CHAPTER - III

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PRACTICES OF
SAMPLE ORGANISATIONS ON
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This chapter attempts to discuss the policy of the Government from Pre-independence era till now as regards the support to handloom industry and its policy towards new product development in Handloom industry. The NPD practices and policies followed in the firms under the sample will be studied in depth. The case studies will be presented as collected.

PART-A

POLICIES

The problems of the handloom industry are more or less the same in all the states. No doubt, the primary responsibility for carrying out programmes for the industry rests with the state governments, but the framework within which they can execute programmes is set by the policies followed by central government. Any programme aimed at the development of the handloom industry has to be supported both by specific measures of assistance as well as by appropriate state policy. Here is an attempt to examine the government policy towards the handloom industry, and some of the important measures of assistance rendered to it.

GOVERNMENT POLICY AND ASSISTANCE IN RETROSPECT

A brief recapitulation of government policy and assistance towards the industry in retrospect, to provide right perspective to the discussion, seems appropriate.

Government policy towards the handloom industry in India, prior to Independence amounted to purposeful negligence and incidental protection. A foreign government could not be expected to care for the misery of the millions of handloom weavers scattered all over the country, and who could never make themselves vocal. It may be recalled that the industry had reached the decaying stage at the beginning of the 19th century. The East India Company initially encouraged the development of the handloom industry to meet export need. But
the policy was later reversed for the benefit of the textile mill industry in Great Britain. The government under the Crown followed the policy of laissez-faire as it suited the British interest. It is only during the time of World War I that attention was paid to this industry. This was mainly because of the government's need for textile products to meet the war demands. However, the government policy was confined in the main to the tariff policy of the time.

TARIFF POLICY AND THE HANDLOOM INDUSTRY

The tariff policy during 1896-1914 favoured the handloom industry. But after 1914, the tariff policy was of doubtful value to the handlooms. There was an import duty of 3 1/2 percent ad valorem on imports of mill cloth. Further, there was no import duty on yarn. The import duties on cotton piece-goods were raised substantially in the subsequent years in frequent doses. Thus, by 1934 that is, within a short time, the Government of India raised a rather high tariff wall to protect the cotton textile industry. However, the excise duty on Indian mill-made cloth was removed in 1926 and at the same time, an import duty on yarn was also imposed.

The effect of the tariff policy on the handloom industry can be studied with this background. The mill-owners' Association, Bombay, claimed that the protective measures adopted by the Central government benefited the hand-weaving industry equally with the mill industry. However, the Fact-finding Committee was of the view that the excise duty on India mill-made cloth in 1926 created an immediate handicap to the hand-weaving industry had any moral claim to the continuance of the excise duty; for it was not conceived as a measure of protection.
to the handloom, and whatever benefit the handloom received, was incidental. Nevertheless, the handloom received a setback by the removal of this duty.

The import duties on cotton piece-goods were primarily intended to protect the mills. But it does not appear that benefits accrued to the handlooms. It may be true that the mills for whose assistance the duties were designed, had become better able to fight the handloom industry. The India mills took to fine weaving under the protection of the duties, and dumped the markets with a similar class of fine goods which were formerly produced by the handloom weavers alone. The duties thus strengthened the mills not only against the foreign mills but also against the indigenous handloom industry.

If the import duties on cotton piece-goods were of doubtful value to the handlooms, the duty on imported yarn placed a definite burden on them, since in those days the handlooms consumed the great bulk of the imported yarn. Especially as the imposition of this duty came more or less at the time of the removal of the excise duty on the Indian mill-made cloth, the hand-weaving industry got an immediate setback. The Indian mill section of the industry had been placed in a better position to compete against the handloom industry which was definitely handicapped by the tariff on yarn, especially those required for the production of cloth with finer counts as a result of production of yarn, especially higher counts as a result of this protective policy. This armed the mills to compete with the handlooms more effectively, for it was with such yarn Indian mills could put into market superior sarees which displaced the handloom products. Of course, the diminishing dependence on foreign yarn imports should have given definite support
to the handloom industry. On the whole the tariff policy during the interwar period was not conducive to the development of the handloom industry.

THE GOVERNMENT OF INDIA'S GRANT-IN-AID

The cumulative effect of the various factors, operating against the handloom weaver, was that he was in a most precarious position during the early part of the 1930s. This serious condition of the weaver aroused the interest of the Government of India. Hitherto, the handloom industry had not attracted the attention of the Central Government to any great extent. Only the provincial governments were trying to help the industry. The first concern of these governments was the introduction of improved appliances, especially fly-shuttle sleyes. Itinerant demonstration parties were organised to spread new techniques in different areas, one after another. A school and ten peripatetic maintained in the combined province of Bihar and Orissa in the early 1930s for spread of new techniques.

However, all this did not help the hand-weavers very much in counteracting the forces working against them during the 1930s. It should be remembered here that the problems of the handloom weavers are more or less same in all the states. Hence, they should be dealt with at an all-India level. It would not be possible to prevent further deterioration in the condition of millions of handloom weavers without the co-operation of all provincial governments and the Centre. The provincial governments who earlier jealously guarded themselves against interference from the Centre, gradually realised the urgency of combined action. The Government of India also recognised that the handloom industry was hit by the import duty on yarn. Consequently, a grant to the handloom industry
equivalent to the proceeds of an import duty of a 1/4 any per pound on imported yarns up to 50s was included for the first time in the budget for 1934-35. This grant which eventually amounted annually to Rs. 5 lakhs, was distributed in the year 1934-35 and was utilised by the provinces for the approved schemes like marketing, supply of inputs and accessories to weavers at reasonable prices, imparting training in new techniques and improvement of designs etc. There was, however, no uniformity between the provinces in regard to the mode of utilisation of funds and financing methods.

However, appreciable benefit could not be expected as the quantum of grant made was far from adequate. Yet, this grant marks a distinct stage in the history of governmental efforts at helping the hand-weaving industry.

However, it was soon realised that financial aid, however generous, was not sufficient to remove the handicaps that were hampering the industry's progress. Therefore, a Fact-Finding Committee was appointed in 1941 to investigate into the problems of the handloom industry, the types of production, the difficulties of getting yarn and marketing finished products, the state of handloom technique, the lines on which the industry could be reorganised and the possibility of demarcating a special field for the handloom.

The Fact-finding Committee was of the opinion that both the mills and the handlooms have their place in the Indian economy and stressed the need for reconciling the interests of both. Further, the Committee recommended the establishment of an Indian Handloom industry Board as a semi-public corporation
for coordinating all the efforts made for the development of the handloom industry. The All India handloom Board was set up in 1945 by the Government of India in response to the recommendation of the Committee.

GOVERNMENT POLICY AND ASSISTANCE AFTER INDEPENDENCE

Steps were taken immediately after Independence to ameliorate the critical condition of the handloom weavers. However, the First five-Year plan was the starting point of economic resurgence of village and small industries. The industrial policy during this plan period was mainly based on the industrial policy of 1948 which recognised the importance of cottage and small industries in the national economy. The First five Year plan was more or less concerned with taking the preparatory measures to rehabilitate and stabilise the industry at first and then to achieve its development. The policy in the First five Year plan was based on the premises that there should be a common production programme for the cotton textile industry as a whole. The essential points of this common programme were that the supply of the basic raw materials should be assured, a sphere of production earmarked and cess enforced on mill industry. The common production programme would necessarily imply a measure of control by the government, especially over the organised large scale industry. Accordingly, the policy of reservation of certain varieties cloth production for the handloom sector initiated in April 1950, was continued. Under the Khadi and Other Industries Development (Additional Excise Duty on Cloth) Act, 1953, assistance was provided to Khadi and handloom industries out of a special cess levied on mill cloth. Besides, under Dhotis (Assesititional excise Duty) Act, 1953, an additional excise duty was imposed on the manufacture of bordered dhotis by cotton mill industry in excess of 60 per cent of their production during 1951-52.
The imposition of cess on mill industry for the benefit of the handlooms may have two objects. The first object may have been to give a price advantage to handloom cloth. The First Five Year plan document admits that the scope for the imposition of a cess for achieving this object is limited. The second object is that the organised industry may provide the means for promoting technical and organisational improvement in the handloom sector by means of a small cess. This measure clearly implies that the consumers are forced to pay a higher price for mill made cloth. In view of this fact, continuation of this policy for a long time to come should be reviewed carefully with all seriousness.

The proceeds of the additional excise duty were initially credited to the Cass Fund for rendering financial assistance to the handloom industry. The funds were chanelised through the All India Handloom Board which was constituted in 1952. In the course of the implementation of the schemes for handloom development, the proceeds were found to be quite inadequate to meet the growing expenditure. Hence, the Cass Fund was augmented from time to time by contributions from the general revenues. There were also procedural difficulties in accounting. The Cass fund was, therefore, abolished in 1960. The proceeds have been credited to the general revenues since then and funds are sanctioned for the development of the handloom industry from the Consolidated Fund.

The government policy during the First Five Year plan was aimed at exercising control over the production of the mills with a view to minimising the area of competition form the large scale industry to the handloom industry and to give a wider scope to the latter. Accordingly, granting of licence for installation of
additional looms in the composite mill was stopped. No doubt, the measure is in favour of the handloom sector. But the view expressed below needs serious consideration. If the government persists with its policy of freezing the weaving capacity of the organised sector with a view to strengthening the decentralised sector, particularly handlooms, there is every reason to fear that the 'objective of meeting the clothing needs of the people, particularly those belonging to the weaker and vulnerable sections of society, at prices which are within the reach of the common man', might not be achieved. Pessimism stems forms the fact that the present state of the handloom industry is so miserable that it is just not in a position to play the more ambitious role which the government is keen on assigning to it.

The preceding paragraphs make it clear that a number of sweeping protective measures were taken within a short time in favour of the handloom industry. Such measures would have been considered unthinkable five years earlier. These measures cannot have more than a short term value unless the techniques of production are improved rapidly and thought it is essential that the handloom industry should receive the necessary support in terms of state policy and specific assistance from the government. Hence, during the First Five Year plan, the government was aware of the importance of introduction of improved techniques of production and need for research and training. However, due emphasis could be given to this aspect of the problem only during Second Five Year Plan. The First Five Year Plan stressed the need for strengthening of co-operatives in the handloom sector.
There had been isolated and compartmentalised enquiries, prior to 1952, into the problems of the individual sectors of the textile industry. Government felt during the First Five Year plan period that a detailed enquiry into the handloom industry was necessary, so that, the difficulties to which this sector of the textile industry was particularly exposed, could be investigated and a plan worked out whereby the distress caused to large number of handloom weavers all over the country could be eased, if not avoided. As the mill industry and the more recently developed powerloom industry have an inevitable impact on the fortunes of handloom industry the government further decided that a comprehensive enquiry was necessary with a view to securing orderly development of all the three sectors in the general interests of the community as a whole. With the above objectives in view, in 1952 the Government of India constituted the Textile Enquiry Committee under the Chairmanship of N. Kanungo.

Apart from other recommendations, the Committee came to what, in its opinion, was an "irresistible conclusion", namely, "that at a pace at which there will not be too drastic a disturbance of the economic and social fabric, the handloom industry has to be made technically more efficient by covering the handloom either into a semi automatic loom and/or into a powerloom, as power becomes available more generally in the areas where the handloom industry is widely prevalent". Acceptance of this recommendation by the Central Government, its implementation and subsequent abandonment have been dealt with in the subsequent pages.

The Central Government incurred an expenditure of Rs. 12.33 crores on the handloom sector during the First Five Year plan period. Production of
handloom cloth in the country increased from about 810 million yards in 1955-56 against the target of 1,700 million yards.

The industrial policy during the second and subsequent five year plans was mainly based on the Industrial Policy Resolution of 1956. The new Resolution reiterated that cottage and small-scale industries offer some distinct advantages in relation to some of the problems that need urgent solutions. They provide immediate large scale employment; they offer a method of ensuring a more equitable distribution of the national income; and the facilitate an effective mobilisation of resources of capital and skill which might otherwise remain unutilised. The Industrial policy Resolution of 1956 provided for the continued assistance to village and small scale industries by restricting the volume of production in certain selected large scale industries such as cotton textiles, differential taxation and direct subsidies. The objective of the state policy has been to ensure that the decentralised sector should acquire sufficient vitality to be self supporting and that its development is integrated with that of the large scale industry.

The programmes for village and small industries envisaged for the Second Five Year plan and problems concept with their implementation, had been reviewed by a Committee the village and small scale Industries (Second Five Year plan Committee which was appointed by the planning Commission in June 1955. The Committee envisaged that even in the traditional village industries like handloom industry, to extent immediately possible, technical improvements should be adopted and for the future there should be a regular programme of gradual transition to better techniques. The Second Five Year plan also admitted that the concept of
decentralised economy is not necessarily related to any given level of technique or mode of operation. What it implies is that technical improvements should be adopted in such a manner and to such an extent so as to permit comparatively small units which are widely scattered throughout the country, to undertake economic activities as viable units. Obviously, the approach conforms to the recommendation of the Kanungo Committee for gradual conversion, in phases, of handlooms into semi automatic and/or powerlooms.

The Government of India's decided to have 35,000 powerlooms installed under the scheme of conversion of handlooms into powerlooms during the second Five Year plan period. Against this set target, only, 3,500-4,000 powerlooms could be installed during the second Five Year plan period. Obviously, the progress was slow and the scheme was withdrawn in 1961.

The Weavers service Centres were started in the principal handloom centres of the country to promote research, improved designs, better technique of production and to train personnel. At the outset, these centres were intended to extend technical advice and assistance in the pre loom, loom and post loom production processes. With the experience gained these centres which were only Design Centres so far have become the weavers service Centres since 1956.

To improve technological efficiency of the handloom industry and to provide necessary supervisory and skilled personnel required for the developmental schemes for the industry all over the country, the Government of India in 1956 took over the Government Central Weaving institute in Varanasi and the Textile
Institute in Madras and shifted it to Salem. The objective in taking over these institutions was to run them as two All India Institutes of Handloom Technology one to cater to the Northern states and the other to the Southern States.

The Second Five Year plan envisaged that the cost of the schemes of protection afforded to village and small industries should be readily measurable and schemes of protection should be so planned that they could be withdrawn within a reasonable time. They are intended ordinarily to afford time and opportunity to these industries to gain the necessary strength to develop on their own. It was intended that the role of subsidies, rebates on sales and sheltered markets should be progressively reduced and efforts should be directed more and more for improving the productivity of the worker through more positive forms of assistance.

The approach during the Second Five Year plan period was that the handloom industry was to be organised more and more on co-operative lines so as to enable the handloom weavers to secure the advantages of buying raw materials on credit and of utilising improved techniques of production. The weavers' apex cooperative societies were set up in the states keeping this in view. The Reserve Bank of India scheme for financing the weaver's co-operative societies was launched during the second Five Year plan period.

The Second Five Year plan outlay for cotton weaving was Rs. 56 crores out of total outlay of Rs. 59.5 crores for the handloom industry. At the end of the plan, handloom cloth production increased to about 1,900 million yards against the target of about 2,100 million yards.
There was no change in the basic policy towards the handloom industry during the Third Five Year plan period. However, the principal aim of the handloom programme during the Third plan period was to bring about further expansion of handloom production through fuller employment of the handloom weavers and the introduction of improved techniques. A higher priority was accorded to the supply of improved appliances provision of facilities for processing and training, introduction of improved designs and purchase of yarn requirements increasingly from co-operative spinning mills. Emphasis was laid on revitalising the weak co-operative societies. As a part of the conversion of the handloom into powerlooms on a co-operative basis, it was decided to instal 9,000-9,500 powerlooms for which sanction had already been made during the Second plan. It was claimed that effective steps had been taken to check the installation of powerlooms except by handloom weavers co-operatives.

The expenditure incurred for the development of the handloom industry during the Third Plan period was Rs. 25.37 crores. The production in the decentralised sector was 3,197 million metres in 1967. It may be noted that the share of the decentralised sector, namely, the handloom, powerloom and Khadi industries, had been fixed at 3,500 million yards. The major portion of the additional production was expected to come from the handloom industry but no precise allocation of it between these different sections had been made.

In pursuance of the recommendation of the Powerloom Enquiry Committee (1964), 105,000 powerlooms were allotted to the states and the Union
Territories in 1966, out of which about 10,140 powerlooms had been installed by the end of July, 1968. Obviously, the progress was very slow.

The policy and pattern of assistance towards the handloom industry followed so far was continued during the three annual plans (1966-67 to 1968-69) and the Fourth Five Year Plan (1969-74). The total expenditure during the Fourth Five Year Plan period for the handloom industry amounted to Rs. 29.21 crores. Production of cotton cloth in the decentralised sector was expected to increase to 4,250 million metres in 1973-74 from about 3,350 million at the beginning of the Fourth Plan. Against this target the actual production in 1972-73 was 3,830 million metres. In 1973-74, production of cloth in handloom sector was 2,132 million metres.

"The High powered Study Team on the problems of handloom Industry" was constructed in December 1973, under the Chairmanship of B. Shivaraman to make an in-depth study of the problems of the handloom industry in order to suggest a programme for its development in the Fifth Five Year Plan. The Government accepted the major recommendations which provide the basis for the present programmes of the handloom development made in the report submitted in July, 1974.

An important recommendation of the Shivaraman Study Team was to create an agency at the Centre, exclusively for the development of the handloom industry. The office of the Development Commissioner for Handlooms was created in response to this recommendation. This office, under the Ministry of Commerce,
serve as the focal point for handloom development in the country. It works in close collaboration with the State Governments, apex and primary co-operative institutions and the handloom development Corporations.

Consistent with the responsibility assigned to the Development Commissioner (Handlooms), a number of schemes have been launched by the Central Government to tackle the various problems of the industry. The first major task has been assumed to be to increase the production of handloom cloth. This responsibility has in fact been reiterated by the integrated textile policy announced in Parliament in August 1978, which laid down that the capacity of powerloom sector and the organised mill sector would be frozen at the existing levels and expansion would be allowed only in the handloom and khadi sector. This implies that the clothing needs of the masses will be increasingly met by handloom.

The Development Commissioner for Handlooms, to achieve this objective, has launched a number of schemes aimed at the all round development of the handloom sector, including the following.

(i) Intensive Development projects in 25 selected areas.

(ii) Export production projects in 21 selected areas.

