of Janatha cloth) in 1984-85 with a growth rate of 7.2 percent per annum as against 5.2 percent during 1974-80. But, by at the end of the sixth Five Year plan period, the production of handloom cloth was 3600 million meters only.

Seventh Five Year Plan (1985-90)

During the seventh plan period special measures were evolved to prevent the encroachment of powerlooms sector on items reserved for Handlooms sector. For this purpose, "Handlooms Act 1956" (Reservation of Articles for production) was enforced fully. Further, particular emphasis was laid on co-operativisation, of modernisation of looms to ensure adequate availability of yarn and other raw materials, improvement of marketing and infrastructure support and thereby aptly strengthening the data base in this sector.

To enable the handloom sector to achieve the plan targets, effective arrangements were made for the supply of yarn and credit assistance for the development of new designs and marketing areas for the products produced in this sector. The aggregate output of cloth production increased from 11.95 billion meters in 1984-85 to 14.50 billion meters in 1989-90. Further, the entire responsibility of controlled cloth production was transferred to the handloom sector by the end of the seventh plan period and the quantum of controlled cloth and Janatha cloth was fixed at 650 million meters.

The seventh five year plan outlay in the public sector for the handloom industry was Rs. 512.26 crores. The targets and achievements of handloom sector during the seventh Five Year Plan Period are presented in table No. 2.2.1. It is noted that the performance of the handloom industry in terms of production of handloom cloth, employment and exports during this plan...
### TABLE NO. 2.2.1

**TARGETS AND ACHIEVEMENTS OF HANDLOOM-SECTOR DURING**

**VIIth FIVE YEAR PLAN (1985 - 90)**

<table>
<thead>
<tr>
<th>Unit</th>
<th>1984-85 Achievement</th>
<th>1989-90 Target</th>
<th>1989-90 Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production of Handloom Cloth (mill mts)</td>
<td>3600</td>
<td>4600</td>
<td>4155</td>
</tr>
<tr>
<td>Employment (Lakh persons)</td>
<td>74.66</td>
<td>98.13</td>
<td>76.00</td>
</tr>
<tr>
<td>Exports (Rs. crores)</td>
<td>348.86</td>
<td>485.00</td>
<td>342.00</td>
</tr>
</tbody>
</table>

*Source: Eight Five Year Plan Vol. II. P. 149.*
period fell short of their respective targets. Cooperative coverage was limited to only 30 percent of the total weavers mainly due to the steep increase in the prices of cotton yarn and built-up unsold stock. The delayed payments to primary societies by Apex societies, further deteriorated weavers’ conditions in the handloom sector. However, the corrective steps initiated and the promotional measures implemented by the Government helped the handloom industry to recover from the difficult situation.

**Eighth Five Year Plan (1992-97)**

The programmes in the Eighth Five Year Plan seek to encourage employment generation. For this purpose, based on the study of Institute of Rural Management, ANAND, a change in the delivery system was effected and project package, as indicated in the 1991 New Industrial Policy was adopted during the eighth plan-period. Further, Government of India, initiated various steps for the development of handloom industry with reference to several recommendations made by the Abid Hussain Committee. As envisaged by the sub-group to formulate an approach for the development of handloom sector, the broad objectives adopted are

1. to accelerate the employment generation.
2. to ensure reasonable wages and steady supply of hank yarn to weavers.
3. to setup market infrastructure for the augmentation of exports.
4. to give special assistance to handloom sector in backward areas of the country and
5. to continue the provision of marketing support and rebate facility to Handloom products.

During the eighth plan period, the setting up of integrated handloom villages, has been envisaged, with all kinds of facilities. The Apex societies along with National Handloom Development Corporation would further augment assistance to the primary societies in the supply of raw materials and marketing. Further, the National Cooperative Development Corporation would provide financial support to weavers’ cooperatives.

