CHAPTER - II

PROFILE OF INDIAN TEXTILE INDUSTRY
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In this chapter, an attempt has been made to give the profile of Indian Textile Industry with historical perspective as well as current scenario as against global scenario.

INDIAN TEXTILES - A HISTORICAL PERSPECTIVE

Today cotton is an integral part of textiles in India. Nearly four and half million handlooms are engaged in weaving fabrics of nearly 23 different varieties of cotton. It was a piece of cotton stuck to a silver vase and some spindles discovered in excavations which revealed that the spinning and weaving of cotton was known to the Harrappans, nearly five million years ago.

References to weaving are found in the Vedic literature. Method of spinning, the various materials used etc., are also mentioned in these ancient scripts. The history of Textiles is told many times over in the Epics, the Puranas, the Graeco-Roman sources of Indian history, and the classical Tamil Sangam Literature. Various techniques of weaving, designing, needle work etc., have survived through the centuries.

The foundations of the Indian textile trade with other countries began as early as the second century BC, Kalyan, a port is the place at that time, from where textiles were exported. A variety of fabrics, including cotton brocade, is mentioned in Chinese literature as Indian products exported in China.

A hoard of block printed and resist dyed fabrics, mainly of Gujarati origin, found in the tombs of Fostat, Egypt are the proof of large scale Indian export of cotton textiles to the Egypt in earlier times. They were exported in the
early medieval times. Some of these motifs were found similar to those mentioned in the Western Indian manuscripts in the 13th century. There are others which have resemblance to the block printed fabrics, in Gujarat.

The silk fabric was a popular item of Indian exports to Indonesia around the 13th century, where these were used as barter for spices. Towards the end of the 17th century, the British East India Company had begun exports of Indian silks and various other cotton fabrics to other countries. These included the famous fine Muslin cloth of Bengal, Bihar and Orissa. The trade in painted and printed cottons or chintz, a favourite in the European market at that time, was extensively practised between India, China, Java and the Philippines, long before the arrival of the Europeans.

Before the introduction of mechanised means of spinning in the early 19th century, all Indian cottons and silks were hand spun and had woven, a highly popular fabric, called the khadi.
AN OVERVIEW OF INDIAN TEXTILE INDUSTRY

Textile Industry is one of the oldest and most organised industries in India. Indian Textile Industry is the single largest industry and accounts for 20% to 25% of total industrial production index. Its contribution to the gross domestic product is 4-5% and its export earnings are more than 30% of the country's total earnings.

The industry can be divided into 4 major sectors:

1. Powerloom
2. Handloom
3. Hosiery and Garments
4. Mill

Fabric contribution by these 4 sectors is as follows:

POWERLOOM

This sector contributes 55% of the total cloth production of the country. It is capital intensive and is decentralized. Indian powerloom fabric is competing successfully in global market. The Powerloom sector has been contributing about 55% to total production of entire textile industry over last decade, at approximately 16,000 sq. meters per year.
HANDLOOM SECTOR

This sector is the largest economic activity after agriculture and provides direct and indirect employment to more than 45 lakh weavers. It contributes nearly 23 % of total cloth production. Indian handloom is a part of heritage. India's genius is known to the world through it's handspun cloth. Silk, Jute, Cotton and Khadi are the major areas in Handloom sector. However, the handlooms are under threat from the powerlooms. Hence the Government passed the Handloom Reservation Act 1985 to protect the interests of this sector. Under this act, certain items (numbering 11 ) are reserved for production under handloom.

GARMENTS

Indian apparel industry has a great potential and is a major foreign exchange earner. Indian apparels are high in fashion and hence are in great demand abroad. There are around 30,000 manufacturing units in the country, but these are small and fragmented. They employ around 3 million people and earn Rs. 18,000 crores by exports.

ORGANISED MILLS

The organised mill sector contributes around 10% of the fabric production in the country. Mills which comprise both spinning and weaving are called composite mills.
SWOT ANALYSIS OF INDUSTRY

STRENGTHS
The Indian textile industry is very old and well established. The industry is relatively well organised and is vibrant and quick to learn. Labour is available in abundance. Though it is cheap when compared to the world standards, it is high in comparison with other domestic industries. The technology used in the industry is indigenous and the managerial capability is good. The policies of the government have also been stable and transparent.

WEAKNESSES
The industry has been in recession for the past few years. The industry is not modern. It still uses outdated technology. The manufacturing process is long and deliveries are late. Moreover there has been a resistance to change coupled with immobility of labour in the industry and thus there is no improvement in quality.

OPPORTUNITIES
With liberalisation and globalisation the prospects of textile industry in India appears to be bright. There is a great enthusiasm from foreign buyers and sellers with respect to this industry in India. International brands are flooding Indian markets just as Indian fabrics are being appreciated and are in demand in international markets. Many Indian companies are entering into collaborations with foreign companies. With the lapse of MFA in 2005 and integration of textiles into GATT, the Indian textile industry is beginning to have a global say.
THREATS

The domestic industry is under threat from the invasion of foreign brands. Unless the industry takes measures to modernize and improve quality and delivery, it will not survive the onset of globalisation. Indian products are facing anti-dumping duties and are being banned because of the use of hazardous processes (or dyes) and existence of child labour. Moreover, they are facing tough competition from other developing nations like China, Hong Kong, Thailand, etc., which are making forays into international markets.

China has increased its share in the world textile market from 4% in 1980 to 18% in 2003 while India has managed only 1% increase in the same time.

COTTON TEXTILES

Cotton textiles occupy a prominent position in the country's textile industry. The industry comprises of three important segments, namely:

1. Hand spun and hand woven handloom sector.
2. Powerloom sector representing the decentralized small scale units.
3. Capital intensive sophisticated mill sector.

The industry has rapidly undergone transformation in the recent past.

HANDLOOMS

Handlooms constitute an important segment of the textile industry of the country. This is more so because of the employment provided by this sector. Floor covering and table linen are the two major items of exports of handloom made-ups. Other items of exports are bed linen, towels, dish, clothes, etc. The
handloom sector plays a very important role in the country's economy. It is the largest economic activity after agriculture providing direct and indirect employment to more than 3 million and about 12.50 million weavers respectively.

Due to effective Government support through financial assistance and implementation of various developmental and welfare schemes, this sector has been able to withstand the competition from the powerloom and mill sectors. As a result of these measures, the production of handloom fabrics registered more than tenfold increase from a level of 500 million sq. metres in the early fifties to 7352 million sq. metres in 1999-2000. This sector contributes nearly 22 percent to the total cloth produced in the country and also contributes substantially to the export income of the country.

Home furnishing and floor covering industry turns out an array of exquisite products which enjoy worldwide reputation for their beauty, workmanship and individuality. Furnishings and floor coverings including carpets constitute one of the important segments of India's decentralized industrial sector.

As the name itself suggests, handloom is the traditional hand-operated home made machine on which millions of Indians in the countryside weave cloth for themselves and the local markets. Next to agriculture, handloom is the source of livelihood for the largest number of Indians. It is estimated that there are around 4.70 million handlooms in the county producing mainly cotton fabrics. The handloom sector consists of cotton weaving units, wool weaving units, and units engaged in weaving silk cloth. But almost 90% of all handloom fabric produced in large
varieties, textures and designs in different parts of the country, have a special ethnic flavour as the people who make them often weave into the motifs reflecting the distinct racial, religious, social and cultural moorings.

