Chapter- IV

ORGANIZATION AND STRUCTURE OF THE HANDLOOM INDUSTRY

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4.1 **Introduction**

The pure silk handloom industry in Karnataka state consists of an organized and unorganized sector. The organized sector can be divided into two viz, the government sector and co-operative sector. The government sector consists of the Karnataka Handloom Development Corporation Limited and weavers working under the corporation. The co-operative sector comprises the Karnataka Co-operative Handloom Weavers Federation Limited (Apex society), Primary Silk Handloom Weavers Co-operative Societies and the weavers working under the societies. The unorganized sector includes the master weavers, independent weavers and the coolie weavers. This has been shown in chart no. 4.1.

4.2 **Karnataka Handloom Development Corporation Limited (KHDC)**

In spite of the best efforts of the State Government, Karnataka is one of the States where the co-operative sector is rather weak. It is, therefore, necessary for a corporation at the state level to take over the responsibility of the coverage of looms, weavers and transfer of loom from the unrecognized sector to the organized sector. The government of Karnataka has therefore, set up the “Karnataka Handloom Development Corporation Limited” under the Companies Act, no.1 of 1956 on 3rd October 1975.

The corporation aims at liberating the handloom weavers from the clutches of the middlemen in the marketing of fabrics.

The corporation procures the raw materials like raw silk, dyes, zari, etc., and supplies them to the small weavers. Yarn is weighed for every fabric and given to the weavers, with details regarding the design of the fabric to be woven. The weavers, in turn bring the fabrics after weaving to the corporation which pays them the labour charges.

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Objectives of the Corporation

One of the principal objectives of the Corporation is to develop intensive handloom employment projects which should be in a position to undertake the following services for the weavers covered by them:

1. Arrange for 100 percent marketing of handloom products produced by the weavers.

2. To meet the yarn requirement of weavers for steady livelihood on handlooms.

3. To release the weavers from the clutches of master weavers.

4. Organizing training of such weavers who are capable of being trained and thereby improve their quality of weaving and earning capacity.

5. Organize credit required by the weavers for pursuing their occupation with the help of a suitable branch of a scheduled/nationalized bank.

6. Arrange for the modernization of handlooms whereever necessary to make the production more efficient.

7. Organize the extension service for passing a necessary higher level of technology in handloom to the weavers in the unit and give them better design with the assistance to the weaver’s service centre and the co-operation design cell.

8. Maintain raw material bank with adequate stock of yarn, dyes and chemicals and spare parts of the looms so that a continuous supply of these inputs to the weavers in the unit could be maintained. If necessary to organize a suitable dyeing unit to support the production programmes of the unit².

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² Ibid. P. 35
KHDC operates through show rooms and projects involving 12,675 weavers. The corporation had a turnover of Rs.78 crores (provisional) during the year 2004-05. Amongst the important functions of the corporation during the year was to introduce new products, like shirts, designer sarees and dresses. The corporation also supplied uniforms worth Rs.43.90 crores under the Vidya Vikasa scheme of the Department of Education.

Under the weaver’s special package, the corporation received Rs.6 crores as a margin money and raw material purchase support from the state Government. In addition, the state Government converted Rs.28.66 crores loan as equity and provided Rs.7 crores to voluntary retirement scheme for employees.

Apart from the other facilities the corporation has several schemes in operation for weavers; viz., housing scheme, thrift fund scheme, group insurance, weavers death relief scheme, working capital and developmental loans.

KHDC is also the sole implementer of various important Government schemes like Janatha saree, dhoti scheme, the Vidya Vikasa scheme for school children.

The products of the corporation are sold through its retail show room called “PRIYA DARSHINI HANDLOOMS”. It is a well known name throughout India. There are 59 show rooms spread all over Karnataka and other metropolitan cities outside the state like New Delhi, Calcutta, Madras and Hyderabad.

4.3 Co-operative sector

The Corporation is one of the ‘Economic miracles of the last century’. The co-operative form of organization is most suitable for handloom industry, where small weavers could be organized and could be provided with all

3 Ibid. P.38.
required services. The exploitation from other agencies such as master weavers, money lender and dealers etc., can be avoided or at least minimized.

