CHAPTER IX

CONCLUSION AND SUGGESTIONS

9.1 CONCLUSION

The handloom industry has been playing a crucial role in the country’s rural economy by providing full-time and part-time employment to millions. Although it serves as source of livelihood, their economic conditions are very poor. The situation is also prevalent in Manipur which has the sixth largest weaving population in the country. Several committees like Hare Committee, Sivaraman Committee had investigated on the problems of the handloom and has come to the conclusion that finance is one of the major areas which needs development. This study attempts to find an alternative source of financing to the weavers. The study also assesses the socio-economic conditions of the weavers, the production and marketing costs of the handloom products of Manipur, and to appraise the financial assistance provided by bank, non-bank financial institutions and government. In the light of these objectives, weavers from six districts of Manipur were selected and interviewed under a stratified random sampling with a pre-tested structured questionnaire. Apart from this, secondary data from the publications of the central and state governments, research organisations, financial institution’s annual reports etc. has been extensively used. The analysis of these data has led into the conclusions which are presented as follows:

9.1.1 Socio-economic Conditions of the Weavers

The salient facts about handloom is that vast majority of the weavers are poor. The handloom census indicates that earnings of 27.1 lakh households i.e. 88.56 per cent out of 30.6 lakh households earn less than Rs. 500 per month. It means for 90 percent of the weavers earns below the poverty line. The socio-economic conditions of the weavers, in Manipur, are better compared to the
national average. In Manipur, it has been found from the sample survey that 40.63 percent of the weavers earn less than Rs. 500/- per month. It also has been concluded that increase in earnings of the weaver is linked to the productivity of the handloom and vice-versa. On the basis of the earnings, the handloom weavers has been divided into low, medium and high earners. The high earners constitute 9.87 percent of the weavers in Manipur (Table 4.3).

9.1.2 Production and Marketing Cost

The production and marketing cost should be efficiently managed in order to increase the earnings from weaving. The production cost of the handloom products differs from weaver to weaver and product to product. The average production cost of the frame loom products are: Cotton fabric - Rs. 662, silk fabric - Rs. 4062, and woolen fabric - Rs. 2262 (Table No. 5.2). The average production cost for the woolen fabrics produced from the loom loom is Rs. 145 (Table No. 5.3).

Marketing cost of handloom is considered as handloom economy's dark continent. In order to increase earnings from weaving, attention should be directed to the marketing cost also. From the sample survey it has been found 60 percent of the weavers in Manipur considers that there is no marketing cost involved in the marketing of the handloom products.

9.1.3 Role of Financial Institutions

The study has observed that the Central Government has been trying to implement the Sivaraman Committee recommendations especially to cover 60 percent of the weavers in the co-operative fold. But most of the schemes formulated by the Government has been directed towards the weavers of the existing co-operative and very few to the individual weavers who are very few to the individual weavers who are not associated with a co-operative. It has found that most of the weavers of the state are not aware of these schemes. It is only the few weavers who are associated with co-operatives who have availed the schemes. Schemes like the Margin Money for Destitute Weavers and the Integrated Handloom Development Project at Thoubal and Leimaram are the few schemes which the weavers are aware. It also has been observed that the state government has not
been able to achieve the target of converting the 60 percent of the weaving population under the co-operatives-fold. The government has been able to do so to the extent of 28.5 percent only (Chapter 6 Para 6.7).

The co-operatives function as a medium of linkage between the financial institutions and the weavers. Since the co-operative base in Manipur is very weak, it has been inferred that the financial support from the financial institutions does not reach the weavers. One of the most important weaknesses of the weavers societies are misusing and committing irregularities in the utilisation of general funds and rebate funds. Rebates were introduced with the intention to clear the accumulating stock and to neutralise the price difference in the cost of yarn of the handloom cloth and mill-made cloth. Some co-operatives has been misused by the members for their personal gains. It has been seen that dormant co-operatives become active during the time of elections. Although the co-operativisation of the weavers to the extent of 60 percent has not been achieved, the funding pattern both by NABARD and NCDC has risen steadily. The credit limit of Rs. 14531 lakhs sanctioned by NABARD in 1982-83 has risen to Rs. 52630 lakhs in 1993-94. The financial assistance provided by NCDC has risen from Rs. 347.263 lakhs in 1991-92 to Rs. 522.245 lakhs in 1993-94.