(iii) Schemes for increasing co-operative coverage by giving loans to weavers for purchase of shares in primary societies.

(iv) Schemes for improving marketing in the co-operative sector by strengthening the share capital base of the apex societies.

(v) Schemes for strengthening the corporate sector by giving contributions to the equity base of Handloom Corporations.
(vi) Schemes for establishment of processing facilities for the handloom sector all over country.

(vii) Arrangement for supply yarn to handloom weavers at reasonable prices through some kind of public distribution system.

(viii) Schemes for continued employment by production of controlled cloth in the handloom sector.

(ix) Arrangements for government initiative in the purchase of handloom cloth for its own use.

(x) Schemes for publicity of handloom fabrics by way of trade fairs and exhibitions.

(xi) Schemes for supply of research and development inputs in the handloom industry.

The Sivaraman Study Team recommended the setting up of Handloom Corporations to look into the needs and problems of weavers outside the co-operative fold as the coverage of co-operatives is still inadequate and expansion of co-operative coverage will take time. With the acceptance and implementation of this recommendation, by 1980-81 a network of 18 State Handloom Development Corporations had come up.

One of the important schemes in the handloom sector introduced during the Fifth Plan period is the production and distribution of handloom janata cloth which is a counter part of controlled cloth of the mill sector. The scheme was started in October, 1976 and the production of such fabrics has gone up from a level of about 8 million square metres in 1976-77 to about 187 million square
metres in 1980-81. The scheme involves payment of subsidy at the rate of Rs. 1.50 per square metre. It is viewed that implementing the scheme a substantial dent has been made on the underemployment of weavers, apart from the opening up of new employment opportunities.

It is true that scheme is beneficial to the consumers, especially those belonging to the weaker sections of society, as they get cloth at a cheap price. But the policy of entrusting the production of coarse varieties of cloth to the handloom sector as being questioned. L.C. Jain, is of the opinion that the real purpose behind the introduction of the scheme is to save the mills from the losses which have now been transferred to the handloom account. The mills were obligated since 1948 to produce and pack the stipulated minimum quantity of controlled cloth required for mass consumption, and any contravention was punishable under the Essential Commodities Act. The mill sector has been considering this as a burden and a major factor contributing to its sickness. The mills were given an option in 1968 to pay compensation in respect of deficiency in production of controlled cloth. Most of the mills preferred paying the compensation rather than producing controlled cloth. Consequently, the production of controlled cloth declined substantially. The government raised the compensation from six paise to Rs. 2.50 per sq. mtr. in 1974 to tackle the situation. It becomes clear from this that production of controlled cloth is a definite burden on the mills. Hence, Jain opines that under the scheme of Janata Cloth production, the burden of producing coarse cloth has been shifted from the mills to the handlooms in the name of creating employment in the handloom sector.
One may infer, in the light of the facts mentioned above, that the production side of the scheme left to itself is not economically viable. Naturally, the scheme is heavily dependent on subsidy. Low-priced cloth of coarse varieties are produced under the scheme. From the long term point of view, nothing could be more disastrous to the handloom industry than wasting the skill of the weavers on producing fabrics that require low level of skill. The piece rate wages for weaving plain varieties of cloth with low counts of yarn are lower than that of weaving fabrics with high counts of yarn, especially with intricate designs. In fact, it was found during the field survey that weavers with reasonable skill are reluctant to take up weaving of janata cloth for the co-operatives or the Corporation as it does not bring them a reasonably income. On the contrary, they prefer to weave other varieties of cloth. Varieties of cloth for the sowcar weavers. Weavers inside the co-operative or Corporation fold reluctantly took up weaving of the janata cloth when compelled by the societies or the Corporation to fulfil the target set for them. This shakes the loyalty of the weavers to their cooperatives. Only less skilled weavers are benefited under the scheme. They take up weaving of janata cloth, otherwise they may remain unemployed or underemployed. It is to be noted that the weavers will be able to produce more pieces of janata fabrics in a given period of time, if their handlooms are converted into powerlooms. This will enable them to increase their daily income even with the prevailing low piece-rates of wages. In that case, the scheme may be sustained in the long run as economically viable one even with gradual withdrawal of subsidy on production of janata cloth as per the declared policy. Otherwise, the scheme is certainly to be abandoned in the future unless it is supported at the heavy cost of the public exchequer.
The Fifth Five Year Plan expenditure in the public sector for the handloom industry was Rs. 99.92 crores. The share of the handloom industry was envisaged at 3,000 million metres of the total of 10,000 million metres of cotton cloth. Against this target, the actual production in handloom sector in 1978-79 was about 2,720 million metres.

There has been no major change in the approach towards the handloom industry in the Sixth Five Year plan (1980-85) from that of the earlier ones. However, the sixth Five Year plan realises that the existing programmes for the promotion of the village and small industries which have been based mainly on as "Industry" approach, have no doubt led to increase in production and employment, but have not helped in raising the levels of income of the artisans to an appreciable extent. Hence, in the light of Industrial policy statement of July 1980, a strategy based on industry cum-area development approach leading to vertical and horizontal integration of programmers can alone sustain the industries in rural areas. A beginning in this direction has already been made in the programme of integrated Rural Development.

It has been envisaged that during the sixth Five Year Plan period the major thrust of the programme would be on augmenting the supply of hank yarn to weavers through the setting up of additional spinning capacity, setting up of a National Handloom Development Corporation to facilitate, inter alia, the supply of hank yarn and other inputs at reasonable prices throughout the year, to bring 60 per cent of handlooms under effective co-operative coverage, increasing productivity through modernisation and renovation of looms, strengthening the
technical extension systems for improving the quality and design of handloom products and reactivisation of looms in the North-East. Accordingly, the National Handloom Development Corporation was set up in 1982. L.C. Jain points out that by August 1983 not even one ounce of yarn was bought and supplied by this Corporation to the handlooms. Further, a new Institute of Handloom Technology was set up in Gauhati to help diversified and commercial production of handloom cloth in the North-East region based on its traditional designs and motifs. The NABARD was set up in July 1982 in order to achieve implementation of the concept of integrated rural development as envisaged in the Sixth Five-Year Plan.

The sixth Five Year plan outlay in the public sector for the handloom industry was Rs. 310.93 crores. In keeping with the emphasis on development of handlooms during the sixth plan, its production was envisaged to increase from 2,900 million metres in 1979-80 to 4,100 million metres (including 500 million metres of janata cloth) in 1984-85 with growth rate of 7.2 per cent per annum as against 5.2 per cent during 1974-80. The employment coverage was expected to go up from 61.5 lakh persons to 87 lakh persons and exports from Rs. 261 crores to Rs. 370 crores over the plan period.

The seventh Five Year Plan document admits that the targets set for the Sixth Five Year Plan in terms of production, employment and export could not be achieved. The expected production in the handloom sector might have gone up from 2,900 million meters in 1979-80 to 3,600 million meters in 1984-85. During the same period, employment in the handloom sector increased from 61.50 lakh persons to 74.66 lakh persons. The exports of handloom production in value terms went up from Rs. 290.41 crores in 1979-80 to Rs. 348.86 crores in 1984-85.
The strategy for the Seventh Five Year Plan for the development of the handloom sector would draw its strength from the Textile Policy announced in June, 1985. The target for production of handloom cloth has been placed at 4600 million meters and additional employment to be generated has been estimated at 23.47 lakh persons for the Seventh Five Year Plan. Exports of handloom would increase from Rs. 348.86 crores to Rs. 485 crores. The Seventh Five Year Plan outlay in the public sector for the handloom industry is Rs. 512.26 crores.

HANDLOOMS AND TEXTILE POLICY, 1985

The next textile policy was announced in June, 1985. This policy replace the one announced in 1981. Concerning the handloom industry, the following are the highlights of the new textile policy. Curbs on expansion or creation of new capacity by the mill sector would be removed. Textile units would be allowed to carry out modernisation in order to reduce costs. For this purpose, import of machinery would be allowed on concessional duty, provided the machinery is not manufactured in the country. Similarly, undue curbs on powerlooms are to be removed in order to ensure a healthy growth of powerlooms. The policy recognises that the powerloom sector has demonstrated its inherent strength whereby it would not be necessary to give preferential treatment in government policies and fiscal measures to this sector. The new policy reiterates that the handloom sector would be fully protected from competition from powerlooms which have been put on par with mills. The reservation order for handlooms would be strictly enforced to achieve the desired objective. In order to improve the competitiveness of the industry, steps would be taken to remove as far as possible, the cost handicap of the handlooms vis-a-vis powerlooms through suitable fiscal measures. At the same
time, greater emphasis would now be laid on technological upgradation of handlooms. Under the new policy, it is envisaged that the responsibility for the entire production of controlled cloth would be transferred to the handloom sector by the end of the Seventh Five Year Plan.

Protection for handlooms against unequal competition from mills and powerlooms has hitherto been the cornerstone of our textile policy. It may be recalled here that the output of cloth by mills was frozen in the early 1950s to protect the employment of the handloom weavers. Now the capacity restrictions on mills have been withdrawn. The only major protective measure for handloom industry that survives this new Textile policy is "product reservation", which has been on paper for the last three decades. Under this new policy, production of controlled cloth would be increased and the responsibility for the entire production of controlled would be transferred to the handloom sector by the end of the Seventh Five Year Plan. It has already been pointed out earlier that entrusting the responsibility for production of controlled cloth to the handlooms, implies transferring of sickness of the mill industry on to the shoulders of the handlooms, unless technological change over is brought about in the handloom sector. Further, the subsidy on controlled cloth and janata cloth, would go up in view of the higher output. This implies that drainage of public exchequer would continue to support production of controlled cloth by giving subsidies rather than making the productive apparatus of the handloom weaver more efficient. Although the new policy lays emphasis on technological upgradation of handlooms, no specific measures for this have been spelt out. On the whole, the new policy seems to be a radical departure from the earlier ones. It may be noted that the present study emphasises
on the need for bringing about technological change over and infrastructure for NPD for the survival of the handlooms for all time to come. It considers protective measures only to give time so that handloom industry can stand on its own with increase in productivity and protective measures withdrawn gradually. But till now the period during which protection was given to the handloom industry, could not be utilised for technological upgradation of handloom weaves equipment. Now all of a sudden, many of the important protective measures to handlooms have been withdrawn. Obviously, the new policy will definitely have detrimental effect on the handloom weavers.

THE ALL INDIA HANDLOOM BOARD

The All India Handloom Board (AIHB), was set up in 1945 by the Government of India to tackle the problems of the handloom industry in a complete and comprehensive manner. This Board was superseded by the establishment of the Cottage Industries Board in April 1948. But it had done much spadework in respect of the various problems facing the handloom industry such as the supply and organisation etc., during the short period of its existence. However, nothing much could be done beyond the stage of recommending various steps for the improvement of the industry.

A Standing handloom Committee of the All India Cottage Industries Board was to look after the handloom Industry. A Handloom Development Fund was set up by the Government of India and placed at the disposal of approved schemes of the state governments. The Standing Handloom Committee of 1949 recommended that a suitable field of production should be exclusively reserved for the handloom industry. This recommendation was accepted and implemented.
However, the All India Handloom Board was again constituted in October 1952 to advise the government on the development of the handloom industry. The Board was entrusted with the functions of advising the government generally on the problems of the handloom industry, to examine the schemes for the improvement and development of the industry and to make their recommendations for assistance from the Handloom Fund.

The All India Handloom Board, till 1958 was directly responsible for formulating the state plan schemes for the development of the handloom industry after discussion with the concerned state governments, for scrutinising and sanctioning individual schemes and for watching and reviewing their implementation by the states. The position has, however, undergone a radical change since 1958 with the new procedure for the release of central assistance for state plan schemes. It was proposed in the revised procedure formulated by the planing Commission that the schemes for handloom development which were continuous in nature otherwise called "continuing schemes" should be sanctioned by the state governments under their normal procedure and that no financial sanction as such would be issued form the Centre. The State governments had to obtain the technical approval of the All India Handloom Board in respect of the new schemes.

The functions of the AIHB, in the actual working of the above procedure, had been considerably abridged and its importance reduced. As the AIHB has still to play a vital role, it had been suggested, in order to make it effective, that it should be constituted as a statutory body with adequate financial resources and powers to formulate and implement the schemes for the development of the
handloom industry. However, the Board received a further jolt, starting from the Fourth Five Year Plan, when the responsibility for financing the handloom sector was entirely thrown on the state sector in the plan scheme. But the Shivaraman Study Team recommended that "the Handloom Board should be once again brought back to its premier position as the eyes and the ears of the Government of India in the matter of handloom development. The All India Handloom Board was reconstituted in 1978, in response to this recommendation as the highest advisory body to the Government of India. But in 1982 the All India Handlooms and Handicrafts Board (AIHHB) was formed by merging both the All India Handloom Board and the All India Handicrafts Board.

ADOPTION OF NEW TECHNOLOGY IN HANDLOOM INDUSTRIES

The objectives of the various schemes implemented for the development of the handloom sector, include, among others, modernisation/ modification/ improvisation in the existing looms, with a view to increasing the production as well as the quality of handloom cloth.

The effort has been towards increasing the production and the quality of handloom products by bringing about modernization/ modification/ improvisation / replacement of the existing looms and accessories, the weaving techniques and practices, product diversification, design development and skill upgradation. Out of the various Central Sectors and Centrally Sponsored Schemes currently under implementation for the development of the handloom industry and welfare of handloom weavers, the following schemes have components aimed at modernization/ technology upgradation:
1. Under the Dean Dayal Hathkargha Protsahan Yojana introduced with effect from 01.04.2000, assistance is provided for acquisition of looms and accessories, Design input and infrastructure support;

2. Under the Development of Exportable Products and their Marketing Scheme, assistance is provided to National and State level Handloom Development Corporation Societies to build up production capabilities of the handloom industry for export;

3. Under the Research and Development Scheme, assistance is provided to National Handloom Development Corporation, institutions engaged in Research & Development work including professional and voluntary organisations for undertaking Research & Development project for the development of the handloom sector; and

4. The National Centre for Textile Design launched in March, 2001 promotes traditional and contemporary designs so as to enable the Handloom Sector to be responsive to the rapidly changing market demand.

The cost of production of handloom products depends on the cost of various inputs like yam, dyes, chemicals, wages, intricacy of the design and the weave. This was stated by the Minister of State for Textiles, Shri V. Dhananjaya Kumar in a written reply in the Lok Sabha today.
NATIONAL TEXTILE POLICY - 2000

Perceiving the role of the Textile Industry in providing one of the most basic needs of people and the importance of its sustained growth for improving quality of life.

Recognising its unique position as a self-reliant industry from the production of raw materials to the delivery of finished products, with substantial value addition at each stage of processing; and its major contribution to the country's economy. Realising its vast potential for creation of employment opportunities in the agricultural, industrial, organised and decentralised sector & rural and urban areas, particularly for women and the disadvantaged. Acknowledging the tremendous impetus provided by the Textile policy of 1985 to the economy, resulting over these years in compounded annual growth rates of 7.13% in cloth production, 3.6% in the per capita availability of fabrics; and 13.32% in the export of textiles, raising the share of textiles to 13% of value added domestic manufacturing of the country; and to one third of the export earnings of the country. Taking note of the new challenges and opportunities presented by the changing global environment, particularly the initiation of the process of gradual phasing out of quantitative restrictions on imports and the lowering of tariff levels for an integration of the world textile and clothing markets by end 2004, and the need for a focused approach to maximizing opportunities and strengths inherent in the situation.

Having studied the issues and problems facing the sector, the views of a wide range of stockholders, and the recommendations of the Expert Committee set up for this purpose.
Deciding to redefine the goals and objectives, focus on thrust areas and sharpen strategy in tune with the times,

VISION

1. Endowed as the Indian Textile Industry is with multifaceted advantages, it shall be the policy of the Government to develop a strong and vibrant industry that can

- Produce cloth of good quality at acceptable prices to meet the growing needs of the people;
- Increasingly contribute to the provision of sustainable employment and the economic growth of the nation; and
- Compete with confidence for an increasing share of the global market.

OBJECTIVES

1. The objectives of the policy are to:

- Facilitate the Textile Industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing;
- Equip the Industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market;
- Liberalise controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment;
- Enable the industry to build world class state of art manufacturing capabilities in conformity with environmental standards, and for this purpose to encourage both Foreign Direct Investment as well as research and development in the sector;
• Develop a strong multi fibre base with thrust of product upgradation and diversification;

• Sustain and strengthen the traditional knowledge, skills and capabilities of our weavers and crafts people;

• Enrich human resource skills and capabilities, with special emphasis on those working in the decentralised sectors of the Industry; and for this purpose to revitalise the Institutional structure;

• Expand productive employment by enabling the growth of the industry, with particular effort directed to enhancing the benefits to north east region;

• Make Information Technology (IT), an integral part of the entire value chain of textile production and thereby facilitate the industry to achieve international standards yards in terms of quality, design and marketing and;

• Involve and ensure the active co-operation and partnership of the State Governments, Financial Institutions, Entrepreneurs, Farmers and Non-Governmental Organisations in the fulfilment of these objectives.

THRUST AREAS

In furtherance of the objectives, the strategic thrust will be on:

• Technological upgradation

• Enhancement of productivity

• Quality Consciousness

• Strengthening of the raw material base

• Product Diversification
The endeavour will be to:

- Achieve the target of textile and apparel exports from the present level of US$ 11 billion to US $ 50 billion by 2010 of which the share of garments will be US $ 25 billion.

- Implement vigorously, in a time bound manner, the Technology Upgradation Found Scheme (TUFS) covering all manufacturing segments of the industry;

- Achieve increase in cotton productivity by at least 50% and upgrade its quality to international standards, through effective implementation of the Technology Mission on Cotton;

- Launch the technology Mission on Jute to increase productivity and diversify the use of this environment-friendly fibre;

- Assist the private sector to set up specialised financial arrangements to fund the diverse needs of the textile industry;
• Set up a Venture Capital Fund for tapping Knowledge based entrepreneurs of the industry;

• Encourage the private sector to set up World class, environment-friendly, integrated textile complexes and textile processing units in different parts of the country;

• De-reserve the Garment industry from the small Scale Industry sector;

• Strengthen and encourage the handloom industry to produce value added items and assist the industry to form joint ventures to secure global markets;

• Redesign and revamp, during the 10th Five Year Plan, the Schemes and Programmes initiated in the handloom, sericulture, handicrafts and Jute sectors to ensure better returns for those belonging to the disadvantaged categories, and the North East and other backward regions of the country;

• Facilitate the growth and strengthen HRD Institutions including NIFT (National Institute of Fashion Technology) on innovative lines;

• Review and revitalise the working of the TRAs (Textile Research Associations) to focus research on industry needs; and
Transform, rightsize and professionalise all field organisations under the Ministry of Textiles to enable them to play the role of facilitators of change and growth.