The co-operative is a voluntary and democratic association of human beings based on equality for the promotion of their common economic interests. Co-operation has manifold applications. It has certain advantages. “Which neither the system of private enterprises nor that of the state ownership can match”. Amongst its manifold spheres, silk handloom industry is in the field of activity where it can be applied to the best advantage.

Silk handloom industry, being unorganized has, since its start, faced a number of problems relating to finance, supply of raw materials, improved technology and marketing. Silk handloom weavers being ignorant, unorganized and scattered are unable to secure even bare minimum services needed by them on fair and reasonable terms. This calls for the need for organizational support which can bring to them all advantages of economics of large scale production and protection from the middlemen and the master weavers. It is for this reason alone, silk handloom weavers co-operatives have been sponsored and organized in the country with a view to make available cheap, facile(easy) and timely credit facilities along with improved technology, marketing and other facilities.

The handloom co-operatives are a major segment accounting for a large proportion of weavers as members. The co-operatives that emerged as a mechanism for protecting the weavers from the dominant master-weavers and traders and recorded notable success in their objective have seen a decline since the 1980s. If the increasing use of the handloom co-operatives as channels of political ascendancy by the community elite drifted the co-operatives away from their intended purpose, then the increasing political and Governmental interference, development of bureaucratic tendencies and corruption hampered their autonomous functioning. Further, the ineffectiveness of the co-operatives in ensuring regular supply of the raw-materials and the delays in the payment
of wages, forced the average weaver to shift to the master-weaver system. As a consequence of this, a number of co-operatives, which once had successful record, have been rendered non-functional. The bogus co-operatives, floated by influential master-weavers/traders/local politicians (and also by power loom owners) to corner the subsidies and marketing facilities extended by the Government and the state apex handloom co-operative body, have not only robbed the genuine co-operatives of their due share but also contributed to the credibility crisis of the co-operative sector4.

The displaced independent and co-operative sector weavers were forced to migrate to the handloom centres to work under master weavers and to power loom centres. The migrant men weavers thus began shifting to power looms and women weavers to beedi making. In the urban areas where alternative employment opportunities are relatively better, we find the young weavers taking up job of shop assistants and also shifting to construction work, autorikshaw driving etc., as the skilled handloom weaving is found to be less attractive due to low wages and continual insecurity5.

4.4 Structure of Silk Co-operative Set up

The structure of silk co-operatives in Karnataka is of two tier federal type consisting of primary weavers co-operative societies with the jurisdiction restricted to some localities in case of big cities or a town or a single village or a group of villages and an apex society at the state level6.

4.5 Karnataka Co-operative Handloom Weaver's Federation Limited (Apex Society)

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Karnataka Co-operative Handloom Weavers Federation Limited is the apex body for both silk and cotton. The objective of the Federation is to carry out activities conducive to socio-economic development of handloom weavers by organization effectively on production procurement, processing and marketing of handloom products.

Apex weaver’s co-operative societies are set up for the purposes of providing primary weavers societies with raw materials such as yarn, dyes, chemicals etc., and also marketing the fabrics.

4.6 Primary Co-operative Society

Primary Co-operative Society means the silk handloom co-operative society whose membership is open to individual weaver and affiliated to the Karnataka Co-operative Handloom Weaver’s Federation Limited (Apex society). The main objective of the society is to improve the handloom industry and the socio-economic conditions of weavers residing in its area of operation. The societies are registered as silk weaver’s co-operative production cum sales societies under the Mysore Co-operative Societies Act no.11 of 1948.

The sample survey revealed that only silk weaver’s co-operatives production-cum-sales societies are concentrated in Bangalore Rural District. Such types of societies supply raw materials, i.e. silk yarn and zari to the members. The members weave the silk fabrics at their residence with their own looms according to the specifications and design given by the society. The members are paid wages on piece rate system. The society undertakes the responsibility of supplying the inputs as well as marketing the finished products.