In 1991, two new schemes—one relating to the procurement of handloom products from the North-East of India and the other relating to the development of handlooms exports—were
taken up. Regarding the "Handloom Reservation Act 1985," the present list of reserved items would be revised with selected list of reserved items. Further, the production of Janatha cloth is proposed to be phased out.

Table No. 2.2.2 presents the targeted production of handloom cloth during 1990-95. It is proposed to double the production of blends during the period and cotton cloth production is expected to grow from 3,875 million meters to 4,665 million meters during 1990-95. The targeted increase in the production of non-cotton and wool fabrics is moderate for the period under study. To achieve these targets during the plan period, corresponding requirements of yarn are shown in table No. 2.2.3.

During 1990-95 the cotton yarn requirements are estimated to rise by 38.0 percent while the polyester yarn is expected to increase by 25.0 percent. Other man-made yarn is also required to the extent of 24 million kgs by the end of 1995-96. Apart from silk and wool yarn spun, filament yarn is also required by the handloom industry during the eighth Five Year Plan Period. Total requirement of yarn increased from 420 million kgs in 1990-91 to 572.90 million kgs by the end of 1994-95.

The production of handloom cloth during 1955-94 is shown in table no. 2.2.4. The production of handloom cloth increased at an annual rate of 2.78 percent during 1955-75 and at 3.70 percent per annum in the next decade. The handloom industry was in crisis in 1988-89 and recovered afterwards. Between 1985 and 1995 handloom cloth production increased at an annual rate of 4.41 percent. In the recent decade and a half the production of handloom cloth raised significantly.

The outlays on the programmes for the development of handloom industry during the Five Year Plans is presented in table no. 2.2.5. The handloom industry, with a meager outlay of Rs. 11.10 crores. received scant attention of the government during the first plan period. Again the amounts allotted to this industry declined during the Third and Fourth Five Year Plan Periods. Though there was a considerable increase in the investment on handloom industry in the Fifth Five Year Plan period. It was during the Sixth Five Year Plan period that handloom sector attracted
TABLE NO. 2.2.2

TARGETTED PRODUCTION OF HANDLOOM CLOTH
DURING 1990-95

(in Million meters)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cotton Blends</th>
<th>100 % Non-Cotton</th>
<th>Silk</th>
<th>Wool</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>3875</td>
<td>50</td>
<td>500</td>
<td>150</td>
<td>125</td>
</tr>
<tr>
<td>1991-92</td>
<td>4075</td>
<td>60</td>
<td>520</td>
<td>165</td>
<td>130</td>
</tr>
<tr>
<td>1992-93</td>
<td>4250</td>
<td>75</td>
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<td>4435</td>
<td>90</td>
<td>575</td>
<td>205</td>
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</tr>
<tr>
<td>1994-95</td>
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<td>100</td>
<td>600</td>
<td>230</td>
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</table>

### TABLE NO. 2.2.3

**YARN REQUIREMENTS DURING 1990-95**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cotton</th>
<th>Viscose Spun/ filament</th>
<th>Polyester Spun/ filament</th>
<th>Silk</th>
<th>Wool</th>
<th>Other Man-made Yarn</th>
<th>Total</th>
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<tbody>
<tr>
<td>1990-91</td>
<td>338</td>
<td>21.6</td>
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<td>24.4</td>
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<td>21.3</td>
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<td>24.2</td>
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<tr>
<td>1994-95</td>
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<td>15.4</td>
<td>13.5</td>
<td>25.8</td>
<td>23.8</td>
<td>572.90</td>
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*Source: 8th Five Year Plan - Report of the sub-group on Handlooms, OP-Cit- p.41*
<table>
<thead>
<tr>
<th>Year</th>
<th>Handloom Production</th>
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<tbody>
<tr>
<td>1955-56</td>
<td>1471</td>
<td>-</td>
</tr>
<tr>
<td>1960-61</td>
<td>1900</td>
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<td>1978-79</td>
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<td>1980-81</td>
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<td>1981-82</td>
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</tr>
<tr>
<td>1982-83</td>
<td>2728</td>
<td>34.65</td>
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<td>1983-84</td>
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</tr>
<tr>
<td>1994-95</td>
<td>4665</td>
<td>5.18</td>
</tr>
</tbody>
</table>

