Government Assistance in Promotion of Handloom Industry and Marketing of Handloom Products

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 the Central Government. The handloom industry all over India almost faces the same problems – most of them related to yarn supply, finance and marketing of finished handloom products. The programmes 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. The handloom industry in the State of Assam has a long tradition in the socio economic life of the people for supplementing the family income to a great extent and self-employment opportunities to lakhs of people of poor and down trodden section of the society. By the end of eighteenth century, handloom was considered the most dominant industrial activity. The influx of machine-made textile introduced an element of competition in the beginning of nineteenth century and the process of disintegration set in. The Government could initiate many promotional efforts to rehabilitate the decaying handloom industry only in the post independence period.
6.1 Situation of handloom industry in pre-independence period

During the pre-independence period British with their knowledge of advanced machine and a vested interest, emboldened themselves to bypass the age old weaving traditions of India, is an undisputable fact. Weavers were endlessly subjected to exploitation by all means. As a result the ancient hand spinning industry almost died out, making the hand weaver endlessly dependent on the machine for supply of yarn. The beginning of world war became a boon for the millers. Between 1914–192, the number of mill looms increased by fifteen per cent. This period saw sharp fall of handloom production and market. The worse affect was that working weavers became unemployed. Till about the middle of nineteenth century, textile industry in India meant handloom industry only, with hundred per-cent handloom cloth circulation in the country and flourishing export market in addition. The tariff policy during 1896–1914 favoured the progress of handloom industry in India. Import duty of 3.5 per cent was increased to 7.5 per cent on mill made cloth. But there was sudden change in circumstances that before the second world war the ratio was in favour of the mill sector, not in favour of the handlooms.

The emergence of co-operative form of organization in the wake of the passing of 1904 Cooperative Societies Act and use of fly shuttle looms in many parts of India together with availability of good quality dyes, the handloom industry made fairly good progress after the first world war. But the trade depression of 1930 paralyzed the handloom industry. This was mainly the consequence of growing competition with foreign cloth, imposition of
protective duty by the government on imported cotton cloth and mass production of cloth by power looms. After the British Government imposed duty on yarn in 1927 the handlooms had to depend mostly on the yarn spun in India. As a result of the depression of the average earning capacity of the weavers was seriously eroded and even by using improvised looms the weaver could not help produce more and the wages he received were not commensurate with the job. The British traders feared that their business might become extinct because even after inception of textile mills and factories in England, Indian fabrics were very cheap. The British Government in favour of the English traders and to save the British textile decreed drastic reduction in the import of Indian cloth and levied more duty on it. But still the Indian textile were found to be cheaper. The Government under the Crown followed the policy of ‘Laissez Faire’ as it suited the British interest. After this the British Government adopted strict measures to discourage use of Indian cloth not only in England but also in India. Who ever wore clothes “made in India” or Indian clothes were severely punished. Government policy towards the handloom industry in India, prior to Independence amounted to purposeful negligence and incidental protection.

Under a foreign government the weavers could not express their sufferings. It would had been a futile expectation from the new Government to care about the miseries of the poor weavers. The condition of the poor and scattered weavers were precarious during the early part of 1930. The respective state governments were trying their best to do something worth-
while for the weavers but as a whole the foreign Government was not in concern for the welfare of the handloom weavers. This indifference from the British Government ruling in India made the state governments realize the urgency of the situation. The weavers were terribly hit by the import duty of the yarn. Then a grant was released to the industry equivalent to proceeds of an import duty of a ¼ th anna per pound of imported yarn up to the fifties. It was included for the first time in the budget in 1935. During the first world war, the British Government in India paid attention to the Indian handloom industry. This was mainly because of the Government's need for textile products to meet the war demands. Still the Government policy in India was confined in the main to the tariff policy of the time. The financial measures adopted were not sufficient for the weavers to overcome their deteriorated conditions. Therefore a Fact Finding Committee was appointed in 1941 to investigate different problems of the industry, such as difficulty in getting yarn, marketing of finished products, state of handloom technique, etc. It had the responsibility also to find out a new way of reorganizing the industry and demarcating a special field for handloom. The all India Handloom Board was set up in 1945 according to the recommendation of the committee and it was again revitalized in 1952.
6.2 The Tariff Policy adopted for handloom industry

It may be recalled that the tariff policy during 1896–1914 favoured the handloom industry and it made quite good progress during this period. But the value addition made by the tariff policy in the handloom industry calls for questions. There was an import duty of 3 ½ per cent 'ad valorem' 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. It was seen that by 1934 that is, within a short time, the Government of India raised a rather high tariff wall to protect the cotton textile industry. By the year 1926 the Government of India took the decision to remove excise duty on the Indian mill made cloths and imposed import duty on yarn. The Fact Finding Committee was of the view that the removal of the excise duty on Indian mill made cloth in 1926 created an immediate handicap to the hand weavers. The scheme of excise duty was not implemented as a measure of protection to handloom. It was incidental that the handloom industry could avail certain benefits out of this scheme. Hence the handloom industry could not stand against when the decision of its removal was taken. Never the less, the handloom industry received a setback by the removal of this duty. Similarly, the scheme of import duties on cotton cloths were primarily aimed to protect the mill made cloths. The Indian mill took to fine weaving under the protection of the duties, and dumped the markets with a similar class of fine goods that were formerly
produced by the handloom weavers alone.\textsuperscript{22} The handloom industry was already suffering and so were its products in the markets. The import duties further strengthened the Indian mills not only against the foreign mills but also the Indian handloom industry. The markets of handloom products decomposed more because the import duties were imposed right after the removal of excise duty. 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.\textsuperscript{23} The tariff on yarn handicapped the handloom industry and its effect was more downfall of handloom products in markets. On the other side the Indian mills flourished and possessed all the advantages against the handloom industry. In the development stage of the handloom industry that was in the inter-war period, it had to go through a turbid environment.

6.3\hspace{1em}During post independence period

The maltreatment of the British made several generations of weavers' families suffer far very long time. After independence the weavers wanted to build up the handloom industry once again and hence demanded for solid foundation. This post independence period became a rubicon for the weavers section. The Five Year Plans were conceived and special emphasis was given to the handloom industry. The Indian Government was always aware of the problems of the handloom industry and its market but was unable to do
something worthwhile for the welfare of the weavers before independence. Hence the Five Year Plans became the base to do the needful. Different committees were set up to look into the matter in details in different times. To ameliorate the critical condition of the handloom weavers, institutions were established to channelise financial resources and other managerial assistance to the industry. The All India Handloom Board was established in 1945, which was reconstituted in 1952 to advise the government on development of handloom industry. It was basically assisting the government to tackle the problems of handloom industry in a complete and comprehensive manner. This board was superseded by the establishment of the Cottage Industries Board in April 1948. During its short period of existence it worked on problems of the industry like the supply of yarn, marketing of handloom cloth, research and organisation etc. However, nothing much could be done beyond the stage of recommending various steps for the improvement of the industry. The role of All India Handloom Board has under-gone a radical change since 1958. Till then the board was responsible for formulating state plans for development of the handloom industry after discussion with concerned state governments. In between during the functioning of All India Cottage Industries Board, which was a Standing Handloom Committee, a Handloom Development Fund was set up by Government of India under it for financing of the approved schemes for handloom industry 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. The All India handloom Board was responsible for assisting the government on problems such as examining the schemes for improvement and development of the industry. The procedures were revised by the Planning commission, that "continuing schemes" should be sanctioned by the state government and there will be no financial sanction from the centre. The state governments had to obtain the technical approval of the All India Handloom Board in respect of the new schemes. To some extent this made the importance of the Board reduced. Again the Board was reconstituted in 1978 in response to the recommendation of the Shivaraman Study Team. It recommended that "the Handloom Board should be once again brought back to its premier condition as the eyes and 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 in handloom matters. But in 1982 ultimately it merged with the All India Handicraft Board to form All India Handlooms and Handicrafts Board. In 1953, a decision was taken to open the All India Handloom Fabrics Marketing Co-operative Society to look after the internal and external marketing. Later on, it was assisted by the Handloom Export Promotion Council.