SECTORIAL INITIATIVES

Within the framework of the Policy, the following sector specific initiatives will be taken. The thrust will be on improving the availability, productivity and quality of raw materials at reasonable prices for the industry. Necessary capabilities, including R & D facilities for improvement of fibre quality and development of specialised fibres/yarns. The endeavour will be make available different varieties (form standard to specialised) of textile fibres / yarns of international quality at reasonable prices. The multi - firms approach of providing full fibre flexibility will be continued. Special attention will be given to bring the balance between cotton and non cotton fibres closer to international trends.

COTTON

The primary aim will be to improve production, productivity and quality, and stabilise prices. The Technology Mission on Cotton will be the instrument for achieving these parameters. Ministry of Textiles, Ministry of Agriculture, Cotton growing States, farmers and industry associations will be actively involved in the implementation of this Mission.

MAN-MADE FIBRE

Full fibre flexibility between cotton and man made fibres and consumption of specialised man made fibres/yarns will be encouraged. Non standard
denierages in man-made filament yarn and spun yarn will be phased out and BIS standards harmonised with world standards. Special attention will be given to the production of fibres required for technical textiles.

Focus will be on achieving international standard in all varieties of silk. Steps will include

- Improving Research & Development and the effective transfer of technology at all stages;
- Considerably improving the production of non mulberry varieties of silk;
- Augmenting efforts for the spread of bivoltine sericulture;
- Encouraging clustering of activities of reeling and weaving and strengthen linkages between the producers and industry;
- Periodically reviewing the import policy for raw silk taking into account the balanced interests of the sericulturists as well as the export manufacturers.

WOOL

In order to augment availability of quality wool, the following measures will be initiated:

- Take up collaborative research projects with the leading wool producing countries of the world;
- Encourage private breeding farms to increase productivity;
- Promote private sector linkages for marketing of wool;
- Establish pre loom and post-loom processing facilities;
- Take up an integrated development programme for angroa wool
Government recognises the significance of jute in India's economy, especially for the Eastern and North eastern parts of the country. Realising the problems of the jute economy and the need to make it more competitive, a Technology Mission on jute will be launched to achieve the following objectives:

- Develop high yielding seeds to improve productivity and acceptability in markets;
- Improve getting practices to get better quality fibre;
- Transfer cost effective technologies to the farmers;
- Create strong market linkages;
- Expand the scope for marketing of diversified jute products within the country and abroad.

Despite the thrust given by the Textile policy of 1985 to the spinning sector, resulting in considerable modernisation, 80 percent capacity utilisation, and a 20 percent share of global cotton yarn exports, cotton spinning still suffers the problems of over capacity and of obsolescence. This policy will continue the effort to modernise and upgrade technology to international levels, and take the following steps, in cotton spinning as well as the worsted woollen sector:

- Encourage the spinning sector to worsted to continue to modernise;
- Liberalise and encourage export of cotton yarn; and
- Review form time to the hank yarn obligation while ensuring supply of adequate quantity of yarn to the handloom sector.
WEAVING SECTOR

Despite a 58% global share of looms, consisting of 3.5 million handlooms and 1.8 million powerlooms, technology still remains backward. This sector, critical to the survival of the Indian textile industry and its export thrust, will be rapidly modernised. Clustering of production facilities in the decentralised sector will be encouraged to achieve optimum size and adopt appropriate technology.

The Government will facilitate harmonious development of all the segments of the fabric manufacturing sector. The balanced growth of these sectors will be achieved based on their domestic as well as international markets.

ORGANISED MILL INDUSTRY

Efforts will be made to restore the organised mill industry to its position of pre-eminence to meet international demand or high value, large volume products. For this purpose, the following measures will be initiated:

- Integration of production efforts on technology driven lines;
- Encouragement to setting up of large integrated textile complexes;
- Strategic alliance with international textile majors, with focus on new products and retailing strategies;
- Creation of awareness and supportive measures for application of IT for upgradation of technology, enhancement of efficiency, productivity, and quality, better working environment and HRD.

Government recognises that employment production in a terminally sick industrial unit is neither conducive to efficient allocation of scarce resources nor
incremental unit is neither conducive to efficient allocation of scarce resources nor incremental employment generation. Hence, emphasis will be laid on a pragmatic and rational exit policy with adequate protection of the workers' interests. Appropriate measures will be taken, including review of the existing Textile Workers' Rehabilitation Fund Scheme, to mitigate the problems of displaced workers, on whom the consequence of closure of private mills, with no terminal or statutory benefits being given, have been serious.

The earlier policy of not taking over/nationalising sick units will be continued. As regards the enviable public Sector Undertakings such as National Textile Corporation and National Jute Manufacture Corporation, various potions for strategic partnerships or privatisation will be explored. Non viable mills will be closed down with provision for an adequate safety net for the workers and employees.

POWERLOOM INDUSTRY

The powerloom sector occupies a pivotal position in the India textile industry. However, its growth has been stunted by technological obsolescence, fermented structure, low productivity and low-end quality products. The focus will therefore be on

- Technology upgradation;
- Modernisation of Powerloom Service Centres and testing facilities;
- Clustering of facilities to achieve a healthy and safe working environment for the workers.
HANDLOOM INDUSTRY

The handloom sector is known for its heritage and the tradition of excellent craftsmanship. It provides livelihood to millions of weavers and crafts persons. The industry has not only survived but also grown over the decades due to its inherent strengths like flexibility of production in small quantities, openness to innovation, low level of capital investment and immense possibility of designing fabrics. Government will continue to accord priority to this sector. Steps would be taken to promote and develop its exclusiveness for the global market. Measures will include the following:

• Training modules will be developed for weavers engaged in the production of low value added items, who may not be able to survive the competition consequent on globalisation, with the objective of upgrading their skills to enable them to find security of the weavers;

• Comprehensive welfare measures will continue to be implemented in close co-operation with the State Governments, for better working environment and the social security of the weavers;

• effective support systems in research and development, design inputs, skill upgradation and market linkages will be provided;

• the implementation of the Hank Yarn Obligation Order and the Reservation orders issued under the Handloom (Reservation of Articles for Production) Act 1985 will be reviewed keeping in mind the needs of the handloom weavers.
Weaves Service Centres will be revamped in consonance with the contemporary trends, and, using Information Technology for efficacy, their activities suitably dovetailed with activities of centres of design excellence like NIFT and NID;

As merchandising and marketing will be central to the success of the handloom sector, the present package of schemes for production of value added fabrics will be streamline; innovative market oriented schemes will be introduced; and joint ventures encouraged both at the domestic and international levels. Brand equity of handlooms will be commercially exploited to the extent possible.

**KNITTING**

Hosiery knitting, growth which accelerated during the decade, primarily because of expansion of hosiery into global fashion knitwear is expected to expand into the apparel and home furnishing sectors. In this segment, the following measures will be taken:

- Review of the policy of SSI Reservation for this sector;
- Encouragement to Technology Upgradation and expansion of capacity;
- Introduction of support systems for commercial intelligence, design and fashion inputs.

**CARPETS**

While machine made carpet manufacturing in the mill sector will be guided by the policy framework for the organised industry, the policy for hand
knotted carpet sector will focus on sustained growth of exports and welfare of welfare of weavers and their children. Encouragement will be given to the manufacture of products that conform to and bear the 'KALEEN' mark of standards, with insistence on compliance with the provisions of the Child Labour (prohibition and Regulation) Act, 1986. Government intervention will be on technology upgradation including indoctrination of machines; development of testing facilities; and use of natural dyes. Adoption of traditional motifs and promotion of brand image would constitute thrust areas.

MADE-UPS

The made ups sector will be given the status and importance it deserves by virtue of occupying the highest position in the textile value addition chain alongside garments. The approach for growth of this sector will be to-

- market available defect free and colourfast processed fabrics;
- facilitate product development, production and marketing arrangements;
- place emphasis on quality and packaging; and
- expand facilities for machine dyeing and finishing of the yarn that is used for made ups form handloom fabrics;

PROCESSING AND FINISHING

Processing is the weakest link in the textile production chain, and results in loss of potential value. To bring about the necessary improvement

- Government will encourage setting up of modern processing units, meeting international quality and environmental norms;
• the network of CAD/CAM, computerised colour matching and testing facilities will be expanded, particularly in the clusters of the decentralised textile centres;
• research support will be extended in achieving ISO 9000 and ISO 14000 standards; and
• thrust will be given on development of eco-friendly dyes, including natural and vegetable dyes, and on energy conservation.

CLOTHING

The role of this sector is poised for radical changes in view of the changes in the international trading environment brought about by the rules and regulations of the WTO. The industry will be restructured as follows:

• the office of the Textile Commissioner will focus attention on the development of the garment industry;
• garment industry will be taken out of the SSI resertion list;
• joint ventures and strategic alliances with leading would manufacturers will be promoted;
• schemes worth necessary infrastructure facilities for the establishment of textile / apparel parks will be designed with the active involvement of State Governments, Financial Institutions and the private sector; and
• setting up of strong domestic retail chains to ensure easy availability of branded Indian products will be encouraged.

JUTE INDUSTRY

The jute industry in India is beset with many problems, including
competition from the synthetic sector, high labour cost, obsolescence of machinery and uneconomic working. These factors have led to large scale sickness in the industry.

The approach for the jute sector will be directed towards reviving the jute economy through supportive measures covering research and development; technology upgradation; creation of infrastructure for storage and marketing of raw jute; and product and market development activities for jute and diversified jute products.

The Mandatory Jute Packaging Order will be reviewed from time to time in the interest of the jute farmers, jute industry and the end-user sectors. Simultaneously, steps will be taken to enable the industry to become cost and quality competitive in domestic and international markets based on the inherent straight of jute as an environment friendly fibre.

Organisations like JMDC (Jute Manufacturers Development Council) and NCJD (National Centre for Jute Diversification) specifically set up for the overall growth and development of the industry will be appropriately strengthened.

TECHNICAL TEXTILES

Considering the growing prospects for technical textiles would wide, priority will be accorded for their growth and development. The focus will be on R&D efforts and augmentation of raw material production. Standards will be set to facilitate adherence to stringent functional requirements.
EXTRACTIONS

Textile exports play a crucial role in the overall exports from India. With the objective of increasing exports to US $ 50 billion by 2010 form the present level of US $ 11 billion, the thrust will be on:

- establishing a multi disciplinary institutional mechanism to formulate policy measures and specific action plans, including those relating to the WTO; and closely monitoring financing proposals;
- forging of strategic alliances for gaining access to technology;
- operating a brand equity fund exclusively for textile and apparel products, consistent with WTO norms.

- restructuring AEPC and other Export promotion Councils play the role of facilitates and professional consultants;
- Developing infrastructures facilities in the predominantly textile and apparel export oriented areas in close co-operation with State Governments and Financial Institutions and the private sector; and
- evolving a suitable mechanism to facilitate industry associations to deal with disputes under the various agreements of the WTO.

HANDICRAFT EXPORTS

Continued and focused attention will be given to handicrafts to enable the sector to increase both its contribution to exports and its productive employment, design and service facilities, improvement in infrastructure, and market development.
OTHER THRUST AREAS

INFORMATION TECHNOLOGY (IT):

Recognising the vital role of IT in a progressively IT-driven global economic environment, will play a proactive role in promoting and facilitating adoption of IT in the textile industry and trade. Using IT as the platform, a strong commercial intelligence network will be built up and suitable infrastructure for harassing the potential of e-commerce will be put in place.

HUMAN RESOURCE DEVELOPMENT

HRD assumes new significance with inescapable competition facing India textile products both in the international and domestic markets. Government will support programmes of organisations and institutions engaged in HRD that address the professional manpower needs of the industry, as well as at the cutting edge level of workers and shop floor supervisors. Institutions will be encouraged to network and synergistically co-operate amongst themselves. IT will become an integral part of HRD effort.

In recognition of the pioneering role of NIFT, the Institution will be assisted to grow and progress on innovative lines. The Nodal Centre for Upgradation of Textile Education (NCUTE) will be helped to grow into autonomous National level TexED Resource Centre. Information and expertise available in technical institutes like IITs, TITs and NID will be tapped for expansion of programmes.

FISCAL AND FINANCING ARRANGEMENTS

A growth-oriented road map will be drawn up, which has the advantage
of predictability. The parameters within which the multi level duty structure and rates of levies will be reviewed and rationalised will include the thrust on exports, the fiscal regime of major competing countries, WTO consistency, and the need to form the bulk of the market.

Funding requirements of different segments of the textile industry will be periodically reviewed and short term and long term requirements spelled out, periodically of the handloom, powerloom, handicrafts and sericulture sectors. innovative will be to,

- Encourage the private sector to take the initiative in participating in financing of specific needs of the textile industry;
- set up Venture Capital Fund in consultation with and involvement of financial institutions for the promotion of talented Indian Designers, Technologists, innovative market leaders and e-commerce ventures;

DELIVERY MECHANISMS FOR IMPLEMENTATION OF THE POLICY

Organisations working under the Ministry of Textiles will be re-oriented, rightsized and restructured to act as facilitator instead of regulatory bodies, with the mandate and role of each being reviewed and redefined over the next two years. Simultaneously, regulations and controls will be reviewed and progressively reduced.

Some of the specific changes will be:

- The role the offices of the Textile Commissioner and Jute Commissioner will be moulded to serve the developmental needs of the industry;
• Export promotion Councils will be restructured so as to become culpably of devising dynamic export strategies; promoting financing; disseminating information on various aspects of the WTO agreements; extending legal advice to trade and industry in dispute settlements, etc.

• All the nine Textile Research Associations under the Ministry of Textile will be revamped to give a market and industry driven focus to their Research and Development support.

• The role of the Central Silk Board will restructured in keeping with the objective of participated implementation in partnership with the State Government and the private sector.

The Government is committed to providing a conducive environment to enable the Indian textile industry to realise its full potential, to achieve global excellence, and to fulfil its obligation to different sections of the society. In the fulfilment of these objectives, Government will enlist the co-operation and involvement of all stockholder and ensure an effective and responsive delivery system.

THE 1980s: CRITIQUE AND ANALYSIS

The basic philosophy of government intervention remained in force until the early 1980s. Thereafter, it began to crumble. Progressive fiscal pressures pushed down the village industries, handicrafts and handlooms in priority in terms of plan allocations. In real terms, expenditure on these heads in the 1990s was smaller than that in the 1980s. At the same time, the nature of government intervention came under attack.
The Textile policy came under attack from economists, textile mill owners and crafts activists for (a) having partially destroyed the mechanized mills while (b) failing to make the handlooms a viable industry. Effectively, this criticism implied, the government had wasted a large sum of money on subsidies, without significant results. The outcome of this attack has been mixed. The government withdrew a number of the protective measures, chiefly restrictions on the mechanized sectors. This step formally recognized that was already an acknowledged fact, that the small powerloom factory is a more efficient unit than the handloom, for most types of cloths, except some high quality, design intensive traditional garments. From the end of the 1980s, the number of handlooms declined continuously. At the same time, fiscal crisis and reports of serious corruption in the state backed weavers' cooperatives led to an implicit retreat from the cooperatisation drive. This limited 'liberalization' and accelerated decline in handlooms alarmed the pro-handloom activists, who ensured that the other provisions in the policy - reservation and fiscal support - continued. Their has been strong enough to thwart a very recent attempt by the government to reduce the scope of these provisions.

In the high quality "handicrafts" sector, the government's middleman role was partly a success story, in that the retail shops did bring some of the crafts to the urban middle classes and domestic tourists, and created a taste tor them. However, as businesses they had many problems. The volume sold through government shops was very small relative to the size of the industries concerned, the quality of products sold in these outlets was not always reliable, their salesmanship was poor, and corruption soon engulfed these operations. The ideology that the merchant was an evil actor became tempered by the realization that the
problems of quality, delivery and standardization were handled more efficiently by the private sector than by the government. Moreover, in key aspects of marketing, such as consumer research, advertising or innovative retailing, the government was either totally inactive or incapable of acting.

The 1980s saw a new realization on the part of the government that crafts could benefit form "brand image" type of activities. It was the inspiration of India Gandhi, Prime Minister at the time, to organize a series of lavish and spectacular "Festivals of India" in several countries. The most high profile were the Festivals in the U.K., France and the U.S. the American Festival of India, which took place in 1985-86, involved several dozen major exhibitions and performing arts events (in leading museums and arts institutions), and several hundred affiliated academic and cultural events throughout the country. Large exhibitions at the Metropolitan Museum of Art, the National Gallery of Art, the Asian Art Museum of San Francisco, the Boston Museum of Fine Arts, the many others received wide publicity, as did such things as the Smithsonian Folklife Festival and fashion promotions (Bergdorf Goodman in New York, for instance, tilled all its windows with Indian inspired fashions). These events created new interest in Indian goods and products, and helped usher in a new sophistication in many of the government departments involved.

The 1980s also saw the development of the National Handicrafts and Handloom Museum in New Delhi. Located on the edge of the "Pragati Maidan" trade fair and exhibition complex, the "Crafts Museum" (as is popularly known) is one of Delhi's loveliest institutions. A striking museum building complex (designed
by one of India's leading architects) wraps itself around antique architectural elements, small courtyards and stunning exhibition spaces, and holds vast collections of rare craft items. The entire museum complex also includes a crafts bazaar area, where, on a rotating basis, crafts producers from all over India exhibit the products demonstrate their techniques and sell directly to consumers. Another outdoor area contains traditional houses from various parts of India, and a small museum shop stocks items made by crafts producers. The Crafts Museum is run by Senior Director who is an renowned scholar and maintains high standards of academic and mythological standards. It is a unique institution, and is extremely popular with residents and visitors alike.