Source:
3. Five Year Plan Documents, Govt. of India.
### TABLES NO. 2.2.5

**OUTLAY FOR HANDLOOM - INDUSTRY UNDER FIVE YEAR PLANS**

(Rs. in Crores)

<table>
<thead>
<tr>
<th>Plan Period</th>
<th>Allocation of outlay</th>
<th>Total Plan outlay</th>
<th>Percentage of Col.3 to Col.4</th>
</tr>
</thead>
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<td>Second Five Year Plan</td>
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<td>Third Five Year Plan</td>
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</tr>
<tr>
<td>Annual Plans</td>
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<td>Fourth Five Year Plan</td>
<td>29.00</td>
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<td>0.18</td>
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<td>Fifth Five Year Plan</td>
<td>99.92</td>
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<tr>
<td>Sixth Five Year Plan</td>
<td>310.93</td>
<td>97,500.0</td>
<td>0.32</td>
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<tr>
<td>Seventh Five Year Plan</td>
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<tr>
<td>Eighth Five Year Plan</td>
<td>2058.74</td>
<td>8,71,000.0</td>
<td>0.24</td>
</tr>
</tbody>
</table>

Source: Planning Commission - Five Year Plan Documents

Govt. of India.
governmental attention. It is interesting to note that the outlay earmarked in the Eighth Five Year Plan is four times more than that of the investment in the preceding plan. The share of outlay on handloom industry to the total plan outlay varied from 0.18 percent during the Fourth plan period to 0.32 percent during the Sixth Five year plan period.

2.3 Weavers’ Cooperative Societies in Andhra Pradesh

From times immemorial, Andhra Pradesh handloom products found their way to the west as well as east and won the hearts of the people all over the world. The silk sarees of Dharmavaram, Kalamkari clothes of Machilipatnam and Zari border sarees of Guntur, Madhavaram, Chirala, Venkatagiri, Gadwal are considered to be the fascinating and prestigious products of handlooms in Andhra Pradesh. Further, Andhra Pradesh, next to Rajasthan, is the second largest producer of raw wool in the country and is traditionally known for the production of woolen mufflers and cumblies. The wool industry in the state is concentrated mostly in Anantapur, Mahaboob Nagar, Medak, Warangal, Nalgonda, Nizamabad and Kurnool districts.

There are many handloom centres in Andhra Pradesh state and the important among them are Uppada, Siddipet, Ponduru, Pochampalli, Chirala, Mangalagiri, Vetapalem, Nakrekal, Narayanpet, Guntur, Venkatagiri, Madhavaram, Dharmavaram, Gadwal, Mori, Naryaavaram, Yemmiganur, Secunderabad, Pendyala, Janagaon, Warangal, Armoor, Puttur, Pedana, Eluru, Puttapaka, Karimnagar, etc.57

The handloom industry in Andhra Pradesh State is being carried on both in the cooperative sector by handloom weavers’ cooperative societies and in the private sector by Master Weavers, independent weavers and others. Concerted efforts were made under the subvention scheme of 1935 to bring a large number of weavers under active cooperative fold and Rs. 5.0 was allocated to each State Government for the improvement of Handloom Industry. It aroused considerable interest among the weavers towards the cooperative movement. But, unfortunately, the scheme was later withdrawn58.

with the State Governments and appoint a commissioner for Handloom exclusively incharge of the Handloom sector. Under this revised policy the State Government may sanction a lumpsum grant, for meeting managerial expenditure, to all the working societies for a period of 3 years. The Apex Weavers Cooperative societies may continue to supply yarn and other raw materials to primary weavers’ cooperative societies. On the marketing side, financial assistance may be provided to open new depots by the Apex and primary weavers’ co-operative societies. Primaries may be provided with financial assistance to open depots at the rate of Rs 5,000/- per depot.