Under the existing circumstances the primary silk handloom co-operative production and sales societies are considered to be the panacea for all the economic ills of silk weavers. All these primary silk co-operative societies in Karnataka are affiliated to the Apex society.
4.7 Membership

There are three classes of members, viz, ‘A’ class, ‘B’ class and ‘C’ class. ‘A’ class membership is open to individual weavers residing in the area of operation of the society and who are competent to contract and who do not possess disqualification for membership [as per section 17(1) of Karnataka co-operative societies Act, 1959]. ‘B’ class membership is open to State Government. And ‘C’ class members are nominal members comprising of traders, commission agents and merchants. The ‘c’ class members do not have any right to serve in administrative positions or to vote at the meetings. They are not entitled to get bonus declared out of net profits and not eligible for loans, or share capital or to avail any other facilities provided by the society.

The position of a weaver in weaver’s co-operative society is entirely different from that of his counterpart under the master weaver. A co-operative society member is a self employed worker. A sense of self help, mutual help and thrift is fostered by the society. In a weaver co-operative society, the weaver is a share holding member and receives dividends on his shares, participates in the decision making process of the society and is eligible to serve as administrator. Part of the co-operative’s net profit is returned to him each year as a bonus. The bonus is paid to the weaver member on the basis of his wages earned during the period. As long as the society is functioning successfully the weaver has job security.

4.8 Administrative set up

The co-operative sector is under the dual control of the Additional Director of Industries and Commerce and Ex-officio, Additional Registrar of Co-operatives. The work connected with the development of the handloom in co-operative sector will be under the control of the Additional Director of Industries and Commerce and Ex-officio Additional Registrar of Co-operatives. The remaining items of work other than the co-operative sector are

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under the control of the Additional Director of Industries and Commerce. The handloom section is headed by the Deputy Director of Industries and Commerce and he is assisted by an Assistant Director with necessary staff.

4.9 Master Weaver

A master weaver is one who generally does not weave cloth. He supplies loom, silk yarn and other materials to the group of weavers working under him. The weavers weave the finished products according to the specification and design of the master weaver and get their wages on piece rate.

In this system the master weaver or the entrepreneur produces cloth by employing wage labour. Either he directly markets the product or sells it to traders. Here, two kinds of production practices exist:

1. Put out system and
2. Kharkhana system.\(^8\)

In the put-out system, the weaver works at his home on his own loom using the raw materials supplied by the master-weaver for a piece rate wage. The entire family of the weaver is involved in the production process- with the adult members engaged in weaving and the aged and children helping in the preparation of accessories.

In the Kharkhana or shed worker system, the weavers work on the looms provided by the master weaver under one roof. This system is prevalent in the handloom centres where migrant weavers are preponderant like Mangalagiri in Guntur and Koyalagudem in Nalagonda in Andra Pradesh. With the decline of independent weavers and the marginalization of the co-operative sector, the master weaver sector has emerged as the dominant system by attracting the displaced weavers. It accounts for a major share in the handloom production.

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This type of organization is the most common type of production unit now found in Bangalore and other parts of Karnataka. This system is prevalent in places:

a) Where weavers are financially too weak to undertake the responsibility of production and the risk of fluctuation in the prices;

b) Where weavers are attached to employers by reasons of their indebtedness and are obliged to work for them alone;

c) Where weavers cannot have easy access to consumer by reason of the distance of the market and;

d) Where the demand for cloth, being seasonal and limited, necessitates the locking up of capital which the poor weaver cannot afford.

Hence, this system is most common in the silk handloom industry in Karnataka. The silk weavers are being exploited by unscrupulous middlemen. They are paid a very low rate. "The profits of middlemen and merchants are a big slice in the price of cloth while the labour cost is despicably low".

In unorganized sector of this type of organization, the master weavers are the control figures. They finance their own business and also undertake all types of business risks. They play the role of employer, financial and marketeres. They supply silk yarn, zari and other materials to the group of weavers working under their control. The weavers produce the type of fabric according to the specification and design given by the master weaver. The wages are paid on piece rate system. There are no fixed hours of work.

The coolie weavers do not possess any loom of their own. They come to the establishments of master weaver and weave the fabrics according to the specification of the master weaver. When there is a good market for silk fabrics weavers are in demand. A weaver who is dissatisfied with his master weaver can easily move to another.