Handloom industry is one of the most vibrant sectors of the Indian economy. The well being of this sector and its growth is, therefore of paramount importance. The most important requirement is a sustained effort in marketing of handloom fabrics, with value additions wherever possible, both
within the country and abroad. Demands from the governmental agencies are vast and varied and can sustain a large number of looms on continuous production in different states. It was not possible for the handloom agencies spread out in the different states individually to take up the challenge of organizing production and supplies to the various governmental agencies. The Government of India therefore, decided to strengthen the handloom organisations at the central level by forming an apex body called Association of Corporations and Apex Societies of Handlooms under the Chairmanship of the Development Commissioner for Handlooms. It was thus set up as a registered society in June 1984 under the Registration of Societies Act. The objectives of this Apex Society are as follows:32

A. To provide common platform to various handloom development corporations and apex weavers co-operatives societies in the country.

B. To coordinate between the various departmental agencies and to provide information and assistance for the members.

C. To disseminate useful knowledge to the member agencies for marketing of handloom products.

D. To undertake activities including market surveys, research, exhibitions, publicity and publications to promote the handloom sector in India and abroad.

E. To work for legislative and other safeguards for protection of the handloom industry.

F. To help linkages with national and international organisations for marketing of handloom products.
6.4 Rebate

Rebate was introduced in September 1953, which initially was instituted with a view to help relieving the large-scale accumulation of cloth stocks with the weavers' co-operative societies. It was also intended that this will make market of handloom products grow as consumers will be interested to purchase low priced quality handloom fabrics. The motive behind the introduction of rebate system was to increase sale of handloom cloths during certain festive seasons. It can be inferred as the opportunity to take advantage of certain situations that would oblige people to buy more of handloom products than they usually do. It is also a natural phenomenon for human beings to get attracted towards quality items with deductions offered in selling price. The co-operative societies of handloom products follow the rebate system all over India. The time of offering rebate varies in different states as per individual festivals and occasions.

The rebate granted by the co-operative societies are to be reimbursed by the respective state governments on the basis of their own set of rules. However it has now turned into a common practice on part of the state governments not to reimburse the rebate amount in time. This makes the Apex Societies fail to repay the rebate amount back to the weavers' societies in time. This inordinate delay compels the weavers go to open market to sell their products. According to L.C Jain, this amounts to a flow of credit in the reverse direction, i.e, from the handloom weavers to the government. A.Kundu points out, that non-replenishment of rebate bills of the Apex Society,
due with the state government, increases the corresponding figures of bank
loans invested in business. That is why Shivaraman Committee has
recommended that the state governments should promptly reimburse the
legitimate rebate to the societies. Otherwise the rebate system instead of
being an aid, may become a burden.\textsuperscript{35} The delay caused in repayments by
Apex Societies create serious difficulties in the financial structure of the
weavers' co-operatives. The consequence of this drawback is that the co-
operative societies start losing interest in such schemes. As a matter of fact
bitter criticism was voiced against the rebate system by Konda Lakshman
Bapuji in his note of dissent in the Report of the Shivaraman Study Team. He
said the following:\textsuperscript{36} 'The rebate subsidy scheme has made a large number of
the primary weavers' societies the dens of corruption. Those responsible for
the management of the societies and the concerned government officials,
particularly those having powers to certify or recommend the bills, have been
conniving at the corruption with mutual co-operation. In addition to making use
of the defunct societies, new bogus societies are being promoted for the sake
of such corrupt practices. Besides, the cloth dealers and brokers in the cloth
business are taking advantage of this scheme by reselling the handloom cloth
at market price. The consumer is thus deprived of the benefit from the rebate.'

People in general believe that societies have become parasites on the
state for protection and patronage.\textsuperscript{37} According to A.N. Bhattacharya, the
announcement of discount is nothing but a psychological stunt designed to
dupe the customers, since it is a process of escalating the lebel price and
The co-operative societies of Sualkuchi in the financial year 2005–2006 sold from 45% to 52% of their total production during rebate periods. This situation makes it difficult to ascertain whether the growth achieved in the production of handloom cloth is due to its inner vitality and popularity or due to the protective measures adopted to shelter it. An amount of rupees eighty lakhs has been proposed by the Government of Assam for the Annual Plan 2007–08 in the Eleventh Five Year Plan for rebate subsidy and implementation of district Development Scheme including market promotion activities to entrepreneurs/ NGO/ Org etc. Knowing the inner turmoil created by the rebate subsidy scheme many Apex societies are of view that the subsidy system should be scrapped and instead the subsidy which the states now spend should be utilised for improving the primary weavers' societies. At the same time, if any state decides to continue the subsidy system, it will not be advisable on the part of the other states to discontinue it and put their co-operatives in the state which continues it. The Shivaraman Study Team realized that a change-over from the system of subsidy to a system of 'no-subsidy' may not be immediately accepted. In spite of demerits the rebate subsidy system along with other protective measures, offers time and opportunity to the handloom industry to gain the necessary strength to develop on its own. If the Government wants then gradual wiping of the rebate subsidy system will leave the Government with more funds that can be utilised for other development as required by the
handloom industry. In a way the corruptions will get discounted and make way for rendering positive assistance.

6.5 Position and development of handloom industry during Five Year Plans

Post independence the First Five Year Plan (1951-56) was the starting point of economic resurgence of the village and cottage industries. The handloom industry has received considerable attention of the planners right from inception of the planning in the country. Increase in the production of consumer goods as much as possible through the household or hand industries and to provide adequate market for the products is one of the basic objectives of the plans. The industrial policy during the First Five Year Plan was mainly based on the industrial policy of 1948 which emphasized the rising of national economy through cottage and small industries.