THE 1990s: A DECADE OF CHANGE

About 1990, it was obvious that the skilled crafts had done well in export markets despite limited state aid. On the other hand, state aid in the handloom khadi complex has created serious problems. The failure of the prevailing strategy and commercial success despite the absence of a strategy led to a change in the way intervention was conceived. There were two major changes.

- The Government recognized that it could not function as the sole or main agency to bring about change. Today, many other agents play an active role, in fact a far more active role, than the government in performing this task. These agents include NGOs, private firms with a social conscience and private firms driven by the profit motive. Some if not all the Government offices are actively trying to collaborate with them.
The philosophy of intervention changed. Earlier the accent was on helping the artisan by (a) restraining competitors and (b) restraining the merchant. More recently, the accent has changed to emphasize the building of infrastructure and capability. Capability building has taken a specific sense: creating new products/designs out of old skills, better understanding of and thus better targeting of markets, and better business practices such as timely delivery, quality control, good packaging, etc.

The new approach is articulated in the major economic policy documents, in the statements of a number of craft activists, in the statements of designers, in interviews with NID faculty and in interviews with key government officials. However, the new approach does not yet appear in the form of a policy document.

The approach involves a greater openness to the use of machinery in the crafts. Essentially, all those who believe that traditional skills need to adapt to non traditional needs also believe that there is scope for improving product quality and saving time by using machine tools, especially in processing and handling raw materials and in finishing the final product. The approach also allows for greater collaboration between the private sector and the government where the private sector is already engaged in capability building, the Government is now willing to play a collaborative role, which was unthinkable in the 1970s.

Other developments also began to change the government's attitude toward handicrafts in the 1990s. This decade saw the dramatic growth of handicrafts as a major export sector. The Export Promotion Council for Handicrafts (EPCH),
established at the end of the 1980s, initiated the concept of handicraft trade fairs in the early 1990s. Against general predictions of failure, this venture had tremendous success. In addition, during these years, for the first time a group of Indian fashion designers began to earn international as well as national reputations, and much of their work involves the creative use and interpretation of traditional craft techniques.

**PRESENT ORGANIZATION**

**CENTRAL GOVERNMENT**

Most of the policies and programs relating to the types of crafts are funded and implemented by the Ministry of Textiles. The two key offices within the Ministry are the Development Commissioner (Handlooms), and the Development Commissioner (Handicrafts). Among the other offices, the Textile Commissioner based in Mumbai is entrusted with the responsibility of implementing various control orders relating to the textile industry. The importance of this function has reduced in the last 15 years with partial liberalization of the textile industry.

**STATE GOVERNMENTS**

In handloom weaving, a long tradition of state sponsored cooperative societies exists. The system is administered primarily by state governments. The system consists of basically two sets of organizations, 'primary' cooperative societies or producers' collectives, and apex agencies or the state governments marketing offices. The latter's transactions are mainly but not exclusively with the primary societies. The apex bodies sell primary societies tax free yarn and buy back cloth. The cloth is sold via own retail outlets. All states do not pursue retailing to the
same degree. A few apex bodies, such as Co-optex of Tamil Nadu state, have
acquires a distinct brand name in the consumer market for high quality traditional
garments. Until recently, cooperative spinning were seen to have a role in supplying
yarn to the handloom weavers, and co-operative banks have a role in supplying
credit, However, these institutions are not sufficient sources of yarn or credit.

In handicrafts, developmental work is pursued far more actively by the
central government than by the states. Nevertheless, most state governments do
have marketing outlets that in some cases deal with handloom and handicrafts jointly.
All states maintain a retail outlet in central Delhi (where they occupy spaces in a
joint "State Emporia" complex), and most states maintain emporia in their own
capital cities, and sometimes in other state capitals as well. These marketing
enterprises have the same goal as that of the Central Cottage Industries Corporation
(CCI), namely to make good quality craft goods available to urban consumers.

However, while the CCIC is generally a profitable firm, the state
marketing firms, in general, are not. With a few exceptions, they are in a dismal
state. The State Emporia in Delhi were started with high hopes. Designed by a
famous Indian designer, Rajeev Sethi, they were located on a prime piece of property
right off the central shopping area of Connaught pace, and fulfilled a dream of one
of India's earliest and most famous crafts activists, Kamala Devi Chattopandhyay.
While they have played some role in popularizing craft goods, their current situation
is so desperate that most are sub-letting space to other organizations, selling high
turnover items form other states, and keeping their own products only on
consignment basis. Although the design of some of these shops is very attractive,
poor displays, generally merchandise and extremely rude and disinterested sales staff limit shopping pleasure. In addition, the government has recently stopped a 20% rebate on the states on sales, a practice that had been adopted in 1977. It appears that government subsidy was perhaps keeping these outlets alive.

Gujarat State Handicrafts Development Corporation. The major objectives of the GSHDC are to promote existing traditional crafts, to revive and adapt important crafts that are in danger of extinction, and to generate employment and income for rural and urban crafts persons. The Corporation concentrates on supply of raw material, production assistance, and design and marketing assistance. A study of the GSHDC concluded, however, that results are not impressive. Less than 15% of the products channelled through crafts cooperatives is marketed through this organization.

The GSHDC also participates in some cooperative projects with other organization. One of these is a project of the Tribhuvandas Foundation. Stated in 1980 as an integrated Health and Rural Development project, Tribhuvandas provides training in patchwork textile crafts. It also helps with provision of raw materials and with design assistance. Domestic marketing is done through the GSHDC; some exporting is done with the assistance of OXFAM.

Many states also have "District Industries Centres.” These are involved with all cooperative societies in the state, including crafts cooperatives. They provide share capital loan, and also provide loans for tools and equipment, raw materials supply, and working capital. Although the DICs offer a number of
programs and employ qualified managers, each Centre has to look after more than a thousand villages, and is responsible for industrial as well as crafts cooperatives.

In many states, the departments of small scale industries take an active role in crafts development. In Rajasthan, for instance, the Rajasthan Small Industries Corporation, Ltd. (RSIC) runs the handicraft emporia throughout the state, is developing a website for domestic and international marketing, and is actively involved in developing technical upgradation facilities (such as wood seasoning plants) for the benefit of crafts producing communities. RSIC is also in the process of setting up an export processing zone, setting up an air cargo complex and container depots, and considering exempting export units from power cuts. Although RSIC is responsible for all small scale industries in the state, it views crafts as one of the major sectors in terms of potential and importance.

Rajasthan is also in the process of establishing a new Crafts Design Center in Jaipur, to train designers and managers for the crafts industry. It is a state that has fully realized the potential importance of crafts, and is striving to help the sector develop at all levels. As with the central government, a separate study would be required to pinpoint all the initiatives sponsored by state governments that affect the crafts sector.

"NON-GOVERNMENT" GOVERNMENT INITIATIVES: INSTITUTIONS

On both national and state levels, there are a number of initiatives that were started by the government, but now function as semi-autonomous or fully autonomous organizations. Primary among these are several major design institutes.
The National Institution of Design (NID) in Ahmedabad (the capital city of the state of Gujarat) has assumed the role of leader and pioneer in this regard. The recently established Institution of Crafts and Designs in Jaipur (established by the government of Rajasthan) and new National Center for Design and product development (being established by the Office of the Development Commissioner for Handicrafts, Ministry of Textiles) are two major new initiatives. Other semi-autonomous design institutions such as the National Institute of Fashion Technology (NIFT) and some others also are involved in various ways with the exploration of collaboration between their design students and traditional crafts persons.

NATIONAL INSTITUTE OF DESIGN (NID), AHMEDABAD (GUJARAT)

NID is located in Ahmedabad, the capital of Gujarat and industrial city of India. It is the premier institution in India in the field of design education, research and training. NID was established in 1961 by the government of India. Its main areas of work include creating new products for industry, creating professional designers and training designers, and participation in developmental programs such as conservation of heritage or environment. Most of the project that the students and the faculty perform are on commission from profit oriented firms. Commercial success in other words is a purpose that the practical work here must keep in mind. This purpose is served, not on every occasion but on the whole, quite well. This is illustrated by the keen demand for NID's courses and services. Many former NID students are well known in various fields in India today. A good number of India's leading fashion designers, for instance, are NID alumni.
From the beginning, NID was expected to take in craft design development. The contacts of its training programs include craftsmanship development. At some points, the NID has been drawn into developmental programs relating to traditional artisans. A large number of the products developed here involve traditional material and skills. They differ from traditional crafts in terms of the nature of the products, which aim at modern lifestyles, designs, and quality. Because of this, NID's craft design programs have come under criticism by some crafts activists, but many others believe that they are supplying what crafts need the most as a means to target the modern consumer by means of innovations on product design and quality.

INDIAN INSTITUTE OF CRAFTS AND DESIGNS, JAIPUR (RAJASTHAN)

This new institute attempts to replicate, with minor modifications, the NID model. The objectives is to teach design as a general purpose tool. 'Design' includes developing new products, new looks of old products, ornamentation, facility in working with a variety of materials, etc. A large part of the institute's work will relate to the crafts, but not in a traditional sense. 'Craft' is seen not as a range of products, but a range of techniques applicable to making products, both old and new. Generally, the products should be of contemporary utilitarian value. The graduates of the institute will be 'designers', that is the persons who can conceptualize new ways in which traditional techniques and traditional raw materials can be combined.

The institute's location in Jaipur is significant. Jaipur has developed as a site for informal design experiments in recent times. There are success stories in
designing in the private sector, which remain as models before both the government and the students. As in the NID case, the students get their exposure to commercial work by working as consultancy cum trainees in the private sector. The institute is a fruit of the Rajasthan government's initiative in developing craft capability in a modern sense. In this respect, Rajasthan is a pioneer and the most forward looking among the Indian states.

NATIONAL CENTRE FOR DESIGN AND PRODUCT DEVELOPMENT (NEW DELHI AND MORADABAD)

A new National Center for Design and Product Development is being established by the Government of India (through the Development Commissioner for Handicrafts, Ministry of Textiles), in collaboration with private exporters. The fist branch, in Moradabad, U.P. (a center for art metalware production) is already in operation, and a second branch, in New Delhi, will be completed shortly.

The idea for the Center was conceived in response to the serious handicap craft exporters felt they suffered in the area of design expertise. Ample design skill has always been available for textiles, from both traditional and contemporary sources, but for "hard" crafts (wood, metal, etc.), the creative design input necessary to meet new markets has been lacking. Design for these types of products requires skills in architecture, industrial design, and/or engineering, and demands creative innovation both in the use of materials and in thinking.

New Delhi and Moradabad have been chosen as the sites for the first two branches because these two areas are centres of craft export activity. The
center has been established as an autonomous society, under the Chairmanship of the Development Commissioner for Handicrafts. The Co-Chairman is, however, a private exporter, and the Board consists of experts from various related fields, as well as representatives of the major design schools of and institutions. Exporters will join the Center on a membership basis. Fees are minimal at early stage, but will increase as more services become available, and as the export community begins to fully realize the value of this type of design input.

Several preliminary projects are already underway. In one, two German experts and one Filipino designer have been brought to India, and are now in Moradabad, working with art metalware producers to develop new designs and concepts. In another, a team of young Indian designers and architects has been sent to live with tribal craft committees, to provide these traditional artisans with new ways of thinking about design. The products resulting from this team's work in Madhya Pradesh and Orissa were displayed at recent National Handicrafts and Gift Fair in New Delhi, and they were stunning.

The Government has provided the seed money for establishment of the Center. Within three to four years, however, it is expected that the Center will generate sufficient income to be self sustaining.

The basic goal of the Center is to provide the opportunity to apply new concepts to traditional design and traditional skill, so that these resources can adapt to changing markets. The Government will participate in an ongoing way, by showcasing the best designs at trade fairs around the world.
"NON-GOVERNMENT" GOVERNMENT INITIATIVES: AGENCIES

There are also instances in which government sponsored agencies operate like NGOs. One of the most successful of these is Rajasthan's Rural Non Farm Development Agency.

RUDA: THE RURAL NON FARM DEVELOPMENT AGENCY (JAIPUR, RAJASTHAN)

Although RUDA was established in 1995 by the government of Rajasthan, it is run by highly motivated team of young professionals, trained in management schools. RUDA was designed as an agency to promote rural micro enterprises in the state. The staff point out that RUDA was not meant to be a crafts development agency; it has specialized in the crafts sector because experience is relatively short time, RUDA has embarked upon some strikingly successful programs.

RUDA defines its strategies as "integrated," "sub-sector," and "cluster-based." It has specified three industry groups (leather, wool and minor minerals) where it concentrates, and operates in village clusters rather than with individual artisans. In these clusters, it provides assistance of many types, including training, technology, product development, design, credit, and marketing. In carrying out its programs, RUDA collaborates with other NGOs, technology institutes, academic institutions, and private firms. More recently it has been handling projects funded by the UNDP, UNIDO, USAID, and a number of foreign organizations.
Areas of intervention on technology include improving the vegetable tanning process for leather, developing a lead-free glaze for traditional "Jaipur blue" pottery, improving the processing of raw wool, and popularizing "down draugh" kilns.

RUDA is working in several areas of product development. One of the most interesting involves the development of the "mojori" (traditionally embroidered footwear of Rajasthan). In a project funded by UNDP, British shoe designers imported European lasts, taught the traditional leather craftsmen to incorporate these lasts into their shoes, and suggested minor, but striking, design innovations. Several thousand crafts persons are now producing leather footwear that is being sold in Europe, as well as in boutiques in urban Indian cities.

RUDA participates in trade fairs in India and abroad, and organizes its own exhibitions in various locales. They are rapidly establishing a "brand name" for their products.

There is as yet no economic evaluation report of RUDA's activities. An assessment is expected to be done towards the end of this year. Going by impressions, RUDA has succeeded in increasing employment and increasing the earning power of some of the beneficiaries, but the scale of both has been very limited. The more striking areas of success are product and process development creating buyer producer linkages. Both these initiative can have significant externalities; therefore, their impact cannot be accurately measured.
REACH OF GOVERNMENT PROGRAMS

There cannot be any doubt that the government can play a powerful and creative role in crafts development. It possesses long established agencies for program implementation, has a wide administrative network, is not driven by the profit motive, and is above lobbying, at least in theory. Further, many small scale industries simply cannot afford the kind of investment necessary for such thing as pollution control technology, civic infrastructure, and information systems, to mention nothing of social services for crafts producers.

Nevertheless, except perhaps for certain training schemes, most central government initiatives tend to remain rather limited in reach, inaccessible, and unknown to the ordinary crafts person. Few artisans seriously believe that these schemes can make a significant difference to them.

Some examples will illustrate the limited reach of government programs. Till 1999, the Government had honoured 714 artisans with the "Master Craftsman" award. In a population of 9 to 10 million, this figure represents a percentage too near zero for the award to really matter to the craft community as a whole. plan outlay for the handicrafts (excluding handlooms) was approximately $13 million per year during the Eighth plan (1992-7). In 1994-5, this figure stood at only 0.3 per cent of estimated total handloom industry. Relative to an estimated credit or investment requirement of over $2 billion overall, or $250 per head, government's share in investment needs is minimal.
Finally, whole handicraft policy is trying to be more creative and effective, and the government does recognize the potential of this sector in foreign trade, handicrafts seems to be falling in priority in expenditure terms (see Table 5.1, below).

Having said that, the true impact of many government institutions cannot really be measured in terms of the expenditure incurred on them. Besides, the government retains a key role as institution builder and as link in various kind of intervention schemes for artisan development. There has been a definite strengthening of these roles in the post reform regime.

Currently, government officers in several departments involved with crafts are exploring new ways to maximize their input, and the emphasis is on identifying those areas where public funding can provide support and services that the private sector cannot.

TABLE 3.1
FIVE YEAR PLAN OUTLAY IN THE CRAFTS 1950 - 97 (million $)

<table>
<thead>
<tr>
<th></th>
<th>Average annual Plan allocation</th>
<th>% of Total plan allocation</th>
<th>Real value of annual expenditure in rupee terms (1950-80 = 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950 - 80</td>
<td>42</td>
<td>0.97</td>
<td>100</td>
</tr>
<tr>
<td>1980 - 90</td>
<td>229</td>
<td>1.04</td>
<td>297</td>
</tr>
<tr>
<td>1992 - 97</td>
<td>88</td>
<td>0.30</td>
<td>102</td>
</tr>
</tbody>
</table>
GOVERNMENT MARKETING

The Indian government has been in the business of marketing Handicrafts since the establishment of the Central Cottage Industries Emporium in 1949. Several state governments had established marketing outlets even before Independence, and the others followed soon after. The governments buy from cooperatives or individuals and sell these articles in showrooms that are located in the best part of the state capitals, and frequently make losses. This is not surprising. A casual browser in any government showroom will quickly notice that the articles on display are sometimes more expensive than comparable articles in the private sector, and, these days, often of poorer quality as well.

Government officers in Rajasthan denied the quality difference, and justified the higher price by two constraints that government marketing tends to face. (a) higher salaries paid to the employees, and (b) extra payment incurred to maintain strict control on quality and standards. More candid respondents mentioned higher overhead payments, disinterested staff, and the fact that the Government could not adopt some of the marketing practices that the private sector could, such as paying commission to tour guides for bringing foreign tourists into the shop. Overhead payments tend to be high over employment. A typical government showroom contains an unnecessarily large number of sales staff. Many remain idle at any time of the day, and many obviously have been poorly trained, if at all, in serving customers.

Apart from these costs, legitimate or otherwise, government marketing suffers from two critical weaknesses: corruption and lack of innovation. Interviews
in Gujarat routinely mentioned widespread corruption in government marketing. It is said that the government sales office issues not a single cheque to its suppliers without a bribe.

HANDLOOM SECTOR IN TAMILNADU: AN OVERVIEW OF SCENARIO IN NEIGHBOURING STATE

As per the 1987 Handloom Census, there were 4.27 lakh Handlooms in Tamil Nadu. As on 31.03.2002, 2.83 lakh Handlooms are functioning in 1354 Weavers Cooperative Societies. Out of 1354 Weavers Co-operative Societies, 1144 Societies are Primary type, 120 Societies are Industrial type and the remaining 90 Societies are Primary Silk Weavers Cooperative Societies. So far, Identity Cards have been issued to 1.97 lakh Weavers in the Cooperative. There is large concentration of Handloom Weavers. All the Development and Welfare Schemes implemented by the Government of Tamil Nadu and Government of India are channelised through the Weavers Cooperative Societies.