“Andhra Pradesh House Committee 1976” popularly as Narayana Reddy Committee (MLA) was appointed to enquire into the activities of Handloom Cooperative Organisations relating to the misuse of rebate system. The committee in its report found serious lapses on the part of the weavers cooperatives with regard to rebate system. Further, to study the credit needs of Handloom Cooperatives, the Government of India appointed a study Team headed by Dr. M.V. Hate in 1978. The Government accepted the recommendations of the Hate-Committee and introduced the consumption loans facility to the weaver members of the Handloom Cooperative Societies.

Reserve Bank of India formulated the scheme for providing refinance in respect of working capital requirements to weavers’ Cooperative societies. After its establishment, National Bank for Agriculture and Rural Development (NABARD) has revised the norms relating to the assessment of working capital requirement of weavers’ societies.

The New Textile Policy 1985 had given major thrust for the development of Handlooms through cooperative societies with the assistance of the state and central level Apex-bodies. Government is also contemplating various steps for the healthy growth of Handloom Cooperatives under the Eighth Five Year plan period. In view of this, the Andhra Pradesh Government established a Training Institute at Hindupur in Anantapur district in January 1986 for imparting training to member weavers’ of primary handloom cooperatives in the district on the improved weaving techniques.
2.4 Review of Handloom Cooperative Societies in Andhra Pradesh

The handloom industry in Andhra Pradesh experienced major ups and downs, especially, after the introduction of power looms which produced a variety of clothes at low cost. To counteract this kind of competition from powerlooms, the Government imposed restrictions on the mills from producing certain varieties of handloom products in the state and implemented various programmes for the development of industry. A brief review of the weavers co-operatives and the Andhra Pradesh State Handloom Weavers’ Cooperative Society Ltd (APCO) during the Five Year Plans period in Andhra Pradesh is presented here under.

First Five Year Plan (1951-56)

In 1952 the Handloom Board was reconstituted with wide powers and several programmes were implemented to protect the handlooms. Production of certain varieties of cloth and handloom products were exclusively reserved for the handloom industry.

Objectives of these programmes are:

1. to preserve the traditional handloom industry.
2. to protect the handloom industry from the organised Mill and powerlooms sector.
3. to provide suitable equipment and appliances to the handloom cooperative societies.
4. to promote the welfare of handloom weavers and their standard of living.
5. to strengthen the effective marketing organisation for the village handloom sector.

The handloom industry in Andhra region received scant attention of the Government of composite Madras state. During the First Five Year Plan period an outlay of Rs. 3.57 lakhs was provided for the handloom industry including Khadi industries in Andhra region. On the eve of state formation there were 22,215 spinners and 1,183 weavers in Andhra region. It was identified that some parts of Chittoor and Anantapur districts are suitable for the development of sericulture industry besides handloom industry.
Second Five Year Plan (1956-61)

After the formation of Andhra Pradesh state in 1956, the Government attempted to make use of the industrial policy resolution 1956 to support the cottage and handloom industries during the second plan period. The handloom development programmes are designed

1. to improve the technological efficiency of the handloom industry.
2. to place emphasis on the organisation of handloom cooperatives.
3. to improve the marketing organisation of the Apex weavers' societies by opening more internal and inter-state depots.
4. to take steps to reduce the cost of production of handloom cloth and also to produce varieties of handloom products to suit the changing tastes and habits of the customers and
5. to expand and renovate the existing spinning mills and industrial cooperatives.

An outlay of Rs 679.69 lakhs was provided to the handloom sector in Andhra Pradesh to provide employment opportunities in rural areas by widening the industrial base. By the end of the second Five Year plan, 29,315 looms were brought under the cooperative fold. More corrective measures were taken to open more intra-state and inter-state sales-outlets (depots). Guntakal Cooperative Spinning Mill was expanded by installing additional spindles. A cooperative spinning mill at Tadpatri to produce 23,625 bales of yarn in a year and 475 houses for the weavers were constructed. Nearly 2330 lakh yards of handloom cloth, 5.36 lakh yards of silk handloom cloth and 2,78,000 rugs and cumblies were produced remarkably.