The mercurial output of these looms includes plain casement, checks and stripes, handwoven bed linen with prints or Jacquard designs and popular cotton varieties and furnishing fabrics made from coarser yarn counts. As the handloom weavers are generally from the poorer sections of society, some articles or class of articles are reserved for manufacture by them. These items includes yarn dyed dhotis, piece dyed dhotis, lunges, gamchos, bed covers and Bed sheets, cloth of plain weave, table cloth and napkins and dusters.

Radical economic changes introduced by India and the move towards integrating India with the rest of the world in the context of technology and trade has opened up new vistas and opportunities for Indian textiles. The Indian textiles industry has a fairly complex structure. On one end of the spectrum is the hand spinning, handlooms, powerloom and on the other, a highly sophisticated capital intensive and high speed manufacturing activity. Within the two extreme faces, the industry produces a staggering range of fabrics, furnishings, dress material, floor coverings, made-ups and garments.

Within textiles, ready-made garments constitute the largest product group of exports accounting for nearly 50 per cent of India's total exports (about 15 per cent of the country's total exports). This is followed by cotton textile fabrics
and made-ups which account for nearly 30 per cent. Other major product groups of exports are carpets, man-made textile, silk and silk products and jute items. The textile industry occupies a vital place in Indian economy and contributes substantially to its export earnings. It has a high weightage of over 30 per cent in the national production.

Out of 1227 cotton / man-made fibre mills, 188 mills are in public sector, 124 mills in cooperative sector and 915 are in the private sector. It provides direct employment to over 15 million persons in the mill, powerloom and handloom sectors. Textile exports represent nearly 30 per cent of the country’s total exports. The industry is also the single largest foreign exchange earner for the country.

The textile industry is self-sufficient to meet its raw material requirements with the exception of few areas like pure silk and wool. Amongst natural fibres in cotton, India has good potential to increase production despite the fact that yield per acre is low due to large cotton growing areas being rain fed. The government has launched several schemes to boost yield by introducing new techniques. India’s Textile Industry has more or less kept pace with the world’s growth in this sector both in quantitative and qualitative terms. It has an abundant supply of quality raw material. Also, it has made considerable technological progress. In addition, a well established infrastructure for production, technically qualified manpower and skilled labour available at considerably lower costs, material competence and marketing expertise are other favourable factors to meet the demand of the 1 billion strong home market as well as a huge and growing volume of exports.
YARNS

The Industry has an installed capacity of over 35.10 million Ring Spindles and around 392 thousand OE Rotors. This large installation coupled with wide variety of locally available raw material has enabled the industry to produce yarn to match any specification and count range. In 1999 - 2000, of an estimated yarn production of 3046 million kgs., cotton accounted for approximately 2204 million kgs., accounting for around 72 per cent.

TABLE 2.1

<table>
<thead>
<tr>
<th>Year</th>
<th>Cotton Yarn</th>
<th>Blended Yarn</th>
<th>100% non cotton Yarn</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995-96</td>
<td>1894</td>
<td>395</td>
<td>196</td>
</tr>
<tr>
<td>1996-97</td>
<td>2148</td>
<td>484</td>
<td>162</td>
</tr>
<tr>
<td>1997-98</td>
<td>2213</td>
<td>583</td>
<td>177</td>
</tr>
<tr>
<td>1998-99</td>
<td>2022</td>
<td>595</td>
<td>191</td>
</tr>
<tr>
<td>1999-2000</td>
<td>2204</td>
<td>621</td>
<td>221</td>
</tr>
</tbody>
</table>

Globalisation, abolition of quotas and establishment of WTO are some of the challenges for developing countries as well as industrialised countries. Textile industry requires a large labour force as a most important global industry. About six per cent of world merchandise trade is constitute by textile and clothing. Particularly for textiles, the textile industry is regarded as an engine for economic growth.

India's textile industry is worth around Rs. 800 billion accounting for approx. 20 total industrial output. India's textile exports are increasing at the rate of 20% annually. 1999-2000 export turnover of US $ 11.1 billion. India's textile
industry is poised to take a gallop in the new global services as it is implementing modernisation programmes costing US $ 6 billion.

CARPET

Carpets is not a commodity. It is a piece of art. The Industry in India, dates back to the Moghul period in 16th century, when it enjoyed royal patronage. Indian artisans imbibed the techniques of carpet weaving. Over the years, the craft got progressively indigenized depicting motifs from Indian paintings. Today India is endowed with a wide range of carpet patterns which include Indian, Chinese, Tibetan, Nepali and Central Asian designs. It provides livelihood to more than two million artisans belonging to the rural parts of the country. It contributes to the national economy in several ways and provides employment to the rural poor and the economically backward sections of the society. The carpet industry is essentially in the decentralised sector and is a traditional craft in which skills are passed on from one generation to another. Capital investment in this industry is meagre. But the returns are immense in terms of foreign exchange.

India is the only country in the world which can produce the finest of the knots from ; lowest handloom to the highest Kashmir, Abussons or Berber or Caucasian signs. Indian carpet weavers are known for commercial flexibility. India has a 400 year old tradition in carpet weaving, perhaps the only country unlike Iran which can produce carpets of any size or according to buyer’s demands. These carpet types available are known by traditional names, which are varied and exotic because of their origins-Central Asia and Persia. i.e. list which is long but worth knowing are:-

Sizes - The sizes normally are: 21/2"x4', 3'x4', 6'x9', 8'x12' and 7'x10'.

Indian carpet weavers, however, can also make sizes according to the buyer's preference.

Colours - Fast chrome dyes, chemically washed with water and natural homemade fast dyes are also used.

Weavings - The weaving features vary according to the place where the carpets are made. (The quality of a carpet is judged by the number of knots per unit area).

Uttar Pradesh - Sixty counts 5 ply, 10 counts 2 ply 30 counts ply medium quality carpets have 120, 125, 135, 165, 180, 209, 220, 256 knots per square inch.

Rajasthan - 18x18 medium quality with 144 to 225 knots per square inch. 11x11, 13x13 knots per single and double weft.

Kashmir - 18x18, 20x20, Wool/Silk. Medium or higher quality carpets have between 256 to 576 knots per square inch, 400 to 448 knots per square inch being common.
In addition, there are Tibetan settlements in different parts of the country where Tibetan carpets of distinct designs are made. Besides, hand knotted carpets, India makes a wide range and variety of machine made floor coverings to suit all functional and aesthetic needs. A new product which is fast becoming popular is the jute carpets which is available at one-tenth the price of a good woollen or silk carpet and yet have pleasing texture, colours and designs. Choir, the coconut husk fibre, is also lending itself as a good material for floor coverings and wall hangings blended with rubber or PVC.

COTTON TEXTILE
India is the largest producer of cotton textiles in the world. 70% of the total textile consumption is in cotton. Cotton is the principal manufacturing industry and employs 18% of the total industrial labour force of the country. It is an important foreign exchange earner next to the jute and tea. The production of cotton is centered in MAHARASTRA, GUJARAT, WEST BENGAL, UTTAR PRADESH & TAMILNADU.

COMPOSITION OF COTTON TEXTILE INDUSTRY

<table>
<thead>
<tr>
<th>Sector</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composite Mills</td>
<td>6</td>
</tr>
<tr>
<td>Independent Weaving</td>
<td></td>
</tr>
<tr>
<td>and Processing</td>
<td>59</td>
</tr>
<tr>
<td>Handloom</td>
<td>22</td>
</tr>
<tr>
<td>Knitting</td>
<td>13</td>
</tr>
</tbody>
</table>
EXPORTS

As stated earlier textile exports account for 30% of total exports.