Due to the general recession in the textile industry, the Handloom sector's Handloom cloth worth Rs. 436.37 crores besides the opening stock value of Rs. 230.66 crores. As against the total stock of Rs. 667.03 crores. Handloom goods worth Rs. 493.58 crores have been sold during the year 2001-2002.

It has been proposed to sell Handloom goods worth Rs. 500.00 crores during the year 2002-2003.
POWERLOOM SECTOR IN TAMILNADU

In Tamil Nadu, 23,660 powerlooms are working in 142 powerloom weavers Cooperative Societies. The powerloom weavers Cooperative Societies mainly produce the cloth required under "Free Supply of Uniforms to School Children" scheme. At present, there are 20 lakh registered powerlooms in Tamilnadu. The Powerloom Weavers Cooperative Societies have produced 154.22 lakh metres of cloth valued at Rs. 20.74 Crore and effected sales to the of Rs.19.68 Crore during the year 2001-2002.

As empowered under the Textile (Development and Regulation) Order 1993, the Government constituted a Powerloom Registration Fund and constituted a Board of Management with Secretary to Government, Handlooms, Handicrafts, Textiles and Khadi Department as its Chairman. The entire amount collected towards registration of Powerlooms have been transferred to Powerloom Registration Fund. This fund is utilised for the purposes towards promotion of Powerloom Sector.

TEXTILE SECTOR IN TAMILNADU

A. FUNCTIONS OF TEXTILE MILLS IN TAMIL NADU

Textile industry of Tamil Nadu is the forerunner in Industrial Development and in providing massive employment in the State. It is predominantly Spinning oriented. The State Textile Industry has a significant presence in the National economy also. Out of 2049 large and medium textile mills in India, 893 mills are located in Tamil Nadu. Similarly, out of 996 small units in India, 792 are located in Tamil Nadu. The 893 large medium textile mills include 18 Cooperative Spinning Mills, 17 National Textile Corporation Mills and 23 Compostive Mills.
The spinning capacity is 14.17 million spindles with a about force of about 2.17 lakhs. The Textile Industry in the private sector has a very important role to play in the industrial filed, with regard to employment potential, overall economic and comment to earn revenue. besides foreign exchange through exports.

B. COOPERATIVE SPINNING MILLS IN TAMILNADU

In Tamil Nadu there are 18 Cooperative Spinning Mills situated in various Districts, which are started between 1958 and with an object of providing uninterrupted supply of quality hank yarn to the Co-operative Handloom Weavers at concessional rates. The installed capacity of 4.69 lakh spindles have since been downsized to 2.86 lakh spindles.

The 18 Cooperative Spinning Mills are situated in prominent Districts of Tamilnadu as detailed below:-

1. South India Cooperative Spinning Mills, Pettal, Tirunelveli
2. Srivilliputhur Cooperative Spinning Mills Srivilliputher, Virudhunagar District.
3. Tirchendur Cooperative Spinning Mills, Nazarath, Thoothukudi District
4. Salem District Cooperative Spinning Mills, Salem.
5. Erode District cooperative Spinning Mills, Dharapurum, Erode District
THE HANDLOOM SECTOR IN INDIA: PROBLEMS AND PROSPECTS

In India, handlooms have a special place in the society, as they are not only upholders of rich tradition and culture but also providers of employment to a vast majority of Indians living in rural areas. However, in the wake of globalisation, the handloom sector is facing problems and is on a decline. Attempts are made to understand the problems faced by the handloom sector and the reasons for their decline.

Next to agriculture, the handloom sector provides direct employment to more than 30 lakh weavers engaged on 38.9 lakh handlooms spread over all parts of the country. As weaving is a family occupation where all the members contribute in one way or the other, this figure goes up to 124 lakh individuals getting benefit directly and indirectly. Out of this, nearly 32.4 lakh belong to the weaker sections of the society. In financial terms, handloom sector output is 20.3% of total textile production in the country. The export earnings, which were to the
tune of Rs. 2008 crores in 1998-99, accounted for 10% of total textile exports. However, the picture at the grassroots is not very satisfactory. Due to globalisation the sector is facing many problems. Inability to cope with problems may lead to the disappearance of India's rich handloom tradition.

Handloom weaving has been a family occupation in the country. The knowledge and skills of weaving are passed on to the younger generation from the older generations. The weaving skills reflect the tradition and culture of a particular place. The weaving techniques are unique and each has a separate identity associated with the regions. For instance, the famous Banarasi Silk saree of UP, the tie and dye patterns of Gujarat and Orissa states, the silk sarees of southern states, the jamdani sarees of West Bengal. The handloom sector produces many other items besides the saree. There are various models of handlooms for each type of product. Starting from the most primitive lion looms in the northeast region to pit looms in the east to semi automatic looms. These looms coexist inspite of wide variation in their productivity because of the uniqueness of each type of product. However, handloom weaving is both time consuming and painstaking.

Since the products of handloom are so unique, one would expect the weavers to earn well from their work. Unfortunately that is not the case. The price tag of a Banarasi silk saree or Chanderi could be in the range Rs. 10,000 or more depending on the work done on it but most of it does not reach the weaver and his family who have to work not only for the weaving but also in setting up the loom. Since the earning is abysmally low, the new generation of weaving communities find it difficult to keep the tradition alive. This is the main reason that the number of skilled weaves who specialise in traditional knowledge is shrinking day by day.
Earlier, the weavers had a ready market in his locality, so he was able to earn enough to sustain his family by pursuing family occupation of weaving. There was little competition from the powerloom sector. But now, the power looms are giving tough competition with better quality products at comparably cheaper rates, as the productivity is many times higher here. This has led to a decline in the handloom sector. Although those weavers who specialise in weaving sarees still command a better price than the competition from the powerlooms and the mill sectors Compared to the handloom sector, these two sectors have some inherent advantages like better finish, defect less products and wide choice offered to the customer. With a very high productivity levels due to adoption of modern technology, the power looms can also offer bargain prices. So the local market which the weaver once monopolised is no longer lucrative for him.

Raw material has become another problem are. As a thumb rule, the cost of yarns constitutes approximately 60% of the total cost of production of the cloth. Traditionally cotton and silks are the most favoured yarns, these have another major advantage of amenability to dying at the weavers end as per choice of pattern and colour in demand. But as natural fibres they suffer from one major weakness too, i.e... Low strength of yarns making them susceptible to breakages during weaving. The number of breakages not only affects the quality of the finished product but also considerably reduce the speed of looms. So great care has to be taken by the weaver to minimise the number of defects in a piece of cloth, which can ultimately influence the realisable market price. Now with availability of good quality cotton yarns becoming scarce day by day and silk yarn prices sky rocketing, the risk of investing in yarns has increased. With technological progress, new
synthetic yarns have been developed. Polyester and nylon filament yarns are most popular among them. These synthetic yarns are available in varieties, which can easily duplicate the feelings of natural fibres. They also cost significantly less per unit and strength wise they are much superior. This makes their use easy for high speed weaving without any deterioration in quality. So the powerlooms and mill sector have taken to using synthetic yarns and their blends with natural yarns resulting in more and defectless output and competitive pricing. It is not that handloom weavers cannot use synthetic yarns but there are problems.

One the commercial packing restricts the quantity to be purchased and used at a time. Secondly, the weaver cannot dye them as per choice, for technical reasons. So if one has to use the dyed yarns, the investment will be much higher. Thirdly, the fabrics made out of synthetic yarns need processing before they could be used. The volume produced by a weaver at a time is very small. In order to send these to a processing house, a minimum quantity has to be accumulated which in turn involves sufficient amount of finance and holding power of a weaver. This is beyond the capacity of an average weaver is today's context.

Thus, the handloom weaver is faced with many problems. Over the years, the Government has taken several policy initiatives to help the weavers. Though well designed, these measures have not succeeded because power looms and mill owners constitute a powerful lobby which finds a way of denying the benefits accruing to the handlooms sector. Most notable policy initiatives in practice so far are hank yarn obligation imposed on spinning mills for cotton yarns and reservation of certain items for the exclusive production by the handloom sector. Hank yarn
obligation was meant to provide hank yarns without excise duty to be exclusively used by the Handlooms to give some cost advantage. But taking the advantage of lax administration, many power loom owners get the yarns issued in the name of handlooms.

The reservation of item policy has largely been beneficial to the handloom weavers. But it is not free from malpractices. Selling of powerloom products under the handloom brands is not uncommon. For some powerloom owners, handlooms exist on paper, only to take the advantages of the various schemes and rebates given by government from time to time. Like handlooms, powerlooms too are spread out and it is practically difficult to monitor such illegal activities.

There have been efforts by the weaves to form co-operatives to counter some of these problems. It is surprising to note that approximately 20% of handlooms come under co-operative fold. The primary level co-operatives are then federated into apex societies at state level or affiliated to corporations. However, the functioning of these organisations leaves much to be desired. Most of the see co-operative today are not in a position to lend any credible support to their members in day - to - day activities. As a result most of these co-operative societies survive only in records. There are many national level organizations for providing raw materials at cheaper rate and giving market support including exports to the weavers. There are 24 Weaver Service Centres to provide technical and design support keeping in mind the local tradition and technological progress made in general. The Development Commissioner of Handlooms is the central authority
for formulating policies and implemented thereof. Even the emporia are set up at
different cities to give wide coverage NABARD and NCDC have been extending
various financing schemes to establish weaving sheds and providing working capital
loans. But due to complexities in rules and regulations attached with such schemes,
many weavers are not even aware of these schemes and remain out of the scope
of such schemes.

Further, hand woven products have a large clientele which has attracted
traders who act as middlemen between the weaver and the market. Besides the
weaver losing out on getting the right price for his product, the middlemen are
also responsible for malpractices such as use of adulterated yarn, for instance, by
mixing pure silk yarns with equally good looking nylon yarns in weaving silk saree
can substantially bring down the cost compared to that of a pure silk saree. Similarly,
acrylic yarns can easily replace wools for making a shawl. It is difficult to identity
such types of adulteration, which are rampant nowadays. Since there are no specific
guidelines or control mechanisms in place, such malpractices are difficult to check.
This affects the customer base of handloom products as customers start losing
confidence in hand woven fabrics.

Thus, the handloom sector is facing problems on all the fronts. In the
absence of benefits of Government's policy measures failing to trickle down, the
weavers have limited choice, i.e. to keep alive the tradition or switch over to some
other occupation to earn livelihood. Against this background, it is heartening to
note that many voluntary organisations have come forward to help the weavers.
Their help is in the form of developing markets, identifying appropriate marketing
channels, preventing the weavers from getting exploited and creating awareness about the latest developments like use of environment friendly dyes and preventing child labour particularly in carpet weaving.

In future, the competition from power looms and mill sector is unlikely to subside. There will be pressure to remove the reserved list of items, which has already been squeezed from a bigger list. At least this has helped to gain a captive market for the handloom products. But in this competitive environment how long this can be pursued is doubtful. There have been arguments in favour of wide use of semi automatic looms over existing pit looms to increase the productivity. The designs and patterns should match the modern tastes. But if this is the case, then the powerloom would get encouraged with the result that handlooms would be replaced by powerlooms. Should the handloom weaving traditions be allowed to vanish or be replaced with semi automatic looms.

PRODUCT INNOVATION EFFORTS IN TRADITIONAL HANDLOOM MANUFACTURING FIRMS

An attempt is made here to throw light on the status of current product innovation effort in handloom enterprises in Andhra Pradesh.

In Andhra Pradesh, the handloom business of organising production, outside purview of Govt. institutions and cooperatives, is operated in two ways

1. Wholesale shop giving inputs to handloom weaver and collecting back finished goods.

2. The independent handloom weaver weaving on his own without every accepting inputs and marketing the finished goods or his own by contacting the wholesale shops after done with weaving.
Earlier, the former system where shop owner used to give inputs to the weaver was predominant and handloom weaver used to work on loom and totally removed from the market, prices and entrepreneurship aspects of his production operations. Based on input output ratio the account of inputs given was settled and wage settled as per piece rates obtaining at that tie. Along with material inputs the ship owner used to disburse some amount of wage advance also. The weaver sometime compelled by his personal financial exigencies used to take a fairly large sum as permanent loom advance to be repaid in convenient instalments. Such advances are usually adequate to clear his old debt with another shop owner or meet festival or marriage expenses. The system of input - advance and permanent advance had on one side, its disadvantages for the shop owner, like the amounts being delayed and turning into bad debts when the weaver changes affiliations ; on the other, weaver had the likelihood of being pushed to wall in the settlement of wages and let down in lean seasons.

Weighed either by the valid reasoning or shop owners financial might, the system has evolved into the one with no advances and independence of the weaver in most of the handloom localities. In Dharmavaram and Pochampally and their surroundings, this independent and advance free system is prevalent. In other less populated concentrations like Narayanpet, Gadwal etc the old system of input supply from shop owner is still operational.

Propably due to the strength of the basic product, the weavers engaged in weaving had considerable freedom to be independent; the shop owners had to cooperate with the independent weavers since the product had the energy to move itself and accepted the weavers products as per the price determined by interplay
of the demand supply forces obtaining on a particular day. This independence of the weaver took its toll on the lifecycle of the product. The product had to start ageing owing to "poor nutrition" and inadequate inputs from the weaver, but the weaver helplessly and innocently looked forward to milching the "mother product" without or inadequate feeding. The weaver is not equipped to nourish it. The product was left to fend for itself; there could not be any organised effort to improve the product unlike in the case of a shop, owner who at least used to define product to the weaver while giving the material inputs, shop owner as an entrepreneur had to take care of the complete ingredients to ensure successful outgo of the product. This type of care is absolutely absent in system of independent weaver. Obviously the weaver can not afford or has the handle to do it.

THE INDICATORS OF DETERIORATING PRODUCTS IN HANDLOOM INDUSTRY

The handloom are no longer organised under central leadership. They are adrift. They are just living without direction giving knee-jerk responses to stimulus situations like short demand spell and easy acceptance of merchandise by shop owners. They have no way to evolve a strategy in deteriorating situations. They have no organisation to respond strategically by improving their traditional product. They are just mulching an old cow, the traditional product on the way to total extinction. In year 2001, about 74 suicides were reported from handloom weaving community in Andhra Pradesh. In 1990 also, about 50 handloom weavers killed themselves in Guntur and Prakasham districts of Andhra Pradesh, having been unable to make a living on handloom products. The handloom products are not supporting the handloom weavers, since they lost their previous strengths.
The established buyers who at present compete on price basis make little effort in sourcing of handloom products. The shop owners make active search of buyers. They easily agree to the all terms of the shot calling buyers like long payment periods, return of unsold merchandise after considerably long periods etc. The buyers also give liberal concessions in accepting average quality and run of the mill quality goods. I observed several shop owners narrating their experiences of buyers delaying the payment up to one year, some new buyers winding up the show very early, returning left over goods and many times disappearing from the business scene by declaring insolvency which is of course supported by the law. In Dharmavaram where I lived three and half years as yarn marketer, I used to watch the instances of insolvency declaration. Every year three or four shop owners disappear under the cover of insolvency, the estimated value of which used to Rs. 3 to 4 crores out of the total turnover of 100 crores of that particular place Dharmavaram. These instances are not stray; they are regularly taking place every year, Poor and un-nourished product is compelled to behave like this, invariably impacting on the business.

The employment for weavers on handloom is irregular, seasonal and highly uncertain. The products which have some strength are able to keep the weaves employed fairly sustainably, whereas the weak and average products which have no growth as products could do nothing for the weavers and thus fail to keep the weavers employed reasonably continuously. When the demand for these products, reached their low similar to what happened in Chirala and Karimanagar in 1990 and 2001 respectively, the weavers most of who are resource poor are left with no alternative but end their lives. In 2001, the total number of suicide deaths reported
from these areas crossed 35. Similar was the fate of 100 powerloom workers in Sricilla town of Karimnagar district, the products were weak and just commodities. The micro entrepreneurs have selected the product line which has mass consumption and which every other manufacturer is already safely making. This herd philosophy is safe for them for the stock will move without hassles though obviously the demand is seasonal and the price it can fetch is just hard to mouth. More disastrous is the periodic glut which cripples the poor workers and throws them out of employment and to debt and self inflicted death.

MARKETING CHANNELS THAT SMACK OF CHEAPNES AND MEDIOCRITY

Now several handloom goods manufacturers are selecting exhibitions as the important channel of marketing. Exhibition are generally held in open places where goods are naturally exposed to dust and soil. This channel of marketing is a major source of deterioration of quality. The visitors to exhibition also who characteristically have the mind to accept mediocrity, visit with the intention of buying the goods of average quality only. Handloom manufacturers unconsciously accept that their good are mediocre and average customers only are their target.
PART - B

CASE STUDIES OF NEW PRODUCT DEVELOPMENT

CASE STUDY - 1

NEW PRODUCT DEVELOPMENT IN SERIFED, HYDERABAD

Serifed is the acronym for the Federation of Sericulturists and Silk Weavers Co-operative Societies Ltd., Hyderabad registered under Co-operative societies Act, in 1975. There are 309 silk weavers co-operation societies affiliated to Serifed. Serifed works under the control of Commissioner of Sericulture. The Commissioner of Sericulture is Ex-Officio Managing Director of Serifed. Serifeds share capital is Rs. 1.10 crores of which the contribution of Government is 1.03 crores, the remaining of primary co-operative societies.

The Primary objective of Serifed is to

i. help the members procure their inputs

ii. market their output.

In order to realise those above objectives. Serifed at present pursues the following activities.

i. Procurement and sale of yarn through retail yarn outlets

ii. Running of silk yarn auction yards

iii. Sale of silk fabrics to the exporters who contend it also exportable products

iv. Procurement of sericultural inputs and their supply to the Government and farmers.

v. Production and sale of silk sarees through exhibitions.
The turnover and profits of serifed over the last 5 years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Turnover in Crores</th>
<th>Profit Rs. in lakhs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-2000</td>
<td>8.16</td>
<td>+ 5.33</td>
</tr>
<tr>
<td>2000-01</td>
<td>7.94</td>
<td>+ 3.13</td>
</tr>
<tr>
<td>2001-02</td>
<td>10.72</td>
<td>+ 2.75</td>
</tr>
<tr>
<td>2002-03</td>
<td>10.88</td>
<td>+ 12.24</td>
</tr>
</tbody>
</table>

The first bureaucrat to realise the importance of NPD is Mrs. Rachel Chatterji IAS, who was Commissioner of Sericulture and also MD of Serifed. The fate of any Government Organisation hinges heavily on the vision of a handful of IAS officers who come very rarely to occupy the slot of the CEO of the organisations. Serifed was fortunate to have Mrs. Rachel Chatterji & Mr. Phanikumar as the Core team. They had tremendous love for NPD, because of which Serifed had a definite direction and because of which the spin off of their efforts extended into ten years from their tenure.