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The master weavers have a powerful control over the weavers working under them. They make advance payment of wages for the coolie weavers working under them. Some master weavers pay bonus in addition to wages. Whenever the weavers are in distress, the master weavers provide interest free advances which are readjusted against the wages. In some cases, they let houses to the weavers at concessional rent.

It has been observed during field survey that the trend towards converting of handlooms into power looms among the master weavers is in full swing.

4.10 Independent Weaver

An independent weaver is one who owns one or more looms and works in his dwelling place on his own. He purchases his raw materials out of his own borrowed funds from market, brings out the finished products with the help of his family members and markets the products in the local market or to traders. The stiff competition from the power looms and the rising prices of silk yarn, warp and dyes have been quite drastic on these weavers.

This is the oldest type of organization in which the family of weavers is the production unit. In early days the weavers produced silk cloth to meet the local demand or to meet the order from their customers. According to the Fact Finding Committee 1942, “the independent cottage system dominated in villages whose self sufficiency has not been much affected by recent improvements in transport, in places where there is no lucrative business to attract middlemen and capitalists and where weaving is the secondary means of livelihood to agriculture". Even now this type of weavers is most common, but it is fast disappearing.

Independent weavers buy their raw materials at the Bangalore market which specializes in weaving supplies. The sources of capital to purchase

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inputs vary from one to another. Some purchase raw materials by paying cash, some get on credit basis and many of them on both cash and credit basis and sell their finished products on their own risk to the wholesaler and retailer.

The economic position of this class of weavers is erotically ideal. The independent weaver is his own capitalist and employer. He is thoroughly independent of the money lender or middlemen. The market for his product is free.

But practically most of the independent weavers are depending upon either the master weaver or the whole salers for marketing their finished products. This is the most important problem they are facing today. The independent weavers being in unorganized sector they do not have any idea regarding the market trend\textsuperscript{11}.

On the other hand the master weavers are well organized and economically sound. Hence, they do offer credit facilities to the buyers and there is always a running account between them and retailers.

The silk co-operatives with their financial backing of the Government, market their finished goods without any difficulty. On the other hand the independent weavers have neither adequate financial backing nor sufficient number of active looms at their command. When there is a heavy demand, they experience little difficulty in the disposal of their products, but in times of stagnation they have to sell their fabrics at throw away prices.

The sample survey revealed that many independent weavers have turned to work under co-operative fold in order to overcome the steep fluctuation of prices of silk yarn and marketing of finished products besides availing of the package of welfare facilities provided by the government. It has also been observed during the course of field work that some of the independent weavers too were desirous of converting their handlooms into power looms.

4.11 Coolie Weaver

The coolie weavers are working under a master weaver. They do not own any loom and get their supply of yarn and other materials and weave on the loom provided by the master weaver at his working shed residence. They weave according to the type and designs specified by the master weaver and get their wages on piece rate basis. Coolie weavers are also called loomless weavers.

At the end of 2008-09 there were 09 primary silk weavers’ co-operative societies, and 1000 handlooms in Bangalore Rural District\(^\text{12}\). All these societies are affiliated to Karnataka Co-operative Handloom Weavers Federation (Apex society) out of 9 societies, only 8 co-operative societies were working. Out of 8 working silk societies, 2 societies were very big and their performance is considered to be praiseworthy.

4.12 Silk Processing

Silk industry can be broadly divided into mulberry and non-mulberry sectors. Each sector mainly consists of

1. Production of reeling cocoons(rearing)
2. Production of raw silk(reeling)
3. Utilization of silk waste(spun silk production)
4. Production of fabrics(weaving)
5. Wet processing (dyeing, printing and finishing).

Chart 4.1

Organisation structure of Silk Handloom Industry in Karnataka

SILK HANDLOOM INDUSTRY

Organized Sector

- Karnataka Handloom Development Corporation
  - Weaver Member

- Karnataka Co-operative Handloom weaver's federation
  - Primary Silk Co-operative Societies
    - Weaver Member

Unorganized Sector

- Master Weaver
- Independent Weaver
  - Coolie Weaver
PRODUCTION ACTIVITIES

Removing Silk from Cocoons

Dupion (Waste) Silk

Dyeing

Boiling Colour

Plain Silk Weaving