INDIAN FABRIC EXPORTS

<table>
<thead>
<tr>
<th>Areas</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>39 %</td>
</tr>
<tr>
<td>Africa &amp; West Asia</td>
<td>21 %</td>
</tr>
<tr>
<td>North America</td>
<td>29 %</td>
</tr>
<tr>
<td>Others</td>
<td>11 %</td>
</tr>
</tbody>
</table>

![Figure 2.2]

Indian garment exports are mainly in cotton. Indian textiles have a unique place in global market and hence textiles have emerged as a natural thrust area for exports.
RECESSION IN THE INDUSTRY

The textile industry has been under recession for the past one decade. The reasons for this are unplanned growth, excess spinning capacity, low quality, sudden spurt in imports, lack of modernisation and over protection of domestic industry. A number of spinning mills are closing down. The prices of textiles are declining and there has been only a 3% increase in consumption. The industry is the worst performing industry in terms of market capitalisation and the profit margins of companies are down by 50%. Some of the measures suggested by experts to bring around the industry are modernisation, use of state of the art technology, improvement in quality, timely delivery, encouragement of foreign investment, removal of protection to handlooms etc.

GOVERNMENT POLICIES ON

i. LIBERALISATION

The government has adopted a policy of minimal intervention and simplification of procedures and easing of controls. It has eliminated licenses for import of foreign technology and a few items which were included in a negative list of imports, are removed.

ii. PRIVATISATION

The government has reduced the number of mills it owns. It has stopped reviving sick units run by it. It is giving incentives for private and foreign investment and participation.

iii. GLOBALISATION

The need to globalise and open up textile industry arises due to the obligations faced under GATT and WTO. Special attention is being given to textile industry to meet the challenges after the lapse of MFA and ATC. At the same
time special provisions are made in EXIM policy to protect interests of small scale industries. Special incentives like reduced duties, raw materials at subsidised prices etc., are being given.

iv. **EXPORT QUOTA POLICY**
The new export Policy is effective from 1st January 2000. It is well equipped to gear up the Indian industry to face global challenges after the phasing out of MFA in 2004. The policy aims at stability and continuity and simplification of procedures.

v. **TECHNOLOGY UPGRADATION FUND**
The Government announced a Rs. 250 billion technology upgradation fund (TUF) for modernisation of textile and jute companies. The scheme is valid for 5 years commencing from 1st April, 1999. It provides interest incentives on loans taken from financial institutions for modernisation.

vi. **COTTON TECHNOLOGY MISSION**
This is proposed to be launched jointly by ministry of textile and Ministry of Agriculture. It aims at improving cotton productivity and quality.

vii. **MULTI FIBRE AGREEMENT ( MFA )**
Since the mid sixties developed countries have tried to protect their domestic textile industries by regulating the imports of textile by placing restrictions on product and quantities. These restrictions are covered under MFA.

MFA was discriminating against developing countries and was a hindrance to their exports. Hence developing countries negotiated with the advanced
countries and a consensus was reached to scrap MFA. Under the Uruguay round of talks it was decided that textiles and clothing were to be integrated into GATT. An agreement was reached. It is called Dunkel Text. It provided a 10 year period for abolition of MFA.

1st stage: 16% of total volume of imports (Prevailing in 1990) of products under MFA shall be integrated.

2nd Stage: 17%

3rd Stage: 18%

Thus, 51% of total imports shall be integrated into GATT by 1-1-2002 and remaining 49% by 1-1-2005.

Scraping of MFA will help India to increase its export of textile. However the transition period of 10 years is too long and some countries are opting backload.

FUTURE SCENARIO: CHALLENGES & COUNTER MEASURES

Information revolution has made the world a global village. In the near future there will be a few barriers to trade. The barriers of time and supply will be eliminated and technology transfer will become easy. Unless India prepares itself to use information and upcoming technology it will not be able to stand in the global market.

1. Demand for textiles will grow with increasing urbanisation and influence of media. Population is expected to grow at 2% between 1992 to 2005. Per Capital growth in demand for fabric is expected to be higher.

2. The domestic industry must be ready to adopt latest technology and must be quick to absorb and innovate. The future generation requires real value and service to the customer. The industry needs to improve its inventory planning, sales forecasting and distribution network, useful products and writer choice.
IMPROVING INDIA'S EXPORTS OF TEXTILES AND GARMENTS

Exports of textiles and garments account for about 25 percent of India's total commodity exports and about 40 percent of its manufactured product exports. In 1999-2000, India's total commodity exports earned $38 billion, of which exports of textiles and garments were worth $10 billion, of which the US accounted for about $2.2 billion. The total world imports of these commodities were worth nearly $250 billion, of which the US import were for $50 billion. Thus, there is still huge potential for India to increase its exports of textiles and garments. Further, since textiles and garments are highly labour intensive, they are a major source of employment generation; in fact, this sector is the largest industrial employer in India. The high labour intensity of this sector also means that India has a potentially strong comparative advantage in it. Thus, it is an important source of economic well being for the Indian economy by generating employment and foreign exchange earnings.

TRADE BLOCKS: CARTELISATION AT INTERNATIONAL LEVEL

It is worthwhile to consider how India can further improve its exports and avoid any potential problems. In this regard, two major considerations are (1) increased competition due to the formation of regional trade blocks such as NAFTA and the Carribean Basin initiative and increased competition beginning January, 2005, as the export quotas are dismantled. These are discussed next.

Increasingly, trade blocs have become an important factor in determining trade flows. For example, recent statistics on the imports of textiles and garments into the US from India and other selected countries, which are major competitors in these sectors, it is seen that exports from Mexico have risen sharply since the
1990s. This is largely due to the formation of the North America Free Trade Agreement which eliminated duties on most textile and garment made from raw material supplied by the U.S. Similar benefits have also been extended to the Caribbean nations under the Caribbean Basin initiative. Such agreements have the advantage of allowing the US to preserve employment in the textile production sector. Recent data suggest that because of the special agreements, Mexico and Caribbean countries controlled nearly 40 per cent of the US garment market in 2000 compared with only 8 per cent in 1980. Similarly, when exporting to the European Union, India faces strong competition from the east European countries, which offer advantages of cheap labour and proximity. Thus, such trade diversion due to regional treaties can be expected to have a significant negative impact on exports from India. For this reason, India would need to make a concerted effort to improve its exports in this sector.

There was a very strong performance by China, which is likely to be a major competitor to India. They also suggest that previous major exporters, South Korea and Taiwan, are gradually vacating this sector due to declining competitiveness because of rising labour costs in those countries, especially in the highly labour intensive garment sector. This will also provide some opportunities for India to increase its share.

The second concern is on how India is placed to face the competition in textile and garments exports following the dismantling of the Multi - Fibre Arrangement (MFA), under which exports to the US and most West European countries were governed by quotas based on post performance. Under the WTO
agreement, such quotas are being gradually eliminated on selected commodities and will be fully eliminated by January 1, 2005. Some may think that this will naturally lead to significant increases in India's exports of textiles and garments. However, these policy changes will also usher in a new era of hitherto unfamiliar international competition. How well placed are Indian exporters to face competition in 2005?