The First Five Year Plan: It gave importance to handloom industry for its rehabilitation and then to achieve its development. It was stated that the Government should give same attention to the industries as to agriculture. Other essential features of this plan period are assurance of regular supply of raw materials, implementation of common production programme, imposition of small cess on large-scale industry. The common production programme would necessarily imply a measure of control by the government, especially over the organized large-scale industry. Accordingly, the policy of reservation of certain varieties of 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 (Additional 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. Government adopted Khadi and other handloom industries (Additional Excise Duty on Mill Cloth) Act, 1953, which provided levy on mill cloth. It is better known as Cess Fund. The main objective behind the setting up of such a fund was to encourage, assist and develop the handloom industry, in the field of marketing, production and quality control. With the passage of time the proceeds were found to be inadequate for implementation of different programmes, hence it was increased from time to time. However, it was abolished in 1960. The proceed have been credited to the general revenues since then and funds are sanctioned for the development of the handloom industry from the Consolidated Fund. Moreover, one of the policies of the government implemented during the First Five Year Plan was to exercise control over the productive capacity of mills with a view to minimizing the area of competition to the handloom industry from the mill sector and giving a wider scope for the former. In this plan the development of weaving industry was treated as a conjunct to the development of agriculture. This would also help to absorb the disguised unemployed labour for development of village
industries such as weaving. The production from the handloom industry was envisaged at 1,700 million yards as against 4,700 million yards for the entire textile industry. The actual achievement at the end of First Five Year Plan was 1,358 million yards for the year 1955-56, where as it was only 843 million yards at the beginning of the plan. For this plan an amount of rs.10781 lakhs was sanctioned for the handloom sector and the amount spent was Rs. 969.52 lakhs. It was during this first plan that the Government of India found it necessary to investigate the difficulties in-depth as faced by the handloom industry. This would also help in lessening distress caused to the large number of poor and unemployed weavers. The competitive environment caused by mill made and power loom cloth was increasingly hitting the handloom sector. Hence a committee was appointed to enquire into the state of handloom industry in details. The government of India keeping the above factors in view appointed the Textile Enquiry Committee headed by Mr. N. Kanungo, in 1952. The committee provided recommendations and also it 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 economic and social fabric, the handloom industry has to be made technically more efficient by converting the handloom either into a semi-automatic loom and/or into a power loom, as power becomes available more generally in the areas where the handloom industry is widely prevalent. The Government of India had set up the Cottage Industries Board in 1948 with a Standing Committee to look
after the interests of the handloom weavers.\textsuperscript{54} The Government of India created a handloom development fund of Rs. 10.00 lakhs in 1949 and placed it at the disposal of the Board for disbursements to state governments as grants for approved handloom development schemes.\textsuperscript{55} The Government Of India had passed the Cotton Textiles (control) order prohibiting manufacture of certain varieties of cloth by textile mills and reserving production of the same exclusively by handlooms.\textsuperscript{56} But in practice this order had not been implemented effectively.

The Second Five Year Plan (1956-1961): The Government of India launched this plan covering the period from 1\textsuperscript{st} April 1956 to 31\textsuperscript{st} March 1961. An independent position was carried out for the development of this sector.\textsuperscript{57} The Industrial Policy Resolution 1956, became the base for the formulation of second and subsequent five years plans.\textsuperscript{58} 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.\textsuperscript{59} The objective of the 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 that of the large scale industry. Other objectives during this plan were to extend work opportunities, to raise progressively the standards of living of the weavers and bring about a more balanced and integrated rural economy. The target of production from the
handloom sector was fixed at 2,100 million yards by the end of Second Five Year Plan in the total target of 8,000 million yards from all the sectors of the textile industry and the achievement was 5,136 million yards by mills and 2,592 million yards by handlooms and power looms.\textsuperscript{60} The Government of India decided to have 35,000 power-looms installed under the scheme of conversion of handlooms into power looms during the Second Five Year Plan period. \textsuperscript{61} Against this set target, only 3,500 - 4,000 power looms could be installed during the Second Five Year Plan period. \textsuperscript{62} In order to gear up the technological efficiency of the handloom industry, All India Institutes of Handloom Technology were started at Salem and Varanasi in 1956.\textsuperscript{63} For research promotion, improvisation of product technique, train personnel and invention of new designs, Weavers' Service Centres were opened in the principal handloom centres. 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. \textsuperscript{64} It was intended in the Second Five Year Plan that the role of rebate subsidies, sheltered markets and role of subsidies would be reduced gradually before making a total abolishment and that more efforts would be put forward for increasing productivity of weavers through positive forms of assistance. The approach during the Second Five Year Plan period was that the handloom industry was to be organized more and more on co-operative 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. It was
during this plan the Reserve bank of India Scheme for financing the weavers’
co-operative societies was launched. Out of the total plan outlay of Rs. 200
crores for Village and Small Industries, Rs 59.5 crores had been fixed for
handloom industry. Production increased from 742 million yards in 1950-51
to 1900 million yards in 1960-61. Fuller employment was provided for nearly
three million weavers and exports of handloom cloths on an annual average
had been about 36 million yards. The number of looms in co-operative fold
increased from less than seven lakhs in 1953 to almost 13 lakhs by the middle
of 1960. It was claimed during this plan that effective steps had been taken
to check the installation of power looms except by the handloom co-operative
societies.

The Third Five Year Plan (1961-66): The expenditure incurred for the
development of the handloom industry during the Third Five Year Plan period
was Rs. 25.37 crores. The production in the decentralized sector was 3,197
million metres in 1967. In the Third Five Year Plan emphasis was on
integration of handloom industry with the rural economy. The concept of rural
industrialization was spell out, more significance was attached to positive
forms, assistance such as improvement of skills, supply of technical guidance,
better equipment and liberalized credit. This plan emphasized the need to improve productivity of cloth on one hand and that of weavers on the other.\textsuperscript{74} Weavers were provided with loan facilities on a liberal scale which they could borrow from financial institutions. With a view to improve the economic conditions of handloom weavers, a programme for conversion of handloom into power loom on co-operative basis was taken up early during the Second Five Year Plan and continued till the Third Five Year Plan.\textsuperscript{75} Out of the total outlay of Rs. 264 crores for Village and Small Scale Industries in the Third Five Year Plan, Rs. 34 crores were earmarked for handloom industry.\textsuperscript{76} In the year 1966 production of mill made, handloom and power loom clothes was 4401, 3141 and 870 million metres respectively.\textsuperscript{77} The number of handlooms in co-operative sector increased from 1.32 million in 1960-61 to 1.41 million in 1966-67.\textsuperscript{78} Value of export increased from Rs. 5 crores in 1960 to 12.6 crores in 1965.\textsuperscript{79}

The Fourth Five Year Plan (1969–1974): policy regarding assistance to handloom industry remained unchanged during Annul Plans (1966-67 to 1968-69) and the Fourth Five Year Plan. The Ashok Mehta Committee (1968) critically reviewed the programmes of three sectors - Government of India, Planning Commission and Annual Plans 1966; and suggested an approach towards their development in the Fourth Plan. The objectives of the plan were:\textsuperscript{80}

\begin{itemize}
  \item \textit{The Fourth Five Year Plan (1969–1974): policy regarding assistance to handloom industry remained unchanged during Annul Plans (1966-67 to 1968-69) and the Fourth Five Year Plan. The Ashok Mehta Committee (1968) critically reviewed the programmes of three sectors - Government of India, Planning Commission and Annual Plans 1966; and suggested an approach towards their development in the Fourth Plan. The objectives of the plan were:}\textsuperscript{80}
\end{itemize}
1. Social objectives of providing employment.