SERIFED - NPD PROJECTS

Serifed's NPD projects can be divided into two categories:

1. New Product for Domestic Market
2. New Product for Export Market

NEW PRODUCT DEVELOPMENT FOR DOMESTIC MARKET

Domestic market required new products in sarees and ladies dresses. Serifed was organising sales through exhibitions under the banner of Cheenambara.
Cheenambara was projected as collection of innovative and quality sarees for women looking for something new in Metropolitan cities.

Serifed has organised production of about 500 designs for sarees to be sold in exhibitions during 1990 - 1995.

RESPONSE TO NEW PRODUCTS

The response was tremendous. About 200 sarees were sold in each exhibition. About 12 exhibitions were held. A sale amount to Rs. 7.00 was recorded in each exhibition. Newly developed sarees sold like hot cakes.

NO PRICE REDUCTION

Not even a single pie was given as discount. That is the value a new product claims. Every similar organisation on this earth should be excited about this and take a leaf from it. New products are the life of an organisation.

DESIGN SOURCE

The CEO herself was a fountain of great ideas and good colour combinations. The Weavers Service Centres of Hyderabad and Vijayawada stretched creative minds of their artists so as to bring out the maximum number of hand painting. Saree designs are painted at card board paper first. The paintings were the base or framework to make further modifications.

A colour expert committee would be sitting to screen the designs and modify the borders, motifs and colour combinations. The committee included the officers and artists of Weavers Service Centres, their artists, weaving supervisors...
and two or there colour aesthetics knowing lady members of Crafts Council of Andhra Pradesh. MD & GM of Serifed and the Presidents of Weavers Co-operative Societies or master weavers. The weavers used to assess on the spot the production feasibility of each design and agreed to take it up for production if practicable only.

ANCESTRAL SAREES - A Source of Designs

The ladies representing crafts council are from above middle class families like the wives of the ministers, wives of top bureaucrats and jamindaris. The upper class ladies from royal families had a special liking for their ancestors sarees. Those 100 and odd year old saree designs were revived with new colour combinations. They sold like hot cakes.

Each design was multiplied by eight different colour combinations. The Weavers Service Centre artists had their ideas about motifs and columns. There was an initial session also to give design brief or to give some direction.

It was unfortunate that the designs were not documented. Some photographs only are available, but not of all. There was also no record maintained to assess the market performance of each design. The first sample production was not categorically assessed for market performance.

There was no second lot production. When the CEO got transferred, everything effort lost its momentum. But it however was a very positive experience.
OTHER DESIGN SOURCES

The NID has been retained for giving designs for several products i.e. tassar furnishings, ikat dress material, ladies dresses, Dharmavaram sarees etc.

NID DESIGNS

NID Design inputs were good and breakthrough. But tasser furnishing designs proved not practicable on our looms. Serifed was not aware also as regards marketing. NID designs are good but Serifed had no way to absorb them. The ground realities of the existing looms and technologies did not agree with our high design initiatives.

Ikat dress material was altogether great and offbeat. But they proved very expensive. There were neither weavers to weave them nor was market available to buy those great products. The ladies dresses designs were a flop, and not because they were bad but because the class of our marketing channel (exhibitions) did not match with the type of designs. They would have been sold well if they were displayed in boutiques or high profile markets.

NID also gave designs for Dharmavaram type sarees. One noteworthy point of the designing by NID is that they depend on their creativity and imagination; except their general understanding of the market, they had no other way of a accessing the voice of the customer and factoring of the same in the mass production. This is the practice of the most of the Fashion and Design Insitutes. The structure of the NPD process when designs institutes are involved is as follows:
The above model is completely removed from customer voice. An ideal process of designing is suggested below:

**FIGURE 3.3**

**NPD PROCESS STRUCTURE - A MODEL**

1. Stratigistaion / Environmental Scanning
2. Design Brief
3. Voice of the Customer
4. Idea generation
5. Features Blue Print (Painting)
6. Screening
7. 1st Prototype
8. Evaluation
9. Sample Production
10. Evaluation
11. Production of required quantities
For reasons of convenience, ignorance and inability to develop a good process, the NPD as is happening now has to be rectified. The above model has its origins in other prospering industry.

MASTER WEAVERS HAVE BETTER APPROACH

Master weavers have an advantage over professional designers in experience, the knowledge of colour that moves and the practicability of a design on the existing looms. Presence of a master weaver in the meeting of idea generation, design brief and idea screening is an advantage to an organization.

DESIGNING RESOURCES

Serifed gave projects to NID and Weavers Service Centre. The NID has taken up the project and gave it to the different Dept. of the NID. They all gave a collection. The project given to NID was in the order of Rs. 5 to 10 lakhs. The NID designs were not evaluated against any set standards. The prototypes and samples were made and put up for the sale. There was no first sale evaluation. There was also no further production.

Weaves Service Centre gave paper paintings for sarees. The selected paintings were paid at the rate fixed by Development Commissioner for Handlooms. The weaver services centres gave designs for Dharmavaram Sarees, Gadwal sarees, Naryanpet Sarees and Jamdhani Sarees. The paper paintings were screened by either craft council representative or the CEO herself. There was no post sale evaluation.
Serifed appointed one designer who graduated from both NIFT and NID worked for one year at a annual consolidated salary of Rs. 1 lakh. He gave designs for Jamadhani Sarees, Veg. block printed sarees, and ladies salwar suits. The next CEO has not continued his appointment.

DESIGNS FOR EXPORT MARKET

Serifed developed designs specially for furnishing material supposed to be marketed in Europe and USA. The design projects embarked on by Serifed can be classified in to 3 categories viz.

1. UNDP designed Project
2. Rasham India Export Exhibition
3. DCH Project for Exportable Products.

UNDP DESIGN PROJECT

The UNDP under their programme for assistance to developing countries in their initiative for reaching foreign markets, gave the services of one foreign designer for developing exportable running fabric for furnishing and dress material. A lady designer Mrs. Sjoblom of Sweden came to A.P. and surveyed the local skills. She gave a collection of designs for IKATS and Cheeks and stripes, in dupion fabrics being made in Proddatur of Cuddapah District. She gave paper paintings, and Serifed got them produced into fabrics at a total cost of Rs. 2.0 lakhs. The samples were shown to a few parties in UK, Germany, Netherlands, France and Switzerland. Some parties have suggested some more modifications to produce a new collection. The collection was shown again. But the response was too slow and lukewarm that Serifed did not pursue with them beyond one year. The designers
charges were paid for by UNDP only. The travelling expenses of two representatives from Serifed who visited foreign countries were also paid by UNDP.

The UNDP paid a lot of money to the designer, but did not pay for Serifed's participation in any International trade fair. Participation was too expensive for Serifed to venture into.

RESHAM INDIA EXPORT EXHIBITIONS

Rajasthan India export exhibitions were consecutive annual events held in Delhi by Indian Silk Export Promotion Council. Serifed decided to participate in every Resham India Exhibition. It also decided to sponsor the fashion shows also.

The trend and colour forecast of Europe as released by Indo German Chamber of Commerce were followed for the preparation of prototypes. Every idea was given some shape as a product. Most of the prototypes were done by Weaver Service Centre. But when presented in the exhibition, response was not encouraging. Most of the product were great by themselves. But they didn't look to have any common theme or to have been made with some idea about the ultimate product use. Serifed also developed many samples on its own looms. Different fancy yarns, tasar yarns, Chinese yarns etc., were taken and made prototypes with Rasham India exhibition didn't bring any response for the new products. One small orders for an old product was placed. The products were great but the exhibition visitors were very few.
One noteworthy point was that most of the prototypes were not capable of being produced on mass scale, because they were made by the Weaver Service Centre on the sample rooms. The IKAT designs were done in textile design with lot of design modification.

CASE STUDY - 2

DHARMAVARAM SILK HANDLOOM INDUSTRY

In Dharmavaram, there are hundreds of silk handloom societies and silk handloom firms. There are also about two dozen designers eking their livelihood on designing. When a master weaver / society manager needs new designs, he simply calls one of his familiar designers and tells him that there should be such and such border and such and such pallu and such and such buta. The designer prepares the graph and gives to master weaver. Colour combinations etc., are the concern of the master weavers. Voice of the customer is somewhere at the back of the mind of the master weaver. There is no systematic procedure or process for designing. They spend very little on design concept. But they spend a considerable amount of money each time the design is changed, since it needs change of cards, lattices etc. But they don't see any need to spend on design concept, finding out the voice of the customer, design improvement process etc. The silk handloom industry in Dharmavaram is very sizable. In Dharmavaram, on about 15,000 handlooms, the output value is about Rs. 150 crores per annum. It is an evolved industry. It is very old and its beginning dates back to Vijayanagar empire era. Many weavers who were weaving rough blankets of local spun wool, meant for sheperds have converted themselves into silk weaving.
The industry is generating a lot of employment to the local youth. The profession is no longer caste specific, though traditional weaving caste constitutes a major chunk of the industry. It offers a very good prospect of employment. The formal education failed / dropouts need not bother about their livelihood. They can simply settle in the profession. Training / apprenticeship does not involve any difficulty, since the looms are many, extensive and everywhere.

The production is now huge. Looms are adding very frequently, weavers are adding. Merchants are adding to the industry. In this explosion and mushrooming, quantity / systems / futuristic vision unless properly directed and led, will take last seat or find no place. Everyday a sizable quantity of yarn, yarn and sarees are transacted. Uploading and downloading of stocks are seen everyday in every public transport or goods transport vehicles / roadways. The industry is big and also quite evolved. Earlier master weavers used to have control on wage weavers. Now, unlike earlier there are very few wage weavers. Weavers are independent. The present weavers are loosely linked to silk saree wholesale in that the weaves the saree and brings it to wholesalers and sells it for cash. If one wholesaler does not accept, the weaver visits the next wholesaler and so on till he sells away his output which is normally one saree. Since the linkage between weaver and wholesaler is weak, the wholesaler does not have a say on the product and its design.

The weavers go by their own assessment of market taste and makes the product. What is in vogue is only made by the weavers, but not "something unique". The wholesalers accept what is new and passes for "new" but not absolutely new
products. It is mass production of a few new trends, which means that each product is not new and customised. New products as per new trends roll down on massive scale. Mass production has no element of product Development. Mass production is commodity production which can be construed as basic product which is at the end of its life cycle.

Such a massive industry of several crore rupees is so scattered that it is not properly directed on a common thread of vision and basic value system. There is no industry leadership or Governmental intervention to set the industry on right direction, which resulted in the following undesirable circumstances.

There is a rat race to reduce input quality. The wavers vied with each other to reduce zari quality so that the cost of the product is reduced. Unit price is fixed for every saree, at which the weaver sells the wholesaler. Since it is fixed, the weaver out of instinct cuts corners and even reduces the input quality to get the maximum from the fixed sale price.

Since poor quality inputs are used, the brand image of Dharmavaram sarees as a whole has gone down, which naturally resulted in business terms unfavourable to the weaver and also wholesaler. The unfavourable business terms include longer credit periods and return of unapproved goods etc.

Accumulation of stock results in when the demand / outflow is uneven across all seasons. The industry passes through hard spells twice or thrice every year. The industry keeps very hectic during certain seasons like marriages and festi
actives. There is a lot of off-take take during these splits. But the off-take itself does not mean and guarantee timely payment. When lean season, set in, even the offtake, at whatever terms is slow and gloom sets in.

FIRM LEVEL INSOLVENCY

One noteworthy characteristic of this industry is incidence of three or four insolvency petition filed every year in Dharmavaram town alone. Personal misuse of credit and wilful deception need not be ruled out as the causes, more important reason for this is the doubtful strength of the industry. The strength of the products, not only as a utility but also in uniqueness or in contribution to lifestyle is doubtful.

A strong product will not betray the business. The growing business of several firms is traced to the strength of their product which is not only reliable a utility product but also contributes to the customer's lifestyle Raymonds, Vimal, Himmat Singka, Aravind, Mudure coats etc., stand as glaring examples of strong products supporting growing business.

A weak product throw the business into unfavourable payment terms, which ultimately expose the business to high risk and insolvency. Only the industry leadership, or Govt. can intervene and set the industry on the right direction. Who can discipline the disorderly industry? some institution should guide it on product quality and core values. A bright growing and massive industry such as this in Dharmavaram should be able to focus on a steady, sustained and reliable growth in stead of just mass production. Who can lead the pack? The danger - signalling bells in the form of offtake fluctuations, incidence of insolvency and poor payment
terms should be understood in their right sense. Corrective measures should be taken to address the futuristic undesirable situation.

CASE STUDY - 3
DESIGNING PROCESS IN HARI PRIYA SILK SAREE SADAN, Dharmavaram.

Sri Babu (Bojappa) own this firm. His annual turnover is about Rs. 60.00 lakhs. He earns a profit of Rs. 1.00 lakh. He sells in wholesale. His market is mainly in Hyderabad. He spends the following amounts on designing.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design Papers</td>
<td>Rs. 90,000.00</td>
</tr>
<tr>
<td>Cards / Loom Setting</td>
<td>Rs. 175,000.00</td>
</tr>
</tbody>
</table>

Rs. 265,000.00

He spends about 4% - 5% of his turnover on designing. The sources of design saree own, books and professional designers.

CASE STUDY - 4
NEW PRODUCT DEVELOPMENT IN SRI LAXMI TEXTILES, Yadiki, Anantapur District

Sri K.C. Ranganayakulu, an enterprising illiterate and a weaver-turned trader hailing from Narsapuram, near Yadiki 70 Kms away from Anantapur is model entrepreneur who own 5 firms, beside being a founder - president of a co-operative silk society. He has five sons and runs his marketing organ with its base in Hyderabad. He lives with his three sons in Hyderabad, his two elder sons live in Narsapuram, looking after production and despatches. Sri Ranganayakulu lives in
Kachiguda in a rented house where he sells in retail also. Kachiguda is a good location where all transport facilities are available. He receives goods from his native village and despatches them to his customers from Kacheguda. He has 25 to 30 wholesale customers owning retail silk shops located in Telangana and Andhra. He also sells to retail customers from his residence. His residence is full of goods.

He is a shrewd businessmen. He toured and developed the clientele base. He has a complete idea of who pays well and who delays. In handloom product business, selling is a piece of cake and recovery of dues is a hardnut to crack. Initially, he made supplies and experimented with several shops. With the experience of 20 years, he can tell straight who to rely on and who not as far as payments are concerned. This knowledge is the real treasure for his later generations.

I interviewed him about his practices, policies and attitude what regard to new product development. The essence of the discussions is as follows:

a. Turnover: 30.00 to 40 lakhs in each firm. In five firms Rs. 1.50 crores to rs. 2.00 crores turnover is recorded.

b. Clientele base: Wholesale: 30, Retail 100

c. Business over the last four years: During 1999-2000, 2000-01, 2001-02 the business was good. During 2002-03 the business came down by half. He feels the low business is due to drought which hit farmers buying power.

d. His policies, practices and attitude towards NPD:

1. He says new items and new designs are hard to move from shelves.

2. He creates new designs for high cost segments only, namely, sarees costing between Rs. 6000 to 8000
3. Only regular items go well. New colours don't go well. The type of customers who buy his products don't accept new colours. Only traditional colours move well.

He changes buta but a motifs and a little bit of borders. He says any outright changes are risky and likely to be stuck as unsaleable stock. Retailers who have retail shops give ideas of new models in other traditions like Kanchi, Benaras. The retailers check with Mr. Ranganayakulu about the possibility of a particular design. He takes a Xerox copy of such saree and undertakes production only against the explicit guarantee that the products made with the new design as given by the retailer should necessarily be bought by the retailer.

Such new designers constitute 20% of his total quantum of business, that too, against the guarantee of the buyers. He spends about Rs. 30,000 per annum in each firm on change of designs About Rs. 1.50 lakhs is spent in all firms on the design change account. The expenditure is on cards, graphs etc. He produces about 25-30 standard designs. Some retail shops like Kalaniketan buy certain standards designs. Many times what was a new design and gets discarded later as old, comes back as a new spoke in fashion wheel.

The design philosophy of these firms is less risky and safe. It definitely means absence of premium in the prices. Exclusivity and breakthrough product design is not their focus. For the same product, he has different pricing methods. If the payment is promised for one month, the price is lesser as compared to the payment promised after two months. Some shops promise 3 months payment and
for them prices charged are even higher. He says many times payments are made after six months. Some payments come after one year also. Big and sound firms take the goods very selectively and pay on time.

CASE STUDY - 5

LEELA HANDLOOMS, Banjara Hills, Hyderabad

M/s Leela Handlooms is owned by Sri R. Ramesh, a B.Com from HPS, Hyderabad. It supplies base fabrics to the exporters in Bangalore, Delhi and Chennai. He was inspired by the high concentration of handloom weavers in Chirala where his uncle lives and owns a handloom firm. He produces plain cloth, jari border cloth, chambray cloth, cotton crepe, ikats, lycra etc.

On an average, his firm records an annual turnover of Rs. 35.00 to Rs. 40 lakhs. His net profit on this is in the range of Rs. 1.50 lakhs to 2.00 lakhs. Every year he develops 20 to 50 new products. Success rate of new products is 60%. For a new sample to come out, it takes one week to one month. He spends about Rs. 30000/- on new product development. His business is heavily dependant on new samples. It is a critical function.

NPD PROCESS IN LEELA HANDLOOMS

When he sees new fabrics/garments etc., in the domestic or international trade fairs/markets, he experiments with such an idea and comes out with a new product. When he sees a new yarn or non traditional yarn, he tries to factor it into a new shape and brings out a new design. His existing customers give an idea about what modification to the existing products are needed and on execution of such changes, a new product emerges.
When he visits a trade fair, he get an idea about the colours in vogue. He creates a new product based on it.