This is a difficult question to answer. However, a glimpse into the future can be provided by considering how we are doing in markets that do not have such export quotas. The largest such market is Japan. It is seen that India's export share is not only small but shows little growth. On the other hand, China's exports of both textiles and garments, which were at levels not very different from India's in the early 1980s, show a sharp increase, especially during the 1990s. Indonesia and Pakistan also seem to be doing significantly better than India, especially in textile exports. South Korea and Taiwan show a declining trend, as was also the case for exports to the US, due to declining competitiveness in this sector as a result of rapid increases in wage rates.

It is possible that Japan's markets are not typical and China may enjoy some special advantage there due to its physical and cultural proximity to Japan. However, India's performance does leave much to be desired. Thus, considering the tough competition that we are likely to face, not only from countries like China, Indonesia and Pakistan but also Mexico and Caribbean nations in the US and from east European nations in exports to the European Union, we need to adopt well thought out policy responses to this emerging scenario in 2005.
In order to perform well in the highly competitive export markets, we need to improve the technology, productivity, efficiency and quality of the output, while minimising bureaucratic bottlenecks and government regulations. This is possible only if we allow the full entrepreneurial abilities of Indian manufacturers of textiles and garments to flourish in an environment of healthy competition supported by good infrastructure, credit facilities and opportunities for technological upgradation. We can promote technological upgradation by providing tax incentives and credit facilities for research and development. It may also be helpful to create special industrial parks of the textiles and garments industry, which could reduce costs through economies of scale and by exploiting industry synergies in developing new designs and upgrading technology. Easy access to foreign technology through licensing should also be beneficial. Further, foreign direct investment has now become an important way to access foreign technology, assimilate new management styles, and gain access to important export markets, and should be encouraged.

An important constraint inhibiting the development of an efficient textile and garment industry in India has been our policy of reserving this sector for the small scale enterprises. While the policy's intention was to help the small scale industries, it has had the effect of preventing the more mature and successful Indian entrepreneurs from competing effectively in the export market. This policy is increasingly becoming unviable, not only in textiles but in all those industrial sectors where international competition must be faced. There are several reasons for this:

1. small firms cannot maintain a consistent quality, or export delivery schedules.
2. they often lack the resources for technological upgradation to keep up with the latest quality trends in the export markets.

3. small firms in a sector inhibit the inflows of foreign direct investment, which can be a source of new technology, management style and access to export markets and

4. globally, the trend is to consolidate production facilities into larger scale operations, increasingly, larger retailers are playing a pivotal role in purchases, and since their requirements are huge they prefer larger enterprises to import from.

On the other hand, in India, the policies favouring the small scale industry are leading businesses to keep their firms artificially small by splitting operations into several smaller units. These policies also create disincentives for small firms to grow bigger and are economically inefficient when the optimal firm size is larger than the small firms, norms of the government. Thus, the small firms are unable to grow rapidly. The slower growth ultimately leads to lower job creation in the industrial sector, thereby defeating the very purpose of the policies favouring small-scale industries. Furthermore, small scale firms often have low productivity, poor profits and pay low wages to their workers while exploiting them excessively. In this way, they also contribute to the poor working conditions and low wages for our working classes. It is quite evident that China is able to flood the world markets with cheap manufactured goods produced, not in the small scale industries, but in huge and highly efficient manufacturing units. This large scale and efficient manufacturing has enabled these countries to make rapid progress in reducing unemployment and increasing wages, thereby dramatically improving the standard of living of their working classes. On the other hand, our policies favouring the
small scale industry have failed to improve the working conditions of India labour to a comparable extent. Thus the main achievement of this policy has been creation of inefficient, unviable and uncompetitive economic units, poor quality products that cannot compete in the international markets and poor working conditions for the labour employed in this sector. It is high time we woke up to reality.

In a recent policy initiative for the textile and garment industry, aimed at boosting India's textile and garment exports to about $50 billion by the year 2010, the government has finally abolished small scale industry reservation for the garment sector and opened it up for foreign direct investment. It is also proposed to create special textile and garment industry parks to help exploit synergies and scale economies in R & D and production. These policy changes were long overdue. Some other measures needed are: promotion of higher unit value export products, diversification of the product mix; innovation in fabrics, fibres and garment designs, entry into new markets and promoting retail-ready products fetching higher returns. With these policy initiatives we hope that India's textile and garment exports can grow rapidly and provide the needed foreign exchange and employment to the India economy.

PERSPECTIVES ON THE SILK INDUSTRY IN INDIA

The term "industry" has been widely defined as "manufacturing through organised activity". However, if we look at the silk industry in India, we find it as mostly unorganised that exists in the form of farm sector and cottage industry. The very fact of its being unorganised presents us with opportunities in taking steps towards making it organised.
Govt. of India and Central Silk Board are seriously promoting the idea of bringing about an "organised sector" out of a highly unorganised situation aiming at the corporatisation of silk industry which is correct and valid but requires a sincere debate and a complete change of mindset and sweeping reforms.

CONCEPT OF CORPORATISATION

Here, the cotton textile industry and its infrastructure can be taken as an example before an attempt is made to plan for the organisation of the silk industry. In a broad sense, farming activity involved in raw cotton production can be equated with mulberry cultivation and rearing. The next step of spinning in cotton is equivalent to reeling in silk and rest of the processes such as weaving, dyeing, processing, finishing etc., are common in both. Now, while the concept of one vertical operation starting from raw cotton production to finished cotton fabrics is never promoted or conceived, the concept of "Soil to Silk" or "Cocoon to Silk" is often mentioned and this appears unfeasible.

The industrial activity in silk begins primarily with reeling. In an era of need to differentiate between farming and industrial activities viz., rearing, reeling and weaving. Each segment requires specialization. It is very important to understand this and accordingly policies should be framed.

Few years ago, some attempts have been made by the corporates like Tata, Kirloskar, Thapar and few others towards creating vertical silk enterprises which were withdrawn in the face of ground realities. And, those realities have not changed since then in a meaningful way. Our focus must be there first or we will
not make any headway. Our laws in respect to contract farming both of central and state levels are rather primitive to encourage any such activity. We still have restriction in movement of silk cocoons. Cocoon producers and rollers have restrictions in establishing direct links and so is the situation between reelers and weavers. We urgently need to bring total reform without which any dream of corporatisation of silk industry will only remain a dream.

In fact, soon the production of bivoltine cocoon reaches a meaningful level both in terms of quality and quantity and a steady supply of these cocoons is the order of the day, the reeling industry will spring up. Eventually, organised activity will begin and our dream for corporatism will take root.

In the post-reeling activity, the opportunities are ample. India is the largest consumer of silk yarn in the world and produces about 15000 M.T. per year while consumes around 25000 M.T. and the consumption is still rising. It is obvious that we will be a net importer of silk yarn till our yarn production catches up.

Our weaving skills are developed but we need to energize this sector by going forward through technology absorption. Need for this will be felt very strongly in coming years. The demand for sarees hitherto constituting 75% of silk yarn consumption is sadly coming down rapidly as our women are taking to modern dresses. This can only be substituted by weaving dress fabrics, but there are limitations an handlooms towards this. Secondly, after WTO takes root in 2005, we will witness a surge in cheap imports. Protective trade policies have not helped the industry in the past and will not, in future. The only route is to become modern and competitive through reform and technology absorption.
VALUE ADDITION

There are enormous export opportunities awaiting to encash in silk but we need to do it right. We urgently need to become technology and fashion oriented. Both are interdependent. Our export of silk products can reach Rs. 5000 crores in course of time, if we play it right. Silk exports should grow and it is based on a silent understanding that it has potential for growth. A good understanding regarding the concept of value addition will add the required fuel to our national enterprise. The fundamentals of value addition is known to all. Translated in textile terms and as an example when the yarn is converted into fabric, value addition takes place and it goes further fabric is converted into garments is inevitable and well understood.