9.1.4 Financial Resources of the Weaver

The majority of the weavers surveyed has procured their funds through own findings. The survey has showed that sources of funds for the weavers are as follows:- Own -83.88 percent, Moneylenders - 13.25 percent, Co-operative - 0.87 percent and State/Central Government -2 percent (Table 7.2). Own finding also includes loans against collateral for the valuable items of the weavers, financing by parents and relatives. The study has also found that there is a tendency to consider loans as grants and subsidies and repayment of the loans has not been timely. From the weavers who has availed loans from the Co-operative Banks and Central/State Governments, it has been inferred that 49.06 percent of the weavers are able to repay back the loan.

The study has also deduced the credit needs of the weavers are characterise by a strong bear-
ing on the productivity. The credit needs are small but arises at unpredictable times and are of emergent nature. Those credit needs are mostly met by the moneylenders at very harsh terms of lending (5 to 10 percent per mensem).

9.1.5 Potentials Areas of Development for Handloom

The potential areas for development of handloom were identified through a Force Field Analysis of the restraining forces and promoting forces acting on the handlooms. These forces were identified by analysing the production, marketing and exports sectors of handloom.

The study on the production of handloom in Manipur shows that the loom productivity per day is 1.86 metre compared to the average of all India’s 5.12 metres (Table 5.1). It indicates that there is potential for development in the production sector of handlooms. This low-productivity has been due to reasons of inadequate supply of yarn, obsolete loom-technology and lack of quality aspects on the production. Inadequate supply of yarn has been and is one of the major problems of the weaver. It is not only the irregular supply but also the non-availability of the required counts of hank yarn in the market has multiplied the problem. The sample survey showed that 64.42 percent of the weavers are not getting the required yarn for production. Thus, there exist a demand-supply gap of the yarn supply in the state. It also has been observed that there is no co-operative spinning mills to fill in this gap. The only spinning mill of Manipur at Loitangkhanou does not produce hank-yarn as it involves reeling the yarn in hank form and the mill itself is financially sick. Another factor responsible for the low productivity has been due to the lack of quality of the products. There is a need to look into the quality aspects on the productions of handloom. Although, there are 56 ISI specifications exclusively for handloom fabrics, little is known about these specifications in Manipur. The weavers also feel that their products are of medium quality. The survey showed that 68.12 percent feels their product of medium quietly while 17.88 and 14 percent feels their product is of high and low quality respectively (Table 8.3).

The analysis of the marketing aspects of the handloom has brought out many features which
exists in Manipur. First of all, there is no clear cut pricing policy for the handloom. Price is considered more of the customer’s choice. Secondly, the distribution channel is mostly through the weavers themselves. In the valley districts of Manipur, 61.33 percent of the weavers carries out the distributions by themselves while in the hills district only 17.60 percent of the weavers does so (Table 5.3). The difference is due to the lack of transportation facilities in the hills. Altogether, in the state, 49.62 percent of the distribution of the handloom production is carried out by middlemen while 34 percent of the weavers does it by themselves. Wholesalers and retailers distributes the products very meagerly viz. to the extent of 8.50 and 7.75 percent respectively (Table 5.3). It also has been found that the marketing co-operatives has not been an effective distribution channel as it consist only 0.13 percent of the sample survey (Table 5.3). Thirdly, among the promotional tools, rebates has resulted into a vicious circle of accumulating stocks. It is also seen that the promotional activities are directed towards improving sales through reservations and rebates only.