2. The economic objectives of producing saleable products.

3. Wider objective of creating self – reliance among the people .

4. Building up a strong rural community.

The total expenditure during the Fourth Five Year Plan period for handloom industry amounted to Rs. 29.21 crores.\(^1\) Production of cotton cloths in the decentralized sector was expected to increase to 4,250 million metres in 1973-74 from about 3,350 million metres at the beginning of the Fourth Plan.\(^2\) Against this target the actual production in 1972-73 was 3,380 million metres.\(^3\) In 1973-74 production of cloth in handloom sector was 2,132 million metres.\(^4\) In December 1973 under the Chairmanship of B. Shivaraman a study team " the High Powered Study Team on the Problems of Handloom Industry" was constructed, to suggest a programme for its development in the Fifth Year Plan.\(^5\) 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.\(^6\) The High Powered Study Team suggested several measures.\(^7\)

1. Provision of adequate quantities of yarn.

2. Modernization of handlooms where necessary to make product more efficient.
3. Create an agency at the centre exclusively for the development of handloom industry.

4. Setting up of handloom corporations to look into the problems of the weavers outside the co-operative fold.

5. Arrangement for the marketing of not less than 50 per cent of the production and if required by the weavers 100 per cent of the production.

6. Organisation of extension service for passing as higher levels of technology in handloom to weavers.

7. Maintenance of raw materials bank to ensure a continuous supply of yarn, dyes and chemicals.

As per recommendation of Shivaraman Study Team to create an organisation for training and development of the handloom industry, the Office of the Development Commissioner for Handloom was created. Since then it has launched number of schemes aimed at the all round development of the handloom sector, including the following:

A. Intensive Development Projects in 25 selected areas.

B. Export Production Projects in 21 selected areas.

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

D. Schemes for improving marketing in the co-operative sector by strengthening the share capital base of the Apex Societies.
E. Schemes for strengthening the co-operative sector by giving contributions to the equity base of Handloom Corporations.

F. Schemes for establishment of processing facilities for the handloom sector all over the country.

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

H. Schemes for continued employment by production of controlled cloth in the handloom sector.

I. Arrangement for government initiative in the purchase of handloom cloth for its own use.

J. Schemes for publicity of handloom fabrics by way of trade fair and exhibitions.

K. Schemes for supply of research and development inputs in the handloom industry.

With the acceptance and implementation of this recommendation, by 1980 -81 a network of 18 State Handloom Development Corporations had come up.90

The Fifth Five Year Plan (1974-75, 78-79): The Government of India initiated special schemes for revitalization and development of handloom industry as part of the 20 point economic programme.91 It includes integrated handloom development projects (each of about 10,000 looms) and export production projects (each of 1000 looms). Another new scheme introduced
during the plan period, is the production and distribution of handloom Janata cloth, which is a counter-part of controlled cloth of mill sector. Total outlay for Fifth Five Year Plan was fixed at Rs. 99.92 crores. Export projection was expected to be in the order of Rs. 155 crores. Production was expected to go up to 4800 million metres in case of cotton handloom cloth. It is viewed that by implementing the production and distribution of Janata cloth scheme, a substantial dent has been made on the under employment of the weavers, apart from the opening up of new employment opportunities. Coarser varieties of handloom cloths which were low priced were produced under the scheme of "janata Cloth." It can be said that this scheme wasted the skill of weavers on producing fabrics that require low level of skill. Weavers inside the co-operative or corporation fold reluctantly took up the weaving of Janata cloth when compelled by the societies or the corporation to fulfill the target set for them. From the period 1974-80, production in the handloom industry is estimated to have gone up from 2100 to 2000 million metes. The employment coverage increased from 52.1 lakhs persons to 61.5 lakhs persons and export registered a growth of Rs.261 crores. By March 1980 out of 30.31 lakhs handlooms in the country 13.17 lakhs had been brought under the co-operative fold. But the effective coverage is estimated to be about 9.4 lakhs or 31 percent against Fifth Plan target of 60 percent. It reveals the gap between target and achievement during the plan period.
The Sixth Five Year Plan (1980-1985): In this plan an approach has been made in the light of Industrial Policy Statement of 1980, on the basis of industry-cum-area development approach leading to vertical and horizontal integration of programmes. Setting up of spinning capacity was to be increased to augment supply of hank yarn to weavers. Other main features of the Sixth Plan are establishment of the National Handloom Development Corporation; to bring 60 percent of handloom under effective coverage; increasing productivity through modernization and renovation of looms. Accordingly National handloom Development Corporation was established in 1982. A new institute of Handloom Technology was set up in 1982 in Gauhati to help diversified and commercial production of handloom cloth in the North-East Region based on its traditional designs and motifs. The National Bank for Agriculture and Rural Development (NABARD) was set in July 1982 in order to achieve effective implementation of the concept of integrated rural development as envisaged in the Sixth Five Year Plan. During this period, production was estimated to increase from 2900 million metres in 1979-80 to 4100 million metres in 1984-85 with a growth rate of 7.2 percent against 5.2 percent per annum in 1974-80. The employment coverage was expected to go up from 61.5 lakhs persons to 87 lakhs persons and exports from Rs. 261 crores to Rs. 370 crores over the plan period. But the target adopted in the Sixth Plan for production, employment and export could not be achieved. The production of handloom might have gone up from 2900 million metres in
1979-80 to 3600 million metres in 1984-85.\textsuperscript{105} During the same period employment in the handloom sector increased from 61.50 lakhs persons to 74.66 lakhs persons.\textsuperscript{106} The export of handloom products went up from Rs. 290.41 crores in 1979-80 to Rs. 348.86 crores in 1984-85.\textsuperscript{107} As regards co-operativization, about 16 to 17 lakhs weavers had been brought under the co-operative fold. Although the gross coverage is about 60 percent, yet the effective coverage is around 32 percent as many societies have become dormant.\textsuperscript{108}

The Seventh Five Year Plan (1985-1990): The Textile Policy of 1985 guides the development of handloom sector during the Seventh Five Year Plan. The Textile Policy announced in June 1985 envisages that in the weaving sector the unique role of handloom shall be preserved and that the growth and development of this sector shall receive priority. For the purpose of policies the power looms in the organized mill sector and the unorganized power loom sector shall be treated at par. Effective measures, however evolved to prevent encroachment of the power loom sector on items reserved for handlooms. The Seventh Plan emphasized upon co-operativization and development of handlooms through central/ state level corporations, modernization of looms and provision of technological inputs, ensure adequate availability of yarn and other raw materials, increase the production of mixed and bounded fabrics, support to improve the competitiveness of handloom products so as to eliminate the cost handicap of handlooms, improve marketing and infrastructure support and strengthen the data base.
Reservation continued under Handloom (Reservation of Articles for Production) Act, 1985. The provision of the Act remained enforced and the machinery for this purpose was suitably strengthened. During the plan period the target of production of handloom cloth had been placed at 4600 million metres and additional employment to be generated had been estimated at 23.47 lakhs persons. During the Seventh Plan period export was expected to increase from Rs. 348.86 crores to Rs.485 crores. The Government of India appointed the Abid Hussain Committee in the year 1988. The main aim of appointment of this committee was to analyse the problems arisen in the handloom industry after the announcement of 1985 Textile Policy which was announced in May 1988. The committee submitted its report in January 1990. The committee had expressed that the basic issue facing the textile industry is a major restructuring that it has to undertake by the turn of year 2000. The committee had recognized that the labour employed in the industry, be they handloom workers, power loom workers or factory workers – they will face serious dislocation as a result of any restructuring or modernization process. Further the committee felt that the 9185 Textile Policy was a failure to provide adequate institutional support to the weavers. The committee suggested the government to open up new institutions like Apex Cotton Development and Technology, Handloom Promotion Agencies, National Handloom Development Authority and Power loom Area Development Corporations.
The Eighth Five Year Plan (1992-1997): The Seventh Plan Period saw shortage of production in handloom cloths. It was also observed that export of handloom cloth was in decline. This resulted in weavers losing their jobs and commercial handloom decreased to 9 lakhs from 38.9 lakhs as per reports of Seventh Five Year Plan. The Janata Cloth subsidy had been raised from Rs. 2.75 per Sq. Metre to Rs. 3.40 per Sq. Metre. From July 1990 there had been a shortfall of production of Janata cloth which were meant for distribution to weaker sections of the society. In the year 1991 two new schemes were taken up – one relating to the procurement of handloom products from North-East and the other relating to handloom export development. Mira Seth Committee constituted by the Government of India in 1996 to look into all aspects of handloom sector in the North East region also emphasized on the adequate credit flow to the handloom sector, technology upgradation, human resource development and appropriate research and development intervention wherever necessary. The committee also suggested that uncompetitive handloom products need to be phased out and replaced by commercially viable products meant for both domestic and foreign markets.