To have a better understanding of the situation, fabrics can be categorised broadly into two groups. The first group of fabrics is the need of the market. All basic silk fabrics such as chiffon, crepe, taffeta, duping and many more, fall into this category. There is a given demand in the international markets for such products and their demand is being met. However, the growth in exports of such products will be limited to the size of the market and it will only grow in the same proportion as the growth in demand. The other category is want based fabrics where a demand is created in the market place because of their appeal and the desire of the people to buy such fabrics.

Obviously, the differentiation between need and want is the starting point for understanding the concept of value addition. All basic fabrics go through a process of value addition, but its degree is small. It may be viewed and termed as
technical value addition because the internal competition and the law of economics will not allow them to achieve high value.

THE AESTHETICS FACTOR

On the other hand, phenomenal value can be added to textiles through the route of aesthetics. Aesthetics in textiles is commonly perceived as design and style which have to be appropriate, appealing and in accordance to the need of the market. We are all aware how we crave to possess imported fabrics or even other imported products. They have become synonymous with style and their design content is very high. This appeals to us and we attempt to buy them even at a price which is many times over its basic value. The commercial value of aesthetics is phenomenally large and help the products to penetrate the market and create a niche for itself. In textiles, this assumes even greater importance. In a market which is already saturated with all basic silk fabrics, how can we expect to sell more? How can we increase our exports further unless we improve our ability to produce fabrics where the design content is high and because of that, a new market segment is created.

Adding value through aesthetics or design content becomes even more demanding when one is dealing with a luxury product such as silk. In an age when most of the things are efficient and functional, design is the way to make consumers choose your product over the rivals. It is also the way to deal with the new phenomena of good taste.
Design now, is at least perceived as being just as essential to business strategy as investment funds. Big business brings the funds, the customer, the global scope. Design brings the glamour, the kudos and the edge.

NURTURING THE TALENT

The next question that would be written on the wall is, where to get the design content from. It is not a one-time requirement, but a continuous one which makes life complicated and difficult. Industry is working up to this new challenge and all of a sudden there appears to be an acute shortage of properly educated and talented designers. The correlations between good design and commerce is dawning upon us and we are realising that it is not a luxury but an essence. Once the real need for them has been recognized and it is understood that little is being done to develop this important discipline, it becomes obvious that this problem has to be attended to sincerely. We need to develop a talent pool of designers - homegrown and as good as anywhere else.

Retrospection to the need for development of highly required talent pool in the country during 1950s would help us to appreciate the conditions prevailing at present in the silk industry of our country. The independent India had realized the need for a highly qualified pool of engineers and scientists towards its industrialization and later for the financial, management and business administration skills. Establishment of appropriate institutions like IIT and IIM rendered the talent required to move forward and compete favourably with all. We are at cross roads once again. There is an urgent need in the industry for talented designers for every conceivable consumers product. We absolutely need to understand the seriousness
of this aspect and take steps to build similar institutions for industrial design developments. NID (National Institute of Fashion Technology) are the only meaningful institutions in our country at the moment. We need very elaborate and focused approach to industrial design, and textile design is a very important discipline especially for our country.

In technical terms, Indian textiles are comparable to any but we lack design sensibilities. While upgradation of technical education in textile technology needs to be seriously looked at and improved, the need to give due recognition and importance to develop "Design Institutes" is as urgent if not more.

Value addition is not a monopoly of silk - It is an urgent requirement of entire textile industry. For silk, it is much more important simply because it is so beautiful, it is a luxury and thank god for it. Emerging situation is bright but we need to take appropriate measures of appropriate time.

After a bird's eye view at the textile industry, now we will overview the handlooms, NPD and the policy of the Government.

HISTORICAL VIEW OF INDIAN HANDLOOM INDUSTRY

The cotton handloom industry of India is one of the greatest manufacturing institutions of the World. Beginning with garments of Woven Cotton material found in the he ruins of Mohenjodaro, going on to supply the World with the cotton fabrics from at least the time of the Roman Empire, and from then until the end of 18th century, there are testaments to the quantity, quality and variety of
Indian Cotton fabrics scattered through written records. Pliny, the Roman historian of the 1st century AD calculates the value of the cotton fabric trade between India and Rome at 100 million sesterces (equal to 15 million rupees) every year, and complains that India is draining Rome of her gold. Suleiman, an Arab trader who visited Calicut in 851 AD writes in his diary garments are made in such extraordinary a manner that nowhere else are the like to be seen. These garments are woven to that degree of fineness that they may be drawn through a ring of middleing size. The trade in cotton cloth was the main source of India's fabled wealth. Tome Pines, a Portuguese Traveller of the 16th Century writes in 1515 from Malacca describing the ships that came there from Gujarath and the Coramandel coast...worth eighty to ninety thousand cruzados, carrying cloth and thirty different sorts......Pyrard who travelled in the early 17th century says Indian cotton fabrics clothed every one from Cape of Good Hope, to China, man and woman.... from head to foot. It seems important to remember this history of quality and quantity when Indian fabrics hold a mere 2.5% of the World trade that for behind China, Pakistan and Turkey (Uzramma - Rethinking Handloom).

**SIZE OF HANDLOOMS**

There are 43.7 lakhs handloom weavers living in 30.6 lakh weaver households in total, eking their livelihood on 38.9 lakh handlooms in India (1987-88 Census of Handlooms by National Council for Applied Economic Research, New Delhi) weaving 30 crore linear meters per annum. Handlooms are the second largest source of employment next only to Agriculture. This fact emphasizes the importance of strengthening this sector and hence it must always remain a highlighted agenda in the policy formulation of a welfare state, besides claiming a lion's share in budgets of both national and state Governments.
GOVERNMENT POLICY AND ASSISTANCE IN RETROSPECT

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 a decaying stage at the beginning of the 19th century. The East India Company initially encouraged the development of the handloom industry to meet its export needs. 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 Laisses 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's policy was confined in the main to the tariff policy. 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 % of and advolorem on imports of mill cloth, coupled with a countervailing excise duty, first imposed in 1896, of the same quantum on the Indian mill-made 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. The strengthening of cotton mill only helped the mill sector to be a strong competitor to the handloom sector. Later Government imposed cess on the production of mills, which will be utilized for the benefit of handloom sector. Besides this, Government also went slow on giving excess production licenses to the mill sector. The Government also considered assigning the task of clothing a common man to the handloom sector. But the capability of this sector to do such a stupendous task
was doubted. During First Five Year Plan there was focus on introduction of improved techniques of production and need of research and training. As the mill industry and the more recently developed powerloom industry have an inevitable impact on the fortunes of the handloom industry, the government further decided that a comprehensive enquiry was necessary with a view to securing orderly development of all 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 Sri Nityanand Kanungo. Apart from other recommendations, the Committee came to what, in its opinion, was an "irrestible 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 converting the handloom either into a semiautomatic loom and/or into a power loom, as power becomes available more generally in the areas where the handloom industry is widely prevalent.