The potentials on export sector of handlooms has been analysed on the data of the national scenario as data on handloom-exports from Manipur is not available. As the handloom exports has crossed the Rs.1000 crores mark compared to Rs. 300 crores in the beginning of the nineties, it shows that there is tremendous potentiality for increasing the earning of the weaver through export of handloom products. These products are exported to more than 125 countries. Among the items exported, made-up items like floor coverings, furnishings, upholstery, bedding/linen and other items like towels and wash/dish clothes accounts for 74 percent of the total exports. The earnings from made up goods is Rs. 760.33 crores in 1992-93. In the Asian market, Japan is the largest consumer with import of made-up goods worth Rs. 100 crores in 1992-93. However, the Japanese market is highly quality conscious and consumer tastes changes frequently. America, on the other hand, continues to be the largest buyers of the handloom products although there has been a recessionary trend in the last few years. It also has been found that Latin American countries are the potential markets as these still remains the unexplored markets. Handloom exports to Europe can be viewed as the best market because these markets are free from quotas and duties. Considering
these available options, exports sector should be given emphasis and the earning of the weavers can be increased by exposing their products in the export markets.

9.2 SUGGESTIONS

Being not only the ancient industry of Manipur, the handloom of Manipur has been known for its beauty, distinctive features, colour, designs, textures, artistic skills and durability. But despite being the sixth largest weaving populated state in the country, the socio-economic conditions of the weavers are marked by a poor profile and the majority of the weavers are gripped in a vicious circle of poverty. Various expert committees on handloom has recommended finance as one of the primary areas of handloom which requires development. The study on the financial aspects of handloom in Manipur has resulted into the above conclusions. On the light of these conclusions, the following remedial measures has been suggested.

9.2.1 Socio-Economic Conditions

As earning as from the handloom weaving is linked to the productivity, the objective of the handloom weaves should be directed towards increasing productivity. In order to achieve this objective, the weavers require technology upgradation, skill development and financial accessibility. The increase in productivity will help in improving the socio-economic condition of the weavers.

9.2.3 Production Cost and Marketing Cost

The efficient management of the production cost and marketing cost will lead to increasing productivity. Therefore, there is a need to divert attention towards these cost factors. The weavers should understand the cost variables related to the production and marketing cost in order to assess the total cost of production. Minimisation of the distribution cost should be given emphasis as a savings potential on the marketing cost.
9.2.4 Role of Financial Institutions

It has been seen that the Central/State Government schemes are directed mostly to the members of the weaves co-operatives. Some schemes should be formulated for the individual weavers who are not connected with a weavers co-operatives. These schemes should be made in such a fashion that it becomes a foundation stone in the formation of a weavers co-operative society.

Although, schemes are available for the weavers co-operatives, most of the member weavers are not aware of the benefits which can be obtained from these schemes. There is a dire need to provide awareness of these schemes through media like TV, radio, newspapers etc. Corner meetings can be conducted at areas where weavers are densely populated to disseminate and discuss about these handloom development schemes.

There is a need to set up a separate Directorate for Handloom in the state. A Handloom Section in the Directorate of Industries is not enough to cope with the development activities which have to be taken up in the state.

It has been found that the co-operative base is very weak and there is a dire need to strengthen this co-operative base. In order to restrain the misuse of the co-operatives, the registration criteria of the weavers co-operatives needs to be reviewed so that the ideology of the co-operative is preserved.

9.2.4 Financial Resources of the weavers

The financial resources of the weavers are characterise by a strong bearing on the productivity. Against the background of the informal credit agencies with harsh interest terms and weak co-operative base, an alternative mechanism for meeting the credit needs is required. Within these parameters, the formation of a Self Help Group (SHG) would be a viable alternative.

The voluntary organisations should play a vital role in the formation and development of the Self Help Groups. They should provide guidance and teach the members of the group in the formation of the group. The SHGs could be considered as a foundation stone for building an active co-
operative. It will help in achieving 60 percent co-operativisation of the weavers in the state to fulfil there commendation of the Sivaraman Committee.

In a way, the SHGs should become a linkage to the financial institutions. The voluntary organisations should initiate the linkage as change agents. The savings of the SHGs should be deposited to the banks. During the stage where the SHGs become stable, they should establish direct links with financial institutions. The flexibility of the SHGs should be maintained while ensuring the minimum legal formalities required by the financial institutions.