The Ninth Five Year Plan (1997-2002): During the Ninth Five Year Plan the handloom weavers faced stiff competition from the power loom and mill sector. However timely intervention of the government by extending assistance through different development and welfare schemes the handloom sector could withstand such competition to a great extent. Production of handloom cloth during the Ninth Plan was 377.87 million metres whereas the
target was 507.50 million metres. Similarly in the power loom sector while target was 36.00 million metres achievement was 9.82 million metres.\textsuperscript{116}

The Tenth Five Year Plan (2002-2007): The rapid change in taste and choice of end users caused difficulty to the industry for survival. Considering the present scenario of the handloom sector, emphasis had been given in the Tenth Five Year Plan to understand preferences of target market. Assam Government Marketing Corporation is the state level corporation that works for weavers outside the co-operative sector. Assam is the home of Muga and Eri and also produce Mulberry yarn to some extent. In spite the industry could not furnish in commercial sphere the required cloths. During the Tenth Plan period there were 2.80 lakhs commercial looms and 5.70 semi-commercial looms in the state of Assam. The co-operative coverage during the Tenth Plan was 30 percent of the states weavers' population which is far below the national coverage. In the tenth Five Year Plan period it was targeted to achieve co-operative coverage up to 45 percentage of the total weavers' population.\textsuperscript{117} The objectives of the Tenth Five Year Plan were enhancement of production of quality handloom fabrics, creation of additional employment opportunities, enhancement of per capita income of handloom weavers and compete with confidence in the global market. During the Tenth Plan it had been proposed to give emphasis to:\textsuperscript{118}

A. Skill and technical upgradation of the weavers by revamping the existing training centers to ensure production of quality and value added items and increase in wages;
B. Design upgradation to meet the fast changing taste and demand of the domestic and global buyers by setting up a Design Consortium in the state level;

C. Ensure regular supply of quality raw materials to the handloom weavers at a reasonable price through authorized yarn depots to be established under Mill Gate Price scheme of Government of India;

D. Corpus fund to ensure effective implementation of the proposed yarn depot by Apex Society, Assam Government Marketing Corporation and a few well organized primary societies.

The Textile Policy 2000 already gave emphasis on development of handloom through co-operatives. In co-operative coverage the state of Assam is lagging behind the all India coverage. On the other hand the co-operatives are the major instrument for boosting up production and transformation of socio-economic condition of the handloom weaving implementing centrally sponsored and Central Sector Schemes. An amount of Rs.1130.00 lakhs was proposed for co-operative sector during the Tenth Plan period. During the Tenth Plan the following schemes were in vogue:

1. Scheme for Deen Dayal Hathkargha Yojana for development of weavers of handloom.

2. Schemes for marketing incentive.

3. Project Package Scheme

4. Integrated Handloom Village Development Project

5. Group Insurance Scheme

6. New Insurance Scheme
7. Margin Money assistance

8. Work shed -cum -Housing Scheme.

9. Special Rebate.

The power loom sector was not developed to the desired extent during the Ninth Plan period. Emphasis had been given for revival of existing dormant or defunct power loom units with the benefit of the Technology Upgradation Fund Scheme (TUFS).

The Eleventh Five Year Plan (2007-2012): The objectives of the Eleventh Five Year Plan are:\textsuperscript{120}

A. Enhancement of production and improvement of quality of handloom fabrics.

B. Creation of additional employment opportunities

C. Enhancement of per capita income of handloom weavers

D. Compete with confidence in the global market

E. Computerization of the Directorate offices with networking

F. Development of web site of the Directorate

G. Emphasis on research and designing using CAD/CAM.

H. Creation of awareness and marketing facilities.

During the Eleventh Five Year Plan it has been proposed to give emphasis in the following sector to ensure forward and backward linkage to the handloom industry:\textsuperscript{121}

1. Weavers Welfare Scheme
2. Credit Flow
3. Strengthening of handloom co-operatives
4. Marketing
5. Export market
6. Power loom.

The power loom sector in Assam could not develop to a desired level even during the Tenth Plan period. The major factors are lack of infrastructure facilities like pre-loom and post-loom processing and also want of organized marketing. Due consideration may be given specially for market survey and study in abroad to explore maximum possibility of marketing Eri and Muga products of Assam. In the draft of Eleventh Plan it is proposed to give benefit to 1,38,280 women weavers with the financial involvement of Rs. 13,828.00 lakhs as well as Annul Plan of 2007–2008 has proposed to give benefit to 30,280 women weavers all over the state of Assam under the programmed incentive to handloom weavers for creation of self employment potentiality amongst the handloom women weavers within the financial involvement of Rs.3028.00 lakhs.\textsuperscript{122} Besides this, under the centrally sponsored schemes like Project Package Scheme, Deen Dayal Hathkargha Protsahan Yojana, Bunkar Bima Yojana, Integrated Handloom Training Project, Export of Handloom Product ninety per cent of women weavers are expected to get benefit during the Eleventh Five Year Plan. For the empowerment of women necessary fund for training for their skill upgradation have been provided in the scheme Production of Handloom Fabrics and Training Programme. Production target
for the Eleventh Plan in handloom sector is 270.00 million metres whereas employment target is 990.00 thousand. Proposed production target under power loom sector is 15.00 million metres whereas employment target in power loom sector is 680.00 thousand. It is proposed in this plan to upgrade the existing Handloom Research & Designing Centre (HRDC) and bring the handloom products to a more competitive level (to create a wider market) with addition of some new facilities on design. These are:

A. It has been proposed for establishment of a CAD/CAM centre at the HRDC for development of designs in a high tech method. New designs and colour combinations in fabric will be categorically developed in the CAD/CAM centre. This is an urgent requirement considering the taste of end users and the stiff competition from the synthetic fabric industries. His Excellency, the President of India in his visit to Assam in October 2006 emphasized on this point in Sualkuchi and advised that Assam handloom should adopt Information Communication Technology for improvement and value addition to the handloom products.