The Central Government incurred an expenditure of Rs. 12.33 crores in the handloom sector during the First Five Year Plan. Production of handloom cloth in the country increased from about 810 million yards an 1950-51 to about 1,440 million yards in 1955-56 against the set target of 1700 million yards. The Industry Policy Resolution 1956 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 national income; and they facilitate an effective mobilization of resources of capital and skill which might otherwise remain untillized. Under that policy, continued assistance to village and small scale industries was provided by restricting the volume of production in certain selected
large scale industries such as cotton textiles, differential taxation and direct subsidies. The objective of state policy has been to ensure that the decentralized sector should acquire sufficient vitality to be self supporting and that its development is integrated with of the large scale industry. The Village and Small Scale Industries (Second Five Year Plan) Committee appointed by Planning Commission 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; which means 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. This approach obviously is towards replacing handloom with power looms. The Government encouraged power looms; during Second Five Year Plan a target for installing 35000 powerlooms was set; against which only 3500-4000 powerlooms could be installed during the said period. Obviously the progress of installing powerlooms was slow and hence the scheme was withdrawn in 1961.

The Weavers Service Centres were started in 1956 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 and post loom production. To improve the technological efficiency of the handloom industry and 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 needs of 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 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 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 cooperative lines so as to enable the handloom weavers to secure the advantages of buying raw materials and selling the products on a large scale, of getting access to institutional credit and of utilizing improved techniques of production. The weavers apex co-operative societies were set up in the states keeping this in view. The Reserve Bank of India scheme for financing the weaves cooperative societies was launched during the Second Five Year Plan. The Second Five Year Plan outlay for handloom cotton weaving was Rs. 59.56 crores. At the end of the plan, handloom cloth production increased to about 1900 million yards against the target of about 2100 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 Third Five Year Plan was to bring about further expansion of handloom production through fuller employment of the handloom weavers and the introduction of improved techniques. A high priority was accorded to the supply of improved appliances, provision of facilities for processing and training, introduction of improved designs and purchase of yarn requirement from cooperative spinning mills.
The High Powered Study Team on the Problems of Handloom industry constituted in December 1973 under the Chairmanship of B. Sivaraman made an in-depth study of the handloom industry to suggest a programme for its development in the Fifth Year Plan. As recommended by it, the office of the Development Commissioner for Handlooms was created.

**MASS PRODUCTION : A MISSTEP TOWARDS DE SKILLING**

The first major task assumed by the office of the Development Commissioner for Handlooms is to increase the production of handloom cloth. This fact has been reiterated by the integrated textile policy announced in Parliament in August 1978. It was envisaged in this policy that the clothing needs of the masses will be increasingly met by the handloom industry. The Sivaraman Committee also recommended the setting up of Handloom Corporations to look into needs and problems of weavers outside the cooperative fold as the coverage of cooperative is still inadequate. With the implementations of the recommendations of the Sivaraman Committee, by 1980-81 a network of 18 State Handloom Development corporations had come up.

One of the important schemes in handloom sector introduced during the Fifth Plan period is the production and distribution of handloom Janatha cloth which is 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 287 million square metres in 1980-81. The scheme involves payment of subsidy at the rate of Rs. 1.50 per square meter. This scheme was expected to address the employment issues of handloom weavers. It is true that the scheme benefited the weaker sections of the society, as they get cloth at a cheap price. But policy of entrusting the production of coarse
varieties of cloth to the handloom is questioned. From the long term point of view, nothing could be more disatrous to handloom industry than wasting the skill of the weavers on producing fabrics that require low level of skill. It did a lot of disservice to weaving professionals since there was stress on mass production.

GOVERNMENT's ATTITUDE TOWARDS NEW PRODUCT DEVELOPMENT

Under the intoxicating lure of easy job, a tendency for rejecting the long term oriented options like diversification, value addition and new product development developed among the moderately designing weaving community. It created comfort zone for weavers on one side and on other the entire Government machinery was geared and engaged for monitoring this production of non value added janatha cloth. Focus on new product development was completely missing. Besides this, Sri L.C. Jain, a Parliamentarian was of the opinion that the real purpose behind the introduction of the scheme is to save the mills for the loses 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 was considering this a as a burden and as 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 mill preferred paying the compensation rather than producing the contoured cloth. Consequently, the production of controlled cloth declined substantially. The Government raised the rate of compensation from six paise to Rs. 2.50 per sqr meter in 1974 to tackle situation. It becomes clear from this that production of controlled cloth is a definite burden on the mills. Hence, Mr. Jain opined that under the scheme of janatha 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.
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 3000 million meters of the total target of 100000 million metres of cotton cloth. Against this target the actual production in handloom sector in 1978-79 was about 2720 million metres. There was no major change in the approach towards this industry in the Sixth Five Year Plan (1980-85) from that of earlier ones. One major thrust in the Sixth Plan is on supply of hank yarn required and other inputs at reasonable prices throughout the year. The Sixth Plan outlay on this sector was Rs. 310.93 crores. The Seventh Plan outlay on this was Rs. 512.26 crores.

A new textile policy was announced in June, 1985. As per this policy, the capacity restrictions on mills, which were instrumental in protecting the employment potential of handloom industry have been withdrawn. Some products were reserved for exclusive manufacture in handloom industry. Controlled cloth production was completely left to this sector. The new policy emphasized on technological upgradation of handlooms. The emphasis of technological upgradation of handlooms, no specific measures were spelt out in this direction.

TRADE IN TEXTILES

At the conclusion, however, it will be pertinent to make a brief comment on the euphoria shown by the Sathyam Committee that by such a "high tech and modernised" policy that the country will produce "World Class" products and can overwhelm its exports against imports, doubling it within two years, and more so after MFA phase out in 2004. First of all, so far as exports are concerned, particularly handlooms, although the Government figures show an increasing trend between 1995-96 and 1998-99, yet the Government has concealed the fact that
handloom exports have dwindled from about 50 per cent of the total exports from the time of Independence to about 20 percent now.

It has to be recalled that Textiles were one of the hardest fought issues in the GATT and WTO. The developing countries did want an end of the quota system. But they were duped by the developed countries led by the USA with the so-called principle of "non discrimination" under the WTO regime and successfully bargained to include new issues like intellectual property, services and investment in the Uruguay round with a transactional Agreement on Textiles (ATC - 1995-2004?) by which time the MFA will completely phase out, heralding the era of WTO. The arrangement conceived by the developed countries in fact became open ended charter for the practice of protectionism on an ever increasing scale.

Following bilateral agreements with USA, Canada, EEC, Japan etc., removing quantitative restrictions on imports into India and also exemption or reduction or import tariff, imports of textile products in the country have swollen from Rs. 1272 crores in 1996-1997 to Rs. 1492 crores in 1997-98, exhibiting a rise of 17 per cent. During April, to October, 1988 again there was another whopping increase of 28 percent in imports as compared to the same period one year back. The recent bilateral agreements will further boost the imports. Apart from the agreements, the major sources of regular imports are already South Korea, Taiwan, china, Thailand, Bangladesh, Hong Kong, Nepal and USA.

It is necessary to carry forward the united movement in a sustained manner to save the Textile industry and the Handloom Sector in particular.
INDIAN HANDLOOMS - EXPANDING HORIZONS

The land of mystique and romance, art and heritage, India is known for its vibrant, ancient civilisation the world over. Indian hand woven fabrics or handlooms, as they are popularly known for centuries, are amongst arts that reflect the multicultural aspects of India. These beautifully embellished handloom fabrics like yarn dyed, dobbies, jacquards, woven checks and stripes, tie and dye, block prints, solids, mirrors and applique and embroideries have been inspiring the interior designers the world over. Known for their aesthetic appeal and multi-utility aspects, handloom fabrics are widely applied in home furnishings, decorative household products and utility articles besides of course, clothing and fashion accessories.