Third Five Year Plan (1961-66)

The policy of the Government has been to encourage the development of handloom industry on a cooperative basis. An amount of Rs 360.81 lakhs in the Third Five Year Plan and Rs. 180.66 lakhs in the Three Annual plans 1966-69 was spent on the development of Handloom Industry. The objectives of the handloom development programmes are
1. to bring more weavers' under cooperative fold.

2. to implement developmental schemes for the healthy growth of handloom sector.

3. to contemplate welfare measures for handloom weavers.

4. to intensify the marketing arrangements and to execute programme for the expansion of inter-state marketing.

Several incentives were provided to the societies to carry on their business in an efficient manner and to organise the marketing structure on a more stable and sound basis for augmenting production. During the third Five Year plan period 35,000 new looms were admitted into cooperative fold and 10 model production centres were established at selected places during the plan. To impart training in textiles production Rs 8.00 lakhs was provided and to provide training facilities to the supervisory and other staff of the handloom weavers' cooperative societies, Rs. 3.00 lakhs was provided.

To inculcate the saving habit among the handloom weavers Thrift Fund was created. A sum of Rs 56.11 lakhs was allocated for constructing housing colonies to weavers during the period of third Five Year plan. To reorganise the administrative setup at the Directorate as well as the district level, a sum of Rs 72.00 lakhs was sanctioned during the plan period.

Fourth Five Year Plan (1969-74)

The progress of handloom industry during the Annual Plans (1967-69) was not satisfactory. It is understood that the same schemes initiated during the third five year plan period were continued during the three Annual plans period. The important objectives of the schemes implemented during the Fourth Five Year Plan period are:

OBJECTIVES

1. to augment the production of handloom products and thereby create employment opportunities to the rural population.

2. to improve the marketing systems of handloom products.
3. to improve the quality and variety of handloom cloth to meet the changing habits of the customers.
4. to organise more weavers cooperative societies with an intention to bring the bulk of handlooms into the cooperative fold.

Though an outlay of Rs 352.24 lakhs was provided for the development of handloom industry during the Fourth Five Year Plan period the actual expenditure incurred was Rs 301.28 lakhs. By the end of 1971-72 there were 810 primary weavers' cooperative societies in the state with a membership of 2,23,750. However, there was no escalation in the membership of the organisation of societies during the Fourth plan period. The reason is that assistance has not been made available to any appreciable extent for the organisation of new weavers' cooperative societies.

Two important schemes implemented during the Fourth Five Year Plan period are (1) scheme related to providing assistance to Apex and primary weavers to open sales depots and (2) scheme related to the granting of rebates. "As a result of the establishment of the sales depots the sale of finished Handloom goods have increased from Rs 8.20 crores in 1961-62 to Rs 10.15 crores in 1971-72". The Rebate scheme was implemented to popularise the handloom products and augment their sales. This scheme earned the psychological attraction of customers to go in for handloom products. A special rebate of 10 percent on handloom products on certain occasions was allowed to the customers. An expenditure of Rs 169.78 lakhs was spent on this scheme. A scheme of 'Matching contribution to Thrift Fund to weavers' was taken up with a provision of Rs 2.61 lakhs during the fourth five year plan period.

**Fifth Five Year Plan (1974-79)**

In 1976, an effort was by Government to organise the weavers and to support the sale of handloom products in the state. As a result, Andhra Pradesh State Handloom Weavers' Cooperative Society Ltd. (APCO) was formed and several schemes for the progress and development of handloom industry were designed and executed. The main objectives of the Handloom programmes executed in the Fifth Five Year Plan Period are:
1. to bring more weavers into cooperative fold by organising more societies.

2. to provide training to the weavers' so as to enable the handloom-cloth to withstand competition from mill cloth.