CASE STUDY - 6
SRI VENKATESWARA HANDLOOM HOUSE, PUTTAPAKA , NALGONDA DIST. A.P.

Sri Gajam Mutyalu, who owns three firms including Sri Venkateswara Handloom House does a turnover of Rs. 60.00 lakhs per annum (under all three firms). He did not tell how much he spends on NPD. But he is very positive about NPD and its role. He keeps doing new products. He is an "ikat" specialist. He makes cotton ikat dress material, silk dupion ikat bedsheets, 120 inch wider width dupions fabric for curtains and any other ikat material for exporters against order. His business was dull between 1992 and 2000 due to loss of appeal for ikats. During 2001 to 2003, there was some good business for ikats. He does not make sarees now. He concentrates on exportable cloth.

SOURCING OF IDEAS / DESIGNS

In supplies, the designs / patterns are given by buyers themselves. The buyer also suggest some modifications. He feels what we come up with new products will not appeal to the buyers. The ideas / designs / modifications / colours should come from the buyers themselves. He also feels that Government departments / Govt. Employees are characteristically not good at designing. The premier designing institutions like NIFT, Hyd on which a lot of money is spent is yet to prove its mettle as far as its NPD activity is concentrated. Only where a particularly order comes against their new products, one can conclude that they are worth the spend.
He concludes that weavers are not willing to develop nor is the Government willing to develop NPD or handloom industry for that matter. New products should be designed in such a way that old products also survive. New products should not kill old products. One example is that polyester - dupion cloth which is cheaper has cut into pure dupion cloth which is relatively expensive.

He suggests that master weavers should be given free stalls in the fairs so that their products are exposed and get marketed.

CASE STUDY - 7

DESIGNING PROCESS IN SRI ARUNASRI SILK WEAVES CO-OPERATIVE SOCIETY, DHARMAVARAM.

Sri SC Narayanswamy started this society. He is very enthusiastic to change designs. When TTD duppata required change of loom and design, he took the initiative to make necessary changes.

The performance of the society is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Turnover Rs in lakh</th>
<th>Share Capital Rs. in lakh</th>
<th>Profit Rs.</th>
<th>Design Expenditure under Govt. Scheme</th>
<th>Design Expenditure under own procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 - 01</td>
<td>39.81</td>
<td>2.97</td>
<td>2566</td>
<td>5000</td>
<td>5500</td>
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<tr>
<td>2001 - 02</td>
<td>45.80</td>
<td>2.57</td>
<td>2959</td>
<td>15282</td>
<td>4650</td>
</tr>
<tr>
<td>2002 - 03</td>
<td>45.75</td>
<td>2.35</td>
<td>2476</td>
<td>65886</td>
<td>4145</td>
</tr>
</tbody>
</table>
The society takes designs from local designers. The changes are in Pallu and border. They don't think about any exclusive design. They weave what is already active as fashion in the market.

DESIGNING PROCESS IN KULLAYA SWAMY SILK CENTRE, DHARMAVARAM

This firm has recorded a turnover of Rs. 38.00 lakhs in 2002-03 and earned a net profit of Rs. 1.10 lakhs.

They spend on designing is as follows:

- Papers Rs 30,000
- Cards Rs. 35,000
- Jacquard Rs. 35,000
- Total Rs. 1,00,000

They spend about 2% to 3% of their turnover on designing process.

SOURCE OF IDEAS

a. books   b. Designers   c. Own ideas

Importance Changes: The designing change involves primarily body and pallu

The financial position of the society is shown below.

Designing: Local designers and society president sit together and design ideas are exchanged. Border and Pallu are frequently changed 1.5% to 2% of their turnover is spent on design change.
The society took benefit of the Project package scheme of Government of India for the expenditure on designing.

**CASE STUDY - 8**

**DESIGNING PROCESS IN THE GANDHINAGAR SILK WEAVERS CO-OPERATION SOCIETIES LTD., Dharmavaram (President: Sri P. Govindu)**

Mr. Govindu who came to settle in Dharmavaram from a village in the same district is a seasoned businessman with 45 years' experience. He started this society in early eighties. He is also partner in a few silk wholesale firms. His shrewdness impressed this researcher way back in 1993 when Indo Swiss Organisation was trying to promote an expensive handloom whose weaving speed is high but does not suit Dharmavaram type weaving and Dharmavaram Designs need a slow loom. What is woven in Dharmavaram are is a high value added craft, not a plain running cloth. The loom being promoted was something like powerloom and a very expensive handloom Mr. Govindu immediately dismissed it a useless. The concerned authorities did not believe him in the beginning but accepted his suggestion after some study.

<table>
<thead>
<tr>
<th>Year</th>
<th>Turnover Rs in lakh</th>
<th>Share Capital Rs. in lakh</th>
<th>Profit Rs.</th>
<th>Design Expenditure under Govt. Scheme</th>
<th>Design Expenditure under own procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 - 01</td>
<td>71.00</td>
<td>2.29</td>
<td>5369</td>
<td>75,000</td>
<td>45,000</td>
</tr>
<tr>
<td>2001 - 02</td>
<td>87.00</td>
<td>3.31</td>
<td>4660</td>
<td>15,498</td>
<td>91,190</td>
</tr>
<tr>
<td>2002 - 03</td>
<td>87.00</td>
<td>3.50</td>
<td>5000</td>
<td>65,000</td>
<td>45,914</td>
</tr>
</tbody>
</table>
Mr. Ganshyam Sarode is an entrepreneur in handloom products. His father being a master weaver, he opted to be a handloom trader through he did Chartered Accountancy Course. He has taken on rent a 1500 sft apartment in Hyderabad to house both his family and his business together. He also runs 15 loom factory to demonstrate weaving to the prospective customers and uses it for immediate execution of certain critical orders. But his large amount of work is done outside his factory i.e. in franchised looms. He sells both in retail and also on wholesale.

He takes cues and product development leads from single - saree buying retail customers. They are his source of product ideas. Some customers suggest certain modifications about background colours, border, colour, jari proportion, motifs, colour combination etc., and are willing to place order for one particular piece of warp though a warp is long enough to make five or more pieces. He prepares full warp and make all the sarees that come out of such warp though the order is for a single piece. Since it is modified as per the suggestion of an august customer, he revealed to me, he is confident of selling easily all the remaining sarees of the warp to the other customers. He enjoys this particular advantage owing to his sales transactions with the retail customers. A pure wholesale dealer is deprived of this advantage.

Another source of ideas for his innovation is that the loyal retail customers bring one old saree of yore with a list of modifications to it to make its
new avatar as a new design. He improves it as per suggestions and releases the batch of such sarees for sale to the shop keepers and wholesalers. He says he is always open to new ideas and always engages his mind on new product leads; naturally he hits on new ideas in the process of foraging. This particularly person does not represent the true behaviour of his clan of other handloom entrepreneurs. He is a class by himself since his level of motivation, vision and understanding of rules of the game are quite different. He believes the NPD is the crux and real fountain of life for handloom entrepreneurs. He keeps working on new products. He engaged qualified personnel to man the production centre.

He says retail shop owners who buy from him also give ideas on future improvements based on existing sarees stock offered to them. His level of preparedness for new designs is high. He keeps stock of rarely available yarns in small quantities so that he can use them as soon as a customer suggest a new product with such yarn. He has, as an example, shown 2 kg muga silk yarn.

He accesses and combines various crafts and tradition into an amalgam of them as a new product. For example, he makes base cloth in Chirala and gets its printed in Gujarat in their style of the tie - n - dye. On another product, he superimposes embroidery. He visits different places in search of ideas. He thinks, architecture in middle east countries has enormous treasure for saree designs. He is planning to visit Dubai to search of ideas.
CASE STUDY - 10

DESIGNING PROCESS IN APCO

HANDLOOM SCENARIO AND THE STRUCTURE OF CO-OP SOCIETIES

The handloom societies in Andhra Pradesh are organised as a two tier structure with the primary societies in the village level called Primary Handloom Weavers Cooperative Societies (PHWCS) and the APEX Society at the State Level called A.P. State Handloom Weaves Cooperative Societies Ltd., (APSHWCS), popularly called APCO. By 1982-83 there were 2,115 primarily weavers cooperative societies in the State as against 1,024 Societies in 1975-76, 1690 in 1977-78 and 1932 in 1980-81. The number of societies almost doubled within eight years between 1975-76 and 1982-83 and this enormous increase can be attributed to the initiative of the Government who encouraged co-operativisation in order to ensure orderly flow of funds and easy monitoring of its integrated growth and development.

By early 1980's itself, the Government found many societies to be either defunct or running in great losses and it was decided to merge the societies under the Viability Programme and about 668 Co-operatives were liquidated. 622 Societies merged with 323 Viable Societies and in all there were 825 Societies in the State by end of 1983. Again there was marginal increase in the number of cooperatives in the subsequent years and by 1995 about 1053 registered societies were affiliated to the Federal Weavers Society i.e. the A.P. Handloom Weaver Co-op Society, Limited.

Since the handloom weavers have been facing problems both in getting inputs as well as in marketing their finished products, the creation of APEX Society
was thought of to address these twin problems of the timely availability of inputs and effective marketing strategy. Further, the Government is aware that protection to the sector is required to be continued because of the pious obligation to protect the heritage of the State and support is required to be continued to offset the built in cost handicap of the handlooms, the focus of all its policy has been to provide a level playing field so as to enable the weaver to stand up on his own and face the market in a level playing field. Towards this end, the entire budget outlay of the Department of Handlooms and Textiles of Government of India amounting to about Rs. 10.00 - 15.00 crores per annum and Central Assistance of an equal amount is being pumped into the handloom sector

MANAGEMENT OF APCO

The Andhra Pradesh State Handloom Weavers Cooperative Society Ltd., is the APEX Handloom Cooperative Society of Andhra Pradesh. The society was registered in the year 1976 under the Andhra Pradesh Cooperative Societies Act 7 of 1964 with the following main objectives among others.

1. To purchase raw materials and appliances, tools and machinery including spares as may be required for the industry and to sell the same to the member societies.
2. To purchase or receive for sale finished products of the member societies and sell the same to the best advantage by opening Sales Units, Godowns, Exhibitions etc., within and outside the State.
3. To purchase and supply other requirements of its member societies
4. To establish and run sales units within and outside the area of operation for exhibition and sale of products of member societies.
5. To hold, own establish and hire processing units to undertake and provide processing facilities including dyeing, mercerizing, printing and finishing etc., for all type of yarn and varieties of cloth, to the member societies and to other institutions and individual on hire or job work basis.

6. To advise and render assistance to member societies in preparation of production programmes, design development, product diversification and such qualitative improvement as may be necessary in the products produced by the member societies to be in tune with the consumer tastes and market / demand.

7. To arrange for the training of weavers sponsored by the member societies in the improved methods of weaving and latest techniques and also for the training of its own employees in sales techniques, accounting and business administration etc.

APCO is, thus basically meant to extend marketing support to its affiliated Primary Co-operative Weavers societies registered under the co-operative fold in the State. APCO is providing direct employment to over 1.00 lakh weavers and indirect employment to about 4.00 lakh people in the he (23) districts of the state. The Society is working for the economic development and welfare of the weavers by:

1. Providing marketing support for the sale of handloom cloth
2. Supplying yarn requirement and other inputs for cloth production
3. Liaison on behalf of the Primary Societies with Government Agencies for availing of financial assistance and support under various developmental and welfare schemes.
4. Marketing handloom fabrics at affordable prices to customers both in domestic and export market.

5. Catering to the livery requirement of Government Departments/ Agencies such as Tribal Welfare, Social Welfare, APSRTC, ACASH, Etc.

The APEX Society is managed by a Board of Management comprising of 31 Directors representing each of the 23 Districts, representative of APCO wool and seven official Directors including the Managing Director as the Ex-officio Director and Vice - Chairman of the APEX organisation. After the expiry of the term of the elected Board in May 2000, the Secretary Industries & Commerce (Tax), Department was appointed as the Person - in charge of aPCO pending conduct of election to the Apex body. The Director of Handlooms and Textiles, Government of Andhra Pradesh is kept in additional charge of the post of Vice Chairman and Managing Director of APCO for achieving better co-ordination the Department and APEX Body in the common endeavour to revamp and restructure APCO. The APCO has 12 Divisional Marketing Officers with a total supporting staff of 1083 employees. The marketing network of APCO is carried through its extensive sales outlets numbering (289).

**WORKING OF APCO**

The marketing and sales activity of APCO reached a pinnacle of Rs. 128.41 crores during the year 1992-93 despite severe competition from mill made and powerloom products. The performance of APCO during the last one decade in terms of procurement and sales activity is tabulated below.
**TABLE - 3.5**

YEAR WISE PROCUREMENT ACTIVITY *(Rupees in Crores)*

<table>
<thead>
<tr>
<th>Years</th>
<th>General</th>
<th>Janatha</th>
<th>Yarn</th>
<th>Livery</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992 - 93</td>
<td>39.93</td>
<td>31.05</td>
<td>31.41</td>
<td>10.06</td>
<td>112.45</td>
</tr>
<tr>
<td>1993 - 94</td>
<td>50.43</td>
<td>28.68</td>
<td>30.98</td>
<td>15.08</td>
<td>125.17</td>
</tr>
<tr>
<td>1994 - 95</td>
<td>50.25</td>
<td>18.26</td>
<td>30.19</td>
<td>5.11</td>
<td>103.81</td>
</tr>
<tr>
<td>1995 - 96</td>
<td>21.58</td>
<td>6.26</td>
<td>11.97</td>
<td>4.62</td>
<td>44.43</td>
</tr>
<tr>
<td>1996 - 97</td>
<td>28.58</td>
<td>-</td>
<td>6.88</td>
<td>6.56</td>
<td>42.02</td>
</tr>
<tr>
<td>1997 - 98</td>
<td>26.46</td>
<td>-</td>
<td>10.28</td>
<td>5.86</td>
<td>42.60</td>
</tr>
<tr>
<td>1999 - 00</td>
<td>26.18</td>
<td>-</td>
<td>8.17</td>
<td>6.65</td>
<td>41.00</td>
</tr>
<tr>
<td>2000 - 01</td>
<td>4.08</td>
<td>-</td>
<td>0.72</td>
<td>1.56</td>
<td>6.36</td>
</tr>
</tbody>
</table>

**TABLE - 3.6**

YEAR WISE SALES ACTIVITY *(Rupees in Crores)*

<table>
<thead>
<tr>
<th>Years</th>
<th>General</th>
<th>Janatha</th>
<th>Yarn</th>
<th>Livery</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992 - 93</td>
<td>50.29</td>
<td>10.90</td>
<td>36.81</td>
<td>30.41</td>
<td>128.41</td>
</tr>
<tr>
<td>1993 - 94</td>
<td>48.03</td>
<td>16.59</td>
<td>27.58</td>
<td>30.48</td>
<td>122.68</td>
</tr>
<tr>
<td>1994 - 95</td>
<td>59.39</td>
<td>10.84</td>
<td>23.82</td>
<td>31.48</td>
<td>125.53</td>
</tr>
<tr>
<td>1995 - 96</td>
<td>55.07</td>
<td>11.50</td>
<td>13.83</td>
<td>11.64</td>
<td>92.04</td>
</tr>
<tr>
<td>1996 - 97</td>
<td>35.06</td>
<td>9.95</td>
<td>7.57</td>
<td>7.94</td>
<td>60.52</td>
</tr>
<tr>
<td>1997 - 98</td>
<td>42.48</td>
<td>7.98</td>
<td>-</td>
<td>8.41</td>
<td>58.87</td>
</tr>
<tr>
<td>1998 - 99</td>
<td>51.36</td>
<td>10.08</td>
<td>-</td>
<td>8.49</td>
<td>69.93</td>
</tr>
<tr>
<td>1999 - 00</td>
<td>50.01</td>
<td>6.65</td>
<td>-</td>
<td>9.41</td>
<td>66.07</td>
</tr>
<tr>
<td>2000 - 01</td>
<td>18.80</td>
<td>0.53</td>
<td>-</td>
<td>1.05</td>
<td>20.38</td>
</tr>
</tbody>
</table>
As could be seen from the above, the functioning of APCO continued to be very good till the year 1995-96 when the Janatha Scheme was suddenly discontinued without an alternative scheme put in place to take care of the fabric requirement of people at the low end of the society. In tune with the policy of Government of India, the Government of Andhra Pradesh stopped encouraging production of low quality fabric unlike the neighbouring State of Tamil Nadu and Karnataka which continued to patronise production of Janata Sarees and Dhotis even today.

Though, there is a quantum fall in the procurement and sales activity of APCO in the post 1995-96 period, the expenditure on personnel, marketing and administration did not come down proportionally. The expenditure levels on personnel, marketing administrative and entrust liability continued to be more than Rs. 20.00 crores per annum and the break up of expenditure during the last (5) uyes among these components is as below:

**TABLE - 3.7**

(Rupees in lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>874.41</td>
<td>1021.32</td>
<td>1190.25</td>
<td>1271.70</td>
<td>944.99</td>
</tr>
<tr>
<td>Marketing</td>
<td>233.04</td>
<td>369.43</td>
<td>484.45</td>
<td>221.17</td>
<td>154.00</td>
</tr>
<tr>
<td>Administrative</td>
<td>349.07</td>
<td>339.16</td>
<td>283.67</td>
<td>226.83</td>
<td>157.91</td>
</tr>
<tr>
<td>Interest Liability</td>
<td>591.65</td>
<td>591.64</td>
<td>528.07</td>
<td>636.48</td>
<td>797.74</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2048.17</td>
<td>2321.55</td>
<td>2486.44</td>
<td>2356.18</td>
<td>2054.64</td>
</tr>
</tbody>
</table>
The travails of APCO started from the year 1995 with the discontinuation of Janata Scheme and then onwards it could never come out of the red and has been incurring operational losses ranging between Rs. 7.00 crores to Rs. 12.00 crores per annum. The analysis of the sales performance of APCO reveals that the fall in the quantum of marketing activities is directly ascribable to sudden stoppage of Janata Schemes and tangible reduction in cloth supplies to Government Departments which started preferring powerloom and millmade cloth for their livery requirements. The stiff competition from the open market from mill - made and powerloom cloth is also another factor for the decrease of handloom market from year to year. As a result, APCO incurred continuous losses leading to erosion of its net-worth.