Of all the arts and crafts in India, handlooms have a glorious tradition of creativity and craftsmanship going back to the Vedic period, nourished by the highly skilled and innovative artisans and weavers of India. Handloom fabrics are probably the oldest and most widely recognized form of textiles. Luring fine muslin and exquisite hand - wovens of India were instrumental in opening of the trade routes between the West and the Orient. Handlooms continue to contribute significantly to the Indian export economy even today. More than 125 countries import natural and man - made Indian handloom fabrics and ready - to - use garments, made - ups, accessories and other textile products worth US $ 550 million annually. Sophistication and high quality standards of Indian handlooms are testified by the fact that over two thirds of India's handloom exports are destined for the highly demanding West European and North American markets.

Indian weavers transfer their creative spirit and aesthetic skills from generation to generation. Despite the onslaught of modernity, the great Indian handloom tradition of intricate and excellent craftsmanship continues to the present
day. In fact, in recent years, the uniqueness of handloom is drawing increasing attention from the greatest designers in the fashion capitals across the globe.

SOCIAL & ECONOMIC RELEVANCE

"Providing direct and indirect employment to more than 12.4 million Indians, the handloom sector provides the second largest economic activity in the country after agriculture. Despite a large presence of modern weaving machines with all their advantages, the handloom sector has continued to flourish. Wave of ethnic revival and effective state support through financial assistance and various developmental schemes have brought about more than tenfold increase in the production of handloom fabrics. Today, the handloom sector contributes nearly 19% of the total textile produced in India," informs Mr. K. Rajendran Nair, Development Commissioner, Handlooms Ministry of Textiles, Government of India.

India produces about 3,500 million metres of hand-woven fabrics annually of which 85% are in 100% cotton. Covering a vast range of designs, textures and weaves, nearly 4 million handlooms spread across every state of India covert a variety of yarn into exquisite fabric from utilitarian and functional the exquisite and exotic.

APPLICATIONS

Export of hand-woven textile range spans from the ethnic Indian heritage collections to the harmonised ranges in the seasonal colours and fashion trends of the West. Cotton hand-woven upholstery material, bed / bath / kitchen line, floor coverings, furnishings and towels and sheets and apparel fabrics are world famous since ages.

The variety of weaves, textures and designs in various colour combinations spun off fine muslin to heavy rugs, from delicate pastels to vibrant earthy hues - from appealingly simple to fascinatingly intricate compositions.
Possibilities like very small quantity runs, unlimited number of well insertions by hand, complete manual control over speed, easy adaptability to suppliers demands, make handloom textiles with the designers and marketers seeking originally, innovation and exclusivity very popular. Traditional and contemporary hand woven products have carved a niche in the world textile market.

REGION WISE SPECIALITIES

India has a number of handloom clusters spread across all the areas of the country. Each one of these clusters offers a uniqueness in design, weaves and defects. For the discerning international buyers, each one of these clusters offer an immense sourcing opportunity in terms of exclusivity and highly imaginative designs.

STRENGTHS OF INDIAN HANDLOOMS

A variety of intricate designs with several combinations are possible to be woven on the handlooms. The functional properties in the handloom fabrics like drape, textures, strength, wrinkle resistance, stability can be achieved through choice of appropriate designs, type and counts of the yarns used, twists of warps and type of weaves. The irregularities in the weaving of fabrics can now be reduced by the use of improved looms accessories and gadgets.

Some of the most exclusive and designer products like coarse fabrics from very low count yarns for duress, floor coverings and rugs are possible only on the handlooms. On the other hand, very delicate materials like feature silk or very fine cotton fabrics in yarn counts of 100s and above, can be woven more perfectly on handlooms since they are not subjected to strong jerks of powerloom.
Interweaving gold or silver threads on handloom is easier than powerloom weaving.

SPIRALLING YARN PRICES SPELL DOOM FOR AP WEAVERS

Suicide: that's what 40 year old. Shankaraiah, a handloom weaver, recently opted for. A lively, jovial and sensitive man suddenly took his life. And his is by no means an isolated case. Sircilla in Karimnagar had 59 suicides of weavers in August, 2002, nine weavers took their lives in Nalgonda District. There are no official estimates, but the weavers cooperative societies estimated in 2001 that 300-400 weavers committed suicide. Many deaths go unreported, for suicide is a crime.

At one end of the spectrum, the state trumpets its IT boom, sophisticated call centres and E-seva. At the other end, weavers are winding up in morgues. Why? The Centre launched a massive export drive in 1991. India's cotton and yarn exports started increasing. They and dyes became both scarce and expensive. This led to a sharp increase in the cost of production. Many master and independent weaves stopped or reduced work. Alternatively, they took their own lives. the latest National Textile Policy 2000, published by the Ministry of Textiles, clearly states its policy objectives are meeting global standards and withstanding international competition. It plans to convert 2,50,000 plain powerlooms to semiautomatic looms before 2005 and induct 50,000 shuttleless looms. It's a clear boost for textile production and exports. But traditional weavers are doomed. Konda Kishtaiah, 34, a powerloom weaver from Mushtipalli village could it afford to support his aged parents and two daughters. His grieving sister said, "They had
come over and we talked late into night. Little did we realise that they would return home and drink poison.

Between 1986 and 1990, yarn prices increased by 50 to 130 per cent. There was an immediate increase after the 1991 budget, and again an increase of almost 50 per cent between December 1993 and Marks 94. In the past three years, the price of dyes, yarn and chemicals increased by a whopping 300 percent. Competition with power looms, price sensitivity, and elasticity of the market have made matters significantly worse, squeezing labour rates.

Andhra Pradesh's Minister for Handlooms and Textiles, Padala Bhoomanna, came up with the political response. "In A.P. suicides are normal", he observed. They should be discouraged, and weavers told that life is a struggle.

The handloom sector in India has more than 10 million workers. It is second only to agriculture in providing employment. The Andhra Pradesh State Handloom Weavers Cooperative Society (APCO) is the main institution in the state. But it has a huge backlog of debt to the primary cooperatives. Since 1992 APCO started to fall back on payments, and since 1998 stopped payments completely.

According to a note by Minister Padala Bhoomanna to Chief Minister Chandrababu Naidu, since January 1999 APCO owes the primary cooperative societies Rs. 36.26 crores for the purchase of cloth and Rs. 10.32 crores for yarn. These dues, and the interest of 8.5 per cent of the loans taken from the district
cooperative banks, have caused most primary societies to go into crisis or collapse. Suicides are one clear sign. The other is the dramatic decline of the number of handlooms in the state. According to Jos Mooji’s September 2002 report on Welfare Policies and Politics: A Study of Three Government Interventions in Andhra Pradesh", there were approximately 1,71,660 handloom weaving families in 1986-87., and 2,13,404 working handlooms. This numbers more than halved in the next decade. In 1995 only 40 per cent of the handlooms that existed in 1987 were still in operation.

On the surface, Chowtuppal looks better off than most towns. Roads are paved, houses are plastered with cement, intricate muggus designed on freshly washed, house entrances welcome visitors. Rows of stores showcase colourful saris, huge advertisements of Reliance India Mobile promote rural India’s dream, while myriad shops display Internet and ISD facilities. But appearances are deceptive.