B. It has also been proposed to establish a design museum at the HRDC to keep the traditional, ethnic, cultural designs of different castes, communities and that of different kingdoms of the North Eastern region as well as other parts of the country.
An amount of Rs.165.00 lakhs is proposed for the schemes during the Eleventh Five Year Plan Period and Rs.49.00 lakhs is proposed for the Annual Plan 2007-2008. In the Grants-in-aid Programme supply of improved loom and other accessories worth Rs.10,000/- per loom and Rs.1000/- per yarn per beneficiary to be distributed to the deserving weavers outside the co-operative fold has been proposed. An amount of Rs. 2,866.00 lakhs have been proposed for the Eleventh Plan and Rs.80.00 lakhs for the Annual Plan 2007-2008 for rebate subsidy and implementation of District Development Scheme including market promotion activities to the entrepreneurs/NGO/Org etc.

6.6 Textile Policy in retrospect

The handloom industry was already facing crisis in mid-sixties which by late 1974 became precarious. This resulted in large scale sickness among textile mills. Hence a textile policy was declared in 1978. In 1981 another Textile Policy was announced on the plea that the earlier policies had several drawbacks and did not provide for a steady and harmonious growth of the industry. But no major departure was made the earlier policies. On 6th June 1985 the government came out with a new Textile Policy, which basically departed from the earlier ones. The new policy permitted all sectors to grow according to its inherent strength. The overriding objective is the protection of consumer interests in providing cloth with quality and reasonable price.
To enable handlooms to realize its full potential the policy outlines the following steps:

A. Development of handlooms through co-operatives and central/state level corporations shall be intensified.

B. Greater emphasis on modernization of looms and provision of technological and other inputs to raise productivity, quality and finish of products.

C. Special efforts to ensure adequate availability of yarn and other raw materials through the operation of National Handloom Development Corporation.

D. Encouragement for the production of mixed/blended fabrics of handloom.

E. Strict enforcement of the Reservation Act.

F. Fiscal measures to improve competitiveness of handloom.

G. To improve marketing.

H. To strengthen the data base for better planning and execution of development programmes.

I. Shifting to handlooms the responsibility for the entire production of controlled cloth which at that time was fixed at 650 million metres.

The policy also stressed the need for modernization, limitation of capacity of power looms, freezing of the weaving capacity of mills, stabilization of raw material prices and the harmonious balance between the
use of cotton and synthetic fibres. The policy reiterate that to improve competitiveness and strengthen the handloom market necessary steps should be taken to erase the cost handicap of the handloom vis-a-vis power loom through fiscal measures.

6.7 National Textile Policy – 2000

In between the existing years there had been many reviews, changes and adoption in the Textile Policy by the government in the attempt to implement comprehensive measures for the development of the handloom industry in the country. In the year 2000 another National Textile Policy was announced. The National Textile Policy recognizing the handloom industry's unique position as a self-reliant industry, from the production of raw materials to the delivery of finished goods, with substantial value addition at each stage of processing; and its major contribution to the country's economy. Its vast potential for creation of employment opportunities in the agriculture, industrial, organized and decentralized sectors and rural and urban areas, particularly for women and the disadvantaged is worth mentioning. 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 percent in cloth production, 3.6 percent in the per capita availability of fabrics; 13.32 percent in the export of textiles raising the share of textiles to 13.00 percent of value added domestic manufacturing of the country and to one third of the export earnings of the country need due acknowledgement. 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 of 2004 and the need for a focused approach to maximizing opportunities and strengths inherent in the present situation, the National Textile Policy has been formulated.

It has been set with a vision that as the Indian textile industries are endowed with multifaceted advantages so it shall be the policy of the government to develop it as a strong and vibrant industry that can produce cloths of good quality at acceptable prices to meet the growing needs of the people; it can 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. The objectives of the policy are to:

1. Facilitate the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing.
2. Equip the industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market.
3. Liberalize controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment.
4. Enable the industry to build world-class state-of-the-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 this sector.
5. Develop a strong multi-fibre base with thrust of product upgradation and diversification

6. Sustain and strengthen the traditional knowledge, skills and capabilities of the weavers and craftspeople.

7. Enrich human resource skills and capabilities with special emphasis on those working in the decentralized sectors of the industry and for this purpose to revitalize the institutional structure.

8. Expand productive employment by enabling the growth of the industry with particular effort directed to enhancing the benefits to the North East region.

9. Make information technology an integral part of the entire value chain of textile production and thereby facilitate the industry to achieve international standards in terms of quality, design and marketing.

10. Involve and ensure the active co-operation and partnership of the state governments, financial institutions, entrepreneurs, farmers and non governmental organisations in the fulfillment of these objectives.

The important targets of the textile policy are:

1. 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.

2. Implement vigorously in a time bound manner the Technology Upgradation Fund Scheme (TUFS) covering all manufacturing segments of the industry.
3 To increase in cotton productivity by at least 50% and upgrade its quality to international standards, through effective implementation of Technology Mission on cotton.

4 Assist the private sector to set up specialized financial arrangements to fund the diverse needs of the textile industry.

5 Set up a Venture Capital Fund for tapping knowledge based entrepreneurs of the industry.

6 Encourage the private sector to set up world class, environment friendly, integrated textile complexes and textile processing units in different parts of the country.

7 De-reserve the garment industry from the small-scale industry sector.

8 Strengthen and encourage the handloom industry to produce value added items and assist the industry to forge joint ventures to secure global markets.

9 Re-design and revamp the schemes and programmes of the handicraft sector to ensure better returns for those belonging to the disadvantaged categories and the North East and other backward regions of the country.

10 Facilitate the growth of institutions like National Institute of fashion Technology.

11 Review and revitalize the workings of the Textile Research Associations to focus research on industry needs.

12 Transform, right-size and professionalize all organisations under the Ministry of Textiles to enable them to play the role of facilitators of change and growth.
Within the framework of the policy specific initiatives should be taken on the following sector:

A. Raw materials: The thrust will be on improving the availability, productivity and quality of raw materials at reasonable prices for the industry. Necessary capabilities, including research and development for improvement of fibre quality and development specialized fibres/yarn. The endeavour will be to make available different varieties of textile fibres/yarns of international quality at reasonable prices. The multi fibre approach of providing full fibre flexibility will be continued.

B. Spinning Sector: Despite the thrust given by the Textile policy of 1985 to the spinning sector, resulting in considerable modernization, 80 percent capacity utilization and a 20 percent share of global cotton yarn exports, cotton spinning still suffers the problem of over capacity and of obsolete spindleage. This policy will continue the effort to modernize and upgrade technology to international levels and take the following steps in cotton spinning:

- Encourage the spinning sector to continue to modernize.
- Liberalize and encourage export of cotton yarn
- Review from time to time the hank yarn obligation while ensuring supply of adequate quantity of yarn to handloom sector.
C. Weaving Sector: Despite a 58 percent global share of looms, consisting of 3.5 million handlooms and 1.8 million power looms, technology still remains backward. This sector, critical to the survival of the Indian textile industry and its export thrust, will be rapidly modernized. Clustering of production facilities in the decentralized 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 intrinsic strengths and capacity to meet the demands and requirements of the domestic as well as international markets.