The other factors responsible for the negative net-worth of APCO include extending 20% discount on its sales under MDA scheme without any ceiling whatever while reimbursement by Government was pegged at Rs. 5.64 crores per annum. This resulted in APCO spending an excess of about Rs. 40.00 crores out its own funds from 1989-90 - 1999 - 2000 towards discount and price reductions over and above the assistance received from the Government, both the State and the Central Governments. This has become inevitable to provide continuous market support to primary weavers who will face dire situation in the absence of any market development assistance scheme whether or not reimbursed by the Government. The status of networth is as follows:
THE PIONEERING DESIGNING EFFORT OF APCO

In 1986, the MD made a benchmark study of the best business practices adopted by its competitor and counterpart in Tamil Nadu, CO-Optex the state apex organisation for primary handloom cooperatives. CO-Optex ranks first in the list of handloom organisations clocking the maximum turnover. APCO comes next to it. Generally every CEO of APCO who ever takes over, immediately makes a study of CO-Optex, obviously to learn from its lessons and emulate it. On initial study, the CEO of APCO was impressed upon that design development was the focus of CO-Optex and that was the linchpin of its name and also business. It also figured prominently in his discussions with several other experts, customers, press and persons related to the field. He was very ambitious and willing to make extra effort to focus on design development. The next level senior executives also who when sounded about this, endorsed his new learnings.

Immediately he created a department of design development. It was named "Design development and quality control cell: The same development cell
was entrusted with the task of ensuring quality in every cloth APCO purchases. It was something like a vigilance cell which used to test check the goods which are entering the warehouse and also text-check which are already in the warehouse. It used to book disciplinary cases against the erring procuring officials. It was like an anti-corruption body ensuring transparency and integrity. The department consisted of four technical officials, supervised by another of two level higher rank officer and led by another senior most officer. The cell has worked on the lines of anti-corruption body and a vigilance cell. Incidentally it was also entrusted with design development which is a common word for NPD. One can understand the level of importance given to NPD in APCO from this fact.

The idiosyncrasies of person occupying the seat of CEO in APCO has tremendous impact on the working of the organisation. The then CEO was fired up like anything to improve designs. He wanted to evaluate the current designs as well suggest new concepts. He held region wise staff seminars every month. MD, Chief Procurement Officer, Procurement Officer of Head Office, all Divisional Heads of a particularly region, Divisional Procurement officers, their Procurement Assistants, shop managers of important APCO emporia of that region were in the seminar.

MD used to take suggestions from marketing and procurement staff about new products. He used to give immediate instructions to the divisional procurement head to make a prototype of it by the next meeting. A minute was recorded for each instruction regarding a new prototype. In the next meeting, the compliance on each minute was reviewed and disciplinary action started on each
non compliance. It was just a threat. Never was a punishment given for an employee who failed to produce a new product. MD was very angry with anybody not complying with the instructions of NPD. Suggestions came from marketing and technician staff. Monthly reviews were made at each of the regional headquarters, Vizag, Warangal and Tirupathi. Sometimes meetings used to held in other places also for a change. New prototypes were seen in the next meeting for their value. Some products were handed over for mass production. The process of prototyping, launching and evaluation was not at all structured. Naturally there could not be any improvement and effective monitoring with regard to its success or failure. There was no criteria to check as to which products should be mass produced and which products should be stopped from further production.

Many prototypes were produced without reference to needs of the market. Just for the sake of producing new products, the technical people used to produce whatever they felt like, which neither have market value nor can produced on larger scale of commercial viability.

There was no system to check if a particular product was successful or rejected A lot of money was spent on prototyping. Two designers who used to print imaginative pictures were also included in the said cell. Their paintings were taken for prototyping by the production societies or they were mostly ignored. The production system used to go on its own. The designers were the most demoralised people since there was no appreciation from anybody except the MD. There was no way they could update their skills. One of the designers is an artist and his
painting are suitable for printing by way of screen printing. The other person was a textile graduate. But they were not in a good work environment. They were not allowed to expose themselves to creativity honing process by any method of attending to seminars, reading good magazines.

The force to send both these designers out was so strong that they were ultimately sent out, no matter how essential their services were and how beneficially they could have been used. This happened immediately after the NPD - conscious MD was transferred. An in-house expertise was handled like this.

An organisation without strategy meets this fate. A must focus area has gone out of focus.

CASE STUDY - 11

DESIGNING PROCESS IN KALA DHANALAXMI SAREE EMPORIOUM, Saroornagar, Hyderabad, PUTTAPAKA, NALGONDA DIST.

Kala Dhanalaxmi Saree Emporium was started by Sri Gajam Anjaiah who is a winner of National master craftsman award. He is very enterprising. He always searches for something new to work on. He takes adequate care against plagiarism of designs by restricting entry of others, by covering the designs with cloth while weaving etc.

Certain unfortunate things shaped his conduct on sound lines. He lost a lot of money when he supplied goods worth Rs. 3 laksh to a Bangalore exporter. The Bangalore exporter exported them to Nigeria but the Nigeria Govt. blocked
the entry of goods as contraband. The recovery was not possible. His turnover the last three years is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Rs. in Crores</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2003</td>
<td>1.50</td>
</tr>
<tr>
<td>2001-2002</td>
<td>1.00</td>
</tr>
<tr>
<td>2000-2001</td>
<td>2.50</td>
</tr>
</tbody>
</table>

He spends about Rs. 50,000 to 1,00,000 on designing and sampling.

**PRODUCT RANGE**

Dupatta sets, ikat dress material, sarees.

**ATTITUDE TOWARDS DESIGNING**

He does his own designing. He exercises his brain for new ideas. He concentrates on quality even at the time of prototyping.

**FUSION**

He has fused Gadwal type weaving with ikat and produced sarees and dress material. His duppata sets in ikats sell well.

**SOURCE OF DESIGNS**

The books published on Orissa and Patan ikats are his main source. He also buys designs from Weaver Service Centre. Multisource designs are his strength. Since, he himself is a designer, he is able to do a lot of things and a lot of turnover.
CASE STUDY - 12

THE DESIGNING PROCESS IN M/s LAKSHMI NARASIMHA SWAMY SILK WEAVERS CO-OPERATIVE SOCIETY, Yadagirigutta, Nalgonda Dist.

M/s Laxmi Narsimha Swamy Silk Weavers Co-operative Society, Yadagirigutta started by Mr. Estari of Yadagiritutta with hundred members. The society now enjoys a credit limit of Rs. 20 lakhs with Dist. Co-op. Central Bank, Nalgonda. It's turnover and profits for the last 3 years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Turnover</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 - 2001</td>
<td>110.00</td>
<td>5.00</td>
</tr>
<tr>
<td>2001 - 2002</td>
<td>100.00</td>
<td>4.00</td>
</tr>
<tr>
<td>2002 - 2003</td>
<td>80.00</td>
<td>2.00</td>
</tr>
</tbody>
</table>

The turnover of the Society has comedown since its major purchasers i.e. APCO and Lepakshi have not made any purchases. At present it is selling to the Master WEaves in Pochampalli town. It operates on a profit of 5% which is very meager.

DESIGNING PRACTICES

It copies designs, from the Pochamapalli market. The design called "3-D" with 3 different colours of contrast are used has been copied from the market. Recently a buta design in tasar colour was done as a sample with 100 pieces. They sold well. They don't make any new designs. They depend heavily on the designs given by the buying master weavers.
I spoke to the manager of the Society. They are very much afraid of doing new things. They either copy from the market or take the designs from the buyer.

This is the reason they don't have any special products. That's why they don't get any premium price for their products. In fact, they opined that new varieties don't get them good prices.

CASE STUDY -13

PRODUCT DESIGN AND DEVELOPMENT

Helping crafts people redesign their products is one part of helping them redesign their lives. Dastkar's design and product development inputs to craft groups are conducted through a co-ordinated programme of field trips, workshops and follow-up interaction, with marketing at the Dastkar Bazaars and at the Dastkar Crafts Shop as the final stage.

In the field of traditional craft the twin roles of designer and development person are not always synonymous though design can lead to development and development should be designed. There is a conflict of function and responsibility. Whose creativity is the designer to express, her own or the craft persons? who is the client, the wholesale or the retail consumer, who wants an exciting products at the mesco competitive price or the crafts person, who needs a market for his products similar to his traditional one as possible, so it does not need constant alien design inventions, or conflict with the traditional social, aesthetic and cultural roots it has sprung from. At initial field trip Dastkar identifies skills, techniques and indigenous design motifs. It also selects and procures appropriate and easily accessible raw materials.
The first stage is developing a range of samples based on traditional skills and motifs but with a contemporary usage. These are scrutinized for quality. Errors in sizing, design and finish, are corrected. The product range is then costed and priced. This followed by a working out of variations in sizes, colours and detailing and a production plan is made. Follow-up trips during the year monitor production, quality and group development.

The purpose of the sample design range is to inspire crafts people to do their own further innovation, not to stun them into mindless replication. They must be taught to use their minds and imagination as well as their hands.

Crafts people must be involved in every aspect of design and production and understand the function of the product they are making. The intervening voluntary agency or designer must also understand and study the craft, the product and the market they are trying to enter. All over India women are being taught to sew, embroider applique, crochet, knit and tat, with the bait of becoming economically independent. Almost always the second object they are taught to make (the first is a cushion cover!) is a teacosy, regardless of the fact that less and less Indian homes use crafts women do not understand the usage, and have never been shown a teapot. Similarly, tablemats are always made with the decorative motif squarely in the middle of the mat, because no one had explained that is precisely the area that is covered by the plate, and therefore can remain unadorned.

A question that is frequently asked is, Why do crafts people with centuries of skilled tradition need outside intervention at all? Tradition must be a
signboard, not a cage and craft if it is to be utility based and economically viable, can't be static. It must respond to changes of markets, consumer lifestyle interpret these changes to crafts people keep samples and have never seen what their forefathers used to make. The designer a crafts person's tradition to him.

The motifs and usages of a craft tradition cannot and should not remain static. But changing them requires knowledge, sensitivity and care. An essential tool is that the motif and design tradition be documented and accessible.

Dastkar help crafts groups to extend their range by including other local craft skills into their product. e.g, Kutch embroidery done on bandhani tie and dye, or the new chikan embroidery ranges for SEWA Lucknow with zardozi and patti ka kaarn applique incorporated into wite on white chikan.

All Daskar Design and Product Development is based on traditional motifs, techniques and cuts. Documenting this and recording the traditional design process and our development of it, is an essential part of Daskar's is building up a photographic design and product reference archive, along with actual samples of traditional products and Daskar prototypes.

The philosophy behind Dastkar's intervention is to provide ideas and stimuli for creativity and innovation in the crafts people themselves, to help develop a range of products that incorporate the different skill levels of all members of the group; to harmoniously incorporate the motifs, colours and shapes of the transition and the region in products that appeal to the widest possible market in both usage and price.
North Bihar is one of the poorest parts of India. The women have their own protected place, sheltered and prescribed from direct action and the outside world. Their inward withdrawn existence has led them to express and project themselves through art. Unlike most rural Indian communities their craft had a purely spiritual artistic rather than utilitarian purpose. Their wall paintings are acts of prayer, invoking the power and the spirit of the god.

Discovered in the 60s the Madhubani paintings of Mithila, transferred from village walls to handmade paper, briefly became an artistic craze. Village women of all levels of skill and artistry were persuaded by eager traders and exporters to abandon their sickles for the brush. Inevitably there was a surfeit, a glut and then a hiatus in the market.

You cannot however, tell women who have tasted economic independence to go back to painting their walls. New ways of tapping this creative source needed to be found. Daskar felt the decorative motifs, that floral borders, the peacocks and parrots, the interlocking stars and circles, that embellish the Kobhar, encircling the Gods and knitting them in to their cosmic patterns, were in themselves of daily usage and wear. Sarees, garments, furnishings, are by their function, less subject to the vagaries and shifts of fashion and fad. The transition from iconographic art to functional craft need not be crass or commercial, if sensitively done. Not by gods and goddesses being transferred blindly by the hundred to cushion covers, but by women being taught to use their own artistic instincts in new ways.
In the devastation that followed the 1989 earthquake it was the women in these villages that withstand the rigors of earthquake. In North Bihar who were wage earners though craft, who were able to sustain and succour not only their own families, but those of other less fortunate villagers.

In Ranthambhore the first patchwork range was made up of 6 inch squares and strips in very basic permutations. Vivid and unusual combinations of colours and prints disguised the credit of sticker and simplicity of design. They sold well, as do the much more complex designs of tiny triangles, hexagons and stars in subtle clearways the women have gradually been trained to do in the intervening two years. Creating a simple but effective design, using a small budget and limited resources, is an exciting test of designers skill - seeing the growth of crafts community, successfully selling product they have made themselves for the first time, using skills they never knew they had, is even more exiting.

CASE STUDY - 14

DESIGN DEVELOPMENT AND PRODUCT DIVERSIFICATION

Before UNDP took up the task of developing diversified designs in Eri, mainly two types of products were available, namely gents plain chaddars and ladies shawls with small motifs. The only and base colour was the natural colour. Both these products had a distinct stiffness that restricted their demand mostly to the local market. We were assigned the task of developing diversified products that would have a wider demand.
Since eri has the highest thermal property when compared to other silks, with attractive designs, it would create a big market - both domestic and international. We developed techniques for making eri soft as well as for registering the colours. As regards the designing, in some cases, traditional design patterns were reintroduced along with new textures through various twisting and weaving techniques. Thus, the main aspect of design covers new motifs, softness, etc. Here is a brief description of each type of new product produced under UNDP assisted project.

**DIVERSIFIED PRODUCTS**

Looking at the popularity of the pashmina shawls in both domestic and international markets, it is expected that eri shawls could also be successful due to their thermal properties. They tried to give a soft feeling in different ways, by avoiding starch at the time of weaving and by treating with softener after the fabric is woven.

Some new motifs have been created with proper pattern on the graph, keeping the traditional tribal design as the base. Other motifs have been introduced without the influence of the traditional ones. Some motifs have been done on jacquards also. Beautiful patterns have been specially created in the border through extra warp technique, which has enhanced the look of the product at the same time keeping it cost effective.

**COLOURS**

For varieties of colours, the plain shawls were dyed in many graceful
shades like maroon, black, rust, mehendi, red etc., which have created a tremendous response in all the exhibitions, both in India as well as in Greece, Switzerland and Brazil. Around 700 pieces of shawls of this kind were sold in the exhibitions held at Greece.

The motif colours a have been tried with different new pastel shades, also varying the base colour. In some products, we have tried with different coloured mulberry silk as warp and natural coloured eri as weft, using a similar family colour with deeper tone in the motifs. For example rust colour three - ply mulberry warp with undyed eri as weft, adding deep rust and off white motifs in the border and pallu gives a sophisticated look. Vegetable dyes have also been tried in a few cases.

**BLENDS**

Different textured designs also have been tried by blending eri with muga ghicha, mulberry, etc. By giving a very high twist to eri, a lycra - type of curling shawl has been made, for which there is a good demand in the markets abroad. Stoles and neck scarves have been designed using all these techniques with fabrics. In case of gent's materials, soft and lighter colour motifs have been used on the natural base in extra warp dobby designs. Different texture fabrics were tried by blending with mulberry, muga and also by giving different ply yarns. When it comes to dress materials for ladies, good tribal motifs by way of small buttas, diamond and min motifs, have been tried, besides a few checks.
Quilts were made using a similar technique of carpet making. Through this technique, the product gets the tie & dye effect. Such fabric can be used to make long winter coats that has a demand in the European market.

Besides this, new products like caps, head - scarves, etc. can also be made. The recent development of mill - spun yarn by the Central Silk Technological Research Institute (CSTRI), has opened up new possibilities for diversification. This yarn, especially the lighter one, will be of good use for making neck scarves, stoles and sweaters, etc. Such products can also be made using dobby technique and on jacquard.

WARMING RESPONSE

The objective of UNDP as regards design development & product diversification on eri culture was to broaden the market base and utilize eri in value added products to increase the earnings of the weavers, rearers, etc. The recently concluded Vanya series of exhibitions at New Delhi, Bangalore, Bombay and Kolkata did reflect the potential of these new products. Of course, this is just a beginning and we have to go a long way!
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CASE STUDY - 14

DESIGNING PROCESS IN KALANJALI, Hyderabad

Ideas are collected by designers from different magazines, advertisements design catalogues etc. The designers team numbering about 8 along with the shop manager sit with Managing Director and freewheel their ideas. The shop manager gives her ideas. She is the conduit for customer's different requests of products modification product ideas etc.

The Managing Director and the Designers factor the shop manager's feedback into new designs. The Managing Director accepts or rejects different concepts. There is no structured customer feedback system except what the shop manager remembers and tells the Managing Director about customer's requirements.

Managing Director suggests changes to the products already woven and brought to Kalanjali. The changes are expected to reflect in the next lot. A wide array of products, which gives a lot of choice to the customers, themselves mesmerize the customers. That is the advantage of bigger shops which give wider choice. The element of newness is likely to be missing or being shadowed. There is quite a chance that producers give their first lot of new generation products to the bigger shops, as the producers are confident of the ability of the bigger shops to market and also their likelihood of accepting them.

Designing is almost removed from the control of the bigger shops. The control is only at the level of manufacturers who control 10 to 100 looms, give yarn, give designs, give finance and take the finished product back. Bigger shops leave the designing responsibility to the local manufacturers since it is cumbersome
and difficult to control from distance. Keeping designing at a distance by the bigger shops is part of the vision and strategy or due to lack of vision and strategy.

High design handloom products which are not duplicative on machines i.e. extra weft pallu, extra weft butie etc., are a great strength to exploit. Unorganised weaving community cannot organise it. Short vision traders or shops who bank on myriad items don't use NPD as a strategic tool.

SUMMARY

The Governmental support and its policies were discussed. The emphasis laid by the Government on the technology development and training was discussed. The negative impact of the entrustment of Janatha Cloth Production to handloom units was touched upon.

The Handloom and Textile Policy of 1985 and 2000 wherein the emphasis was laid on preparation for globalisation and exportable cloth were discussed. The policy suggested by Sathyam Committee emphasising gradual transition of handlooms into powerlooms and production of world class products was discussed.

The practices of the firms under study with regard to New Product Development were discussed in detail.
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