3. to meet the yarn needs of the weavers by establishing more spinning mills in the cooperative fold and

4. to increase the handloom cloth production from 40 million meters to 90 million meters by the end of the Fifth Five Year Plan Period.

"During the Fifth Five Year Plan period an allotment of Rs. 5.92 crores was made for the development of Handloom Industries. Of this a major amount, to the tune of Rs 1 crore was provided for the towards rebate scheme accorded mainly to the Apex weavers' cooperative societies like APCO. As a result, the sales of Handloom cloth have increased. The production of Handloom cloth increased from 40 million meters to 90 million meters due to the coverage of one half of the looms under the cooperative fold during the period of Fifth Five Year Plan.

Assistance was provided to the Apex and primary weavers' societies for streamlining the marketing organisation by opening inter-state depots. It is estimated that an outlay of Rs 5 lakhs is allocated for this purpose. Under this scheme, to appoint departmental officers an amount of Rs. 16.00 lakhs was provided. A sum of Rs 75 lakhs was earmarked under the 'technical scheme' and towards the matching contribution to the thrift fund, a provision of Rs 15.00 lakhs was made in the fifth Five Year plan period. Employment to 10.44 lakhs of weavers was provided during the Fifth Five Year Plan Period.

During 1974-80, an additional sum of Rs. 74.38 was allotted for settling Rebate claims. The coverage of weavers by cooperatives has increased from 2.24 lakhs to 3.27 lakhs. The production of handloom cloth in the cooperative sector has been stepped up from Rs 12.13 crores to Rs 32.00 crores. Working capital availability under RBI scheme of Handloom finance was increased from Rs. 2.50 crores to Rs. 15.80 crores. Under employment in the industry was reduced from 60 percent to 40 percent. The wage earnings of the Handloom weavers have also recorded an increase during this period.
Sixth Five Year Plan (1980-85)

The strategy for the development of Handloom Industry in the Sixth Five Year Plan envisaged programmes to achieve higher targets of production and to ensure adequate supply of essential raw-materials and infrastructural facilities to both primary and Apex weavers' cooperative societies like APCO. The important objectives of the programmes for the development of Handloom industry during the Sixth Five Year Plan period are

1. to open more intra-state and inter state sales depots and Handloom houses.
2. to undertake modernisation programmes for the replacement of Handloom equipments and
3. to widen the provide more share capital base to the cooperative weavers' societies.

The State Government provided 90 percent of the share capital assistance to weavers to become members of weavers cooperative societies and a sum of Rs. 76.45 lakhs was sanctioned for this purpose. As a result, the production of primary weavers cooperative societies increased from Rs. 32.20 lakhs to Rs. 60.15 lakhs during the Sixth Plan period.

Assistance was provided to members of primary weavers societies to modernise 7024 existing looms and to 3728 weavers to acquire new looms. For this purpose, a sum of Rs. 120 lakhs was sanctioned during the Sixth Plan Period under State and Central Plans. In all, the total outlay earmarked for the handloom industry was Rs. 1,500 lakhs during the Sixth Plan Period.

During the Sixth Five Year Plan period, to facilitate the marketing of handloom cloth efforts were made to open new sales depots in the State and to reduce the Price-gap between mill cloth and Handloom cloth. For this purpose liberal assistance was provided by the Government of Andhra Pradesh. During the period 1974-80, APCO opened 199 sales depots including 3 modern Handloom Houses in the State and Government extended assistance to the extent of Rs. 35.99 lakhs for the establishment of Sales Emporia. Further, Five more Handloom
Houses were opened in important towns and cities of the state and also outside states. An amount of Rs 60.00 lakhs was allocated during the Sixth Plan period for this purpose.