D. Power loom industry: The power loom industry occupies a pivotal position in the Indian textile industry. However, its growth has been stunted by technological obsolescence, fragmented structure, low productivity and low end quality product. The focus will therefore be on:

- Technology upgradation
- Modernization of Power-loom Service Centres and testing facilities
- Clustering of facilities to achieve optimum level of production.
- Welfare schemes for ensuring a healthy and safe working environment for the workers.
E. Handloom Industry: The handloom sector provides livelihood to millions of weavers and craft 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 competition consequent on globalization, with the objective of upgrading their skills to enable to find alternate employment in the textile or other allied sector.

- 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.

- Weavers Service Centres will be revamped in consonance with the contemporary trends, using Information Technology for efficacy, their activities
suitably dove-tailed with activities of centers of design excellence like National Institute of Fashion Technology and National Institute of Design.

- Marketing and merchandising will remain central to the success of the handloom sector, the present package of schemes for production of value added fabrics will be streamlined; 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.

The National Textile Policy of 2000 has drawn up a fiscal road map. The parameters within which the multi-level duty structure and rates of levies will be reviewed and rationalized will include the thrust on exports, the fiscal regime of major competing countries and the need to keep the fiscal prices at levels affordable to the largely poor consumers, who will continue 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, particularly of the handloom power-loom, handicrafts. Innovative measures for tapping public and private sector funding will be worked out. The endeavour will be to:

- Encourage the private sector to take the initiative in participating in financing of specific needs of the textile industry.
- Set up a Venture Capital Fund in consultation with the involvement of financial institutions for the promotion of talented Indian designers, technologists, innovative market leaders and e-commerce ventures.
6.8 Requirement in change of technology

It may be recalled that the handloom weavers at Sualkuchi are still dependent on the outdated technology. In the process they are squashing their own market. Slowly the need for introduction of superior technology in the form of power-loom in case of plain weaving is assuming importance. Prior to the introduction of power-loom, maintenance of labour intensity and how much mechanization is to be allowed along with cost estimation should be understood. The operation of power-loom does not require specialized training as it is a factory based industry. But conversion of handloom to power-loom will face objection from the traditional weavers. The Power-loom Enquiry Committee, 1964 which had studied reasons of unauthorized expansion of power-looms is also of the view that the scheme of installation of power-looms did not meet with the full success, because financial assistance was insufficient and the condition imposed for implementing the scheme in handloom co-operatives in rural areas did not encourage the scheme in some cases. Demand in change of technology is the urgent requirement of the day. At present the low productivity of handloom products are increasing the cost of production of handloom cloths. This steep increase in cost of production is not been able to be absorbed by the market. A committee, appointed by the All India Handloom Board had estimated that handloom cloth suffers from a handicap of 11 to 18 percent over that of mill cloth. Shifting to modern technology would obviously improve the economic condition of the weavers. The Second Five Year Plan recommended conversion of handlooms.
to power-looms and though the government accepted, it could be extended to a certain extent only. The main principles of the policy governing the installation of power-looms in the handloom sector were as follows:\textsuperscript{133}

1. The allotment of power-looms would be on a co-operative basis as in the existing handloom industry.

2. The existing handloom co-operative societies would be assisted to change over to power-looms.

3. Other power-loom co-operative societies may be formed comprising the existing individual handloom weavers.

4. Power-looms should be normally be housed in weavers' cottages.

5. The co-operative unit of the power-looms to be formed should normally be small in size, say 100 looms.

6. Power-loom units should be located only in the rural areas.

7. Normally, only one power-loom should be allotted to each weaver. However, if any weaver has three or more handlooms worked by himself and members of his family, should be allotted a maximum of two power-looms.

8. It is not necessary to insist that where a power-loom is put into commission, the handloom should be put out of commission.

9. Power-looms, under this scheme are meant exclusively for production of cotton cloth.

\textsuperscript{133}
The Government of India decided to allow installation of 35,000 power-looms all over India in the handloom sector under this scheme during the Second Five Year Plan on the basis of guidelines mentioned above.\textsuperscript{134}

The growth of power-loom in the state of Assam is still in its initial stage and not much progress has been made. The state government gave a thrust for development of power-loom sector during 1980 and considerable progress was made with establishment of 1562 power-looms in the state.\textsuperscript{135} An Apex Society of the power-loom co-operatives and entrepreneurs, (APCOFED) with 39 members of power-loom entrepreneurs was established during the period. After the year 1992 the activities of power-loom sector declined and no new power-loom had been set up in the state. A number of established power-looms have also stopped their activities. The decline of power-loom in Assam can be attributed to various factors like:

1. Pre-loom and Post-loom facilities: The lack of pre-loom and post-loom facilities is one of the main hindrances in the growth of power-loom sector in the state. Power-loom units were set up earlier in a scattered manner and all the unit had to depend mainly on the pre-loom unit of ARTFED at Bamunimaidan. However, this single unit could not cater to the needs of all the power-loom units through out the state and the transportation cost too became high. The existing power-loom unit at ARTFED needs technology upgradation to cope with the present developed power-looms. Four post-loom units were also set up in the state, out of which two are under the state government, one under the
co-operative sector named APOL and one had been set up by an entrepreneur. The two of the state owned post-loom units have ceased production.

2. Power: The viability of power-loom sector depends on the uninterrupted power supply and needs to run three shifts back to back a day. Due to inconsistent power supply the units are unable to run with its full potential leading to severe loss.

3. Working Capital: The power-loom unite that were set up was with the assistance of loans from financial institutions. The state government also provided Margin Money Assistance to the entrepreneurs, co-operative societies for procuring looms. However, these units after establishment could not obtain working capital from the financial institutes as necessary criteria could not be met and gradually the units were crippled. The power-loom weaving complexes under government sector at Bijni and at Katimari, Nagaon have stopped production for want of working capital.

4. Raw materials: Non-availability of raw materials in the state for power-loom units is another factor for which this sector could not make nay head way. Out of four cotton spinning mills and four polyester spinning mills, only two polyester mills are functioning in the state. This has resulted in the shortage of raw materials and ultimately closure of many of the power-loom units. As the power-loom sector depends on the raw materials out side the state, due to fluctuation of price and transport bottleneck raw materials cannot be bought at reasonable price.
5. Government Agencies: The government agencies which are setting rules and policies for the power-loom sector of Assam are Assam Industrial Development Corporation, Assam Small Industries Development Corporation, Assam Power-loom Development Corporation and Directorate of Handloom and Textiles, Assam. A uniform policy should be adopted by the state government to bring the power-loom sector under one government department to improve its growth.