Many more of the colourful saris woven with care and hard labour lie unsold for there are no takers. “Through generations we have been weaving,” observes Srisailam. “Powerlooms have worsened our situation. We cannot sell. APCO is neither buying nor paying us in time. Also our weaver’s society is in running huge losses. What option does a person have when a family trade passed on for generations, collapses?” Back in 1974, it was estimated that one powerloom could replace six handlooms, and one powerloom worker would make 14 handloom workers jobless. In the mid 1990s, according to the Ministry of Textiles, about 56 per cent of cotton fabrics were produced by powerlooms, about 36 per cent by
handlooms and the rest by mills. Today, more and more people in lower and middle-income groups prefer synthetic or blended cloth. Handloom production is about 22 percent more expensive than powerloom.

Srinivas, Production in-charge of Pochampally Handloom Weavers Cooperative Society explains. "A handloom ikat sari costs Rs. 1,100-2000. A sari produced by a powerloom with similar look and design costs Rs. 300-500. Obviously customers prefer the latter. Mills with powerlooms can produce 200 saris a day, while we work with our hands".

Adds, Ravinder, "I work for a master weaver, like 25 others. I get work from him. He gives me Rs. 1500. The rate they sell is fixed on the work and design of the saris. Khatan saris are sold at Rs. 2000 while semi khatan sells at Rs. 1200-1400. It takes four days to make a sari. Work is heavy and designs differ. One cannot work alone. My wife and daughters do the spinning on the charkha and, after its fixed to the loom, I thread the sari together. We can make six saris in a month. One sari gets us Rs. 300. So for six we get Rs. 1800. We work during the night too.

A weavers daily earnings can vary from around Rs. 20 to more than Rs. 150. But for most households it is around Rs. 50, a monthly income of only Rs. 1500. The World Banks extreme poverty line of a dollar a day Fourteen - hour working days are normal. Yadgiri corroborates the desperate condition of weavers cooperative Society.
"Ten to fifteen years earlier payments came in time, now they invariably come late", he lamented. Almost 80 percent of goods used to be immediately picked up. Now barely 10 to 20 per cent are, and that too not on time. So what work will weavers have?" While the handloom weavers virtually have no market left, powerloom weavers who partly displaced them already face stiff competition from Tamilnadu, Gujarat and Maharashatra. Once Chinese textiles flood the market, weaves predict existing demand for powerloom products will also dry up. So what does the government plan? Obviously, the writing for weavers has been on the wall for while. In 1996-97 the government spent Rs. 141.47 crores for the development of the handloom sector. The next year, 1997-1998, it came down to first 24.57 crores, and in 1998-99 plummeted to Rs. 94 crores. 65-year-old Sita Ramulu has Mahatma Gandhi's picture sandwiched between a pantheon of gods in his two-room house. "No government schemes help," he says resignedly. "Only the middle men profit, not us.

THE WARP AND WEFT OF DEATH

This is a death count that, like the monotonous drone of a spindle, rarely stops. At last count, 37 weavers had taken their lives in Karimnagar district in Andhra Pradesh in the last one-and-half-years. And that figure keeps changing as more and more desperate weavers embrace death rather than a debt-ridden life. And a favourite resting spot of death seems to be Sircilla town, which has a 100-year-old weaving history. In AP, around 20 lakh families depend on the handloom and powerloom industry, providing maximum employment next only to agriculture. And Sircilla alone has over 10,000 weaver families.
In the recent past, a large number of the workers have migrated to Bhiwandi and Sholapur in Maharashtra and Surat in Gujarat because opportunity had dried up for them back home. Several workers have also switched over to powerlooms.

Reports of suicides have also been pouring in from other parts of Andhra Pradesh such as Mangalagiri in Guntur district - whose superlative handloom fabric is the showcase of craft exhibitions and cottage emporia - and Chirala in Prakasam district. For the weavers, 1991 was the year it all started: till then, the Andhra Pradesh Weavers Cooperative Society (APCO), an apex body set up for the welfare of weavers, would grant cash advances as well as cotton yarn to members of primary weavers cooperative societies and purchase their cloth products later.

Of the five lakh weaver families in AP, around two lakh are under the cooperative sector, 1.5 lakh work independently while another 1.5 lakh work under master-weavers as daily wage labour. The cooperative sector includes about 42,000 weavers who work on powerlooms. Handloom cloth worth Rs 30 to 40 crore was annually purchased by government departments annually. Successive governments also released enough money to APCO so that it could handle transactions smoothly. All that changed in 1992, when the Centre and State governments withdrew certain handloom and powerloom products from the reserved list and allow mills to compete with the economically weaker weavers.

In 1992-93, around 45 weavers died of starvation in Guntur and Prakasam districts. The reasons were cited as lack of employment and absence of
governmental support, but the government of the day denied any starvation deaths. The government also put the brakes on funds to APCO: weavers did not get money for their products on the one hand, and there was no market to turn to on the other. APCO, the lifeline of AP’s weavers which made business to the tune of Rs 120-130 crore till 1993-94, is now in shambles, with a meagre turnover of Rs 20 crore in 2000 - 01. "This shows the governmental apathy," says Neelam Pandari, former director of APCO. APCO’s outstanding arrears to weavers’ societies now stand at a staggering Rs 26 crore over a period of 3-4 years. But the State Government has moved swiftly to contain the bad press: the State Government released Rs 21 crore in a single day and placed immediate orders with APCO to the tune of Rs 10 crore.

Officials admit that there have been delays in payment, but they blame it on poor marketing. "What can we do? There is no market for the petticoat cloth produced by Karimnagar weavers," shrugged an official. But it as not just APCO’s losses the weavers have to shoulder: the last decade has also seen a phenomenal 200 per cent rise in input costs like yam, dyes and chemicals. Since APCO owed it around Rs 2 crore, the National Handloom Development Corporation stopped supplying yarn. As a result, weavers are compelled to buy yarn in open market. What is needed is a long-term solution that involves strict implementation of the 11 items reserved for the handloom sector, subsidising inputs, rebate on sates and reorienting powerloom products. Senior officials and leaders of political parties concurred on the need to rejuvenate the sector, which is witnessing deaths despite a turnover of about Rs 500 crore. Handlooms and Textiles director Y. Srilakshmi sounded optimistic. "Every year, the government buys cloth worth Rs 100 crore
for various departments. We are aiming for at least Rs 25 crore and so far we have succeeded in getting orders to the tune of Rs 10 crore,” she said. She suggested a two pronged strategy to deal with the weavers’ deaths: ensure them timely payments, and tap the market for their cloth either by upgrading their skills or promoting the products.

“Soon, we are going to offer a training and employment programme for about 30,000 powerloom weavers at the apparel export centre at Bandlagudem. Similarly, we are ready to give training to weavers at Hyderabad and Vijayawada,” she claimed.

SUMMARY

To summarise the contents of the chapter; the Indian Textile Industry scenario of which handlooms are a part was discussed starting from pre - vedic period to globalised India. The current status of handlooms, powerlooms and mills and their contribution to the economy was discussed in this chapter.

A SWOT Analysis of the Indian Textile Industry was made. Handloom Production constitutes 27 per cent of the total textile production in India.

The steps taken by the Government to achieve the textile exports of $50 billions by 2010 and the measures taken to meet the situation after MFA phase - out were discussed. The other constituents of the textile industry including cool, silk, etc., were also profiled.

The weavers deaths and the exit of weavers from handloom industry and related issues and counter measures adopted by the Government were discussed.
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