During this plan period rebate scheme was implemented in the State for boosting up the marketing of handloom products. The rebate scheme was mainly intended to reduce the consumer price of Handloom products. A provision of Rs. 600.00 lakhs was made available to implement the rebate-scheme during the Sixth Plan Period. Consumers were allowed to enjoy 20 percent rebate on the purchase of Handloom products. APCO, considered to be the main Apex weavers’ society in the State, was liberally financed by the Reserve Bank of India and National Cooperative Development Corporation during the Sixth Plan Period. The working capital secured by APCO from NABARD has increased from Rs 950 lakhs to Rs 1900 lakhs and the sales turnover of APCO both in respect of cloth and yarn increased from Rs. 2228 lakhs to Rs. 4,500 lakhs.

Seventh Five Year Plan (1985-90)

The Seventh Five Year Plan document noted that “Handloom Industry occupies a prominent place in the economy of the State and Andhra Pradesh occupies second place in the country in terms of Handloom Weavers’ Population. Hence, it was proposed to increase the effective coverage of Handlooms by cooperatives from 1.28 lakh looms to 2.0 lakh looms by the end of seventh Five Year plan period.” The important objectives of the programmes for the development of Handloom Industry during the Seventh Five Year Plan are

1. to increase the supply of yarn production through the cooperative spinning mills.
2. to increase the Handloom Production through Weavers’ Cooperatives.
3. to provide rebate facility to consumers on purchase of Handloom products.
4. to provide financial assistance to Apex weavers’ cooperative societies which provides market support.
5. to provide working capital credit to the weavers societies at concessional rate of interest through the State and Central co-operative Banks and
6. to introduce new welfare schemes to Handloom Weavers.

Aiming at the development and welfare of the handloom weavers the state Government earmarked an amount of Rs. 700.00 lakhs to the primary societies during the sixth Five Year Plan period. It is proposed to increase the value of handloom cloth production to Rs. 180.0 lakhs by the end of the plan period.

The Government of Andhra Pradesh have introduced Janatha cloth scheme in 1984-85 offering 50.0 percent of the cost of these clothes as subsidy. “About 17,000 looms in the Handloom weavers’ Cooperative Societies were engaged in the production of Janatha cloth and they were producing 23 million meters of Janatha cloth per annum. For this purpose, APCO made systematic arrangements for the supply of required yarn to the cooperative weavers’ societies. In 1984-85 it is estimated that lakhs green card holders were benefited from the Janatha cloth scheme. Apco continued its Rebate facility to consumers at 20.0 percent on purchase of handloom fabrics and reduced its profit margin from 35 to 20.0 percent on coarse count varieties to overcome competition in the market.

APCO has been providing liberal market support to the affiliated primary weavers’ societies by directing production programmes and procuring about 50 to 60.0 percent of the handloom stocks produced by the primary weavers’ societies. APCO was assisted under National Co-operative Development Council sponsored programmes during the Seventh Plan Period. The important programmes executed are opening of 50 more new show rooms, renovating 65 existing show rooms and constructing 5 divisional go-downs for the sales promotion of Handloom products.

The outlay on the development and welfare programmes of handloom industry during the Five Year Plans in Andhra Pradesh is shown in table No. 2.4.1. The outlay on the programmes of handloom development was very insignificant during the first Five Year Plan, when Andhra region was in the composite Madras state. The Government of Andhra Pradesh allocated Rs 679.69 lakhs to this industry in the second five year plan. However, adequate attention was not paid to promote the handloom industry in the next two Five Year plans and it was during the
<table>
<thead>
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<th>Period</th>
<th>Outlay (Rs. in Lakhs)</th>
<th>Total Plan outlay</th>
<th>Percentage of Col.3 to Col.4</th>
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<td>360.81</td>
<td>30,500.0</td>
<td>1.18</td>
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* : Including Khadi.

Source : Andhra Pradesh Five Year Plan Documents.
Fifth five year that greater attention was paid to the weavers' development with an outlay of Rs. 592.0 lakhs. The outlays in the next two plans were significantly high and the handloom industry received allround attention. The share of outlay on handloom industry to the total plan outlay varied from 0.46 percent in the Fifth Five Year plan to 0.77 percent in the Eighth Five Year plan. All this indicates that the Governmental attention on the development of handloom industry has been inadequate.

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