Margin Money Assistance and share Capital Assistance schemes are provided by the state government to societies under co-operative sector to encourage power-loom production. But the amount released against these schemes are very less due to financial constraints. Credit facility should be provided to the power-loom entrepreneurs for obtaining working capital and financial assistance for opening sales counter to improve marketing facilities like the scheme of Market Development Assistance provided to handloom sector to revive the awareness facilitated by power-loom. Table 6.01 shows fund allocation to power-loom sector but desired outcome could not be achieved in production and profit.
Table 6.01 Fund Allocation and Expenditure during last five Years of Power-loom Sector:

<table>
<thead>
<tr>
<th>Year</th>
<th>Allocation (Rs in lakhs)</th>
<th>Expenditure (Rs in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2001</td>
<td>1.00</td>
<td>0.98</td>
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<tr>
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<td>Nil</td>
</tr>
<tr>
<td>2004-2005</td>
<td>3.00</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Source: Directorate of Handloom & Textiles

It is to be observed here that only fund allocation does not help to achieve a turning point. Dedicated supervisors and good management are equally important to see that proper works are taking place and public exchequer is not wasted. Here we can cite the example of the ‘Golden Yarn Project.’ In the year 2000 during the period of Ninth Five Year Plan, the ‘Golden Yarn Project’ was sketched by the Government of India to encourage production of Muga cocoons on commercial basis. The aim was to achieve the demands of Muga yarn in the global market which would eventually uplift the economy of Assam. This project is continuing as it is to be done till the target is achieved. The project was implemented in five districts of Assam which have the potentials to meet the necessary criteria. It has been allocated a budget of 3.8 crores. The outcome of Lakhimpur district of Upper Assam regarding this project is not positive. The machineries and equipment purchased by 47 self help groups, of the district associated with this project, costing around Rs.4.28 lakhs are having incessant technical
faults. These people have measurably failed to achieve their objectives due to lack of proper supervision, guidance and training.

In Sualkuchi the Pit loom and the Throw Shuttle Frame loom had replaced the loin/country loom in the process of technological improvement brought about by empiricism. After the invention of Fly Shuttle Loom by John Kay in 1733 the Throw Shuttle loom was replaced by the former. In European countries the Fly Shuttle Loom was replaced by the power-loom invented in 1785 by Edmund Cartwright of England. As a whole in India, it was after the coming of East India Company who had in-fluxed into the interior of the country and helped spreading the use of Fly Shuttle Loom. The Jacquard and the Dobbey machines used for flowering and designing the fabrics are also contributions of the Britishers into the Indian weaving society. Amidst times like discouraging weaving in India during British rule, these are certain boons that need to be acknowledged. During the time of struggle for independence in India, at Bengal a semi automatic loom known as Chittaranjan Loom, named after the veteran freedom fighter and Congress President Chittaranjan Das was introduced. It is however still used in West Bengal and Bangladesh and in Assam also the immigrant Bengali weavers use it. Simultaneously another type known as Benaras semi-automatic loom similar to the Chittaranjan in mechanism was also introduced in Benaras and in some other parts of the country. To contribute towards development of technology in the handloom sector Professor Amartya Sen, the 1998 Nobal
Laureate in Economics had studied in his "Choice of Techniques" the relative productivity of different types of looms including the Benaras type and the power-looms. Among the different types of handlooms, the weavers find the Benaras type to be more productive. It was found that in the Benaras semi-automatic loom the texture of the fabric woven also remains uniform due to rhythmic shedding, picking and beating and therefore quality control of the cloth is better than in the simple fly shuttle loom. In Assam the simple fly shuttle loom was introduced during the second world war. An English Superintendent of Weaving, Assam, is reported to have induced a master weaver of Sualkuchi, Kaliram Karikar, to introduce the fly shuttle loom in 1942 along with the Jaquard for bordered flowering and designing the breadth of the fabrics to suit the aesthetic tastes of the users. After these changes, for more than half a century no attempt was made to bring about technological innovation. It has been only the simple fly shuttle loom that is widely used in Sualkuchi and almost all over Assam. Semi-automatic looms are not yet in vigorous use by the weavers of Assam. The obsolete technology used in weaving handloom cloths cannot face the stiff competition given by power-loom products and textile mill sector.

During the course of the study it has been understood that people of Sualkuchi have certain apprehensions about shifting to a higher version of technology. The main factor is the fear of unemployment by the weavers' section. Their inhibitions fail to make them understand that transition to a higher technique of production will occur in a slow and phased manner.
Moreover, even if the new technology is implemented it cannot be done in an aggressive extent so as to raise severe fear about unemployment. Dr. P. C. Mahapatro has rightly remarked "the wheels of progress cannot be stopped in the long run and the natural process of adjustment in the technical changeover from the lower to the higher technique of production in the industry will come into operation." The weavers of Sualkuchi should be highlighted about the advantages they will meet while meeting the increased demand for handloom cloths. The Kanungo Committee had noted that practically in each of the important power-loom centers of the country, the power-loom industry evolved from the handloom industry, symbolizing the attempt of the entrepreneur to get a higher return by increasing the productivity of the tool. The Power-loom Enquiry Committee corroborates the same view that "the major factor behind installation of power-loom has been the desire of the handloom weavers to improve their efficiency and productivity and reduce the strain of operation." The Committee also emphasized the point that "having restricted the production of the textile mill sector, unless additional weaving capacity is actually set up in the decentralized sector and switched on to production in accordance with the schedule the cloth supply position in the country would become difficult. These positive aspects which were studied by the reliable committee, if made aware amongst the people, surely they will begin thinking for technological changeover. It must not be forgotten that handloom is a relatively inefficient
tool of production for ordinary fabrics.\textsuperscript{148} Therefore, it is not desirable to increase the production of cloth in future by increasing the number of handlooms.

To some extent the government policies of expansion and strengthening of co-operative sector; financial benefits in form of grants-in-aid; scheme of rebate subsidy turn out to be too protective for the handloom industry. Hence, in spite of high cost of production, erratic supply of yarn, lack of proper marketing channels, weavers to a certain level have become laid-back because one or the other policy from the government keep coming to provide them with a comfort zone. The solution to all such problems can only be found by the introduction of superior technology in the handloom industry.

The erratic supply of yarn, variations in their quality and prices, higher overheads on account of under-utilization, the lack of institutional infrastructural facilities and marketing organizations, etc. are the major shortcomings of the weavers. In spite of such difficulties the higher rate of production leading to better wages, low capital investment, cheaper cost of production compared to the mill industry and easy availability of looms and spares, were some of the major factors responsible for growth of the power-loom sector in rest of the country. The rapid increase in the number of power-loom is also attributed to the tax differential which the power-looms enjoy over the mills.\textsuperscript{149} The ultimate replacement of handloom by power-loom is perhaps inescapable.\textsuperscript{150} In that case the growth of power-looms will not inherently pose a menace to the handloom weaver because it is the handloom
weaver himself who will benefit by acquiring a power-loom. It is only a little
guidance, certain facilities and sense of security that are to be provided by the
government which will make the weavers accept power-looms. The Power-
loom Enquiry Committee (1964) have already mentioned that the substitution
of throw shuttle looms by fly shuttle looms does not enthuse the weavers
when, side by side, they see weaving by power operation bringing a much
higher earning with less strain.\textsuperscript{151} The need for introduction of superior
technology should be embraced sooner as this will help the weavers employ
their skills into best operation and "value added for time spent is
reasonable."\textsuperscript{152} Apart from the weavers' sector the end customers will also
benefit because market price will come down along with cost of production.
The market for handloom products will further augment when demands will be
met, that too at a reasonable price. A better market achieved with technical
change will also bring an upliftment into the state's economy. However, it is to
be mentioned in this chapter that in spite of efforts put forward by the
government and government agencies the handloom industry in Assam has
not with appreciable success in improvement of productivity. There have been
implementation of policies and upcoming technologies but not consistent and
free of corruption.
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