9.2.5 Potentials for Development in Handloom.

The potentials of the handloom can be compared to a dormant volcano and it can be activated by removing the constraints which are obstructing the progress of handloom. These constraints and remedial measures are discussed in the categories of production, marketing and exports.

Production

One of the major constraints in the production of handloom has been the unavailability of hank yarn with the required counts. The demand-supply gap of yarn could be filled in by setting up co-operative spinning mills. The state government can provide the share capital of these mills substantially as an incentive to build more of these mills. Another suggestion is to organise reeling of cone-yarns into hank-yarns by the weavers co-operatives. This will provide more employment opportunities and due to the lower rural wages, the delivered hank-yarns will be much cheaper. There is a need to set up a price fixation committee as the price of the yarn keeps on fluctuating. This committee should be chaired by the Director (Handloom Section) and members from the representatives of co-operatives and individual weavers.

Quality drives towards revenues as it lowers cost and deficiencies of production. As it improves the overall financial performance, the quality consciousness should be considered as a priority in the production. Quality is managed through the process of Quality planning, Quality control and Quality improvement. Quality planning is the process of ensuring satisfaction. Quality control
process divulges from the design level upto consumer satisfaction. Quality improvement deals with the aspects of consumer satisfaction which the consumer is not aware like the ISO 9000 quality management system.

In the hill areas of Manipur, the loin loom is used extensively. But the technique involved in the loin loom is very primitive. Since the production of a cloth takes about 20 to 30 days, the productivity per day is very low. To improve the productivity, there is a need to upgrade the loom technology. Looms like Burma Loom which reduces fatigue can be introduced to the weavers. The frame looms of the valley can be upgraded to the category of the jacquard and the semi-automatic looms.

Marketing

In order to gain larger market share, diversification of the handloom products are needed to be considered by the weavers. Diversification in terms of inputs from different types of yarn viz. yarns extracted from pineapple fibres, synthetic yarns etc. should be used to develop new products.

Another suggestion is to organise the state and regional co-operatives into a handloom estate. These estates can be linked with institutions like Ahmedabad Textile Industries Research Institute (ATIRI), Silk and Art Silk Mills Research Association (SASMIRA), National Institute of Design (NID), National Institute of Fashions Technology (NIFT), etc to transfer their developments on the handloom design to the weavers. Computers with the facilities of Computer Aided Design (CAD) should be used extensively in the design process. It will enable the weaver to design the best at minimum cost. Networking the computers through Internet would able to access into new designs through the libraries of the design creating institutions situated in the various parts of the world.

The old-age tradition of pricing i.e. a fixed margin over the total cost should be avoided. The rebates has resulted into losses in resources and the amount used in rebates should be spent on value adding tasks.
The promotional activities of the handlooms should emphasize on the major strengths of handloom such as uniqueness, variety, diversity etc. Mass media advertisements through newspapers, magazines, journals, TV, etc. should be exploited fully. Fashion shows under renowned fashion designers could be an effective promotional tool to create a niche market.

**Exports**

The study on the exports sector of handlooms has led to the following suggestions. Among the Asian Countries, the Japanese market should be exploited fully as it is the largest importer of handloom from India. Efforts should be made to extend the markets to Hong Kong, Taiwan, Korea and Singapore. There has been an increase of demand for the shirtings and dress materials in these countries. South Africa provides a viable market as the ban on the trade embargo has been lifted. America still remains the largest consumer of the Indian handloom products. Among the products exported, the market share of the floor coverings in America could increase with the improvement on the design of the floor coverings. The exporters should shift their market from U.S.A. towards Latin American countries as U.S.A. is tightening their trade with India.

Although the European market is small, efforts should be made to increase the market share as it provides advantage of free quotas and duties. The European market is an environment conscious market and the cotton handloom could help in creating a niche market by promoting handloom as ‘green’ products. The ISO 9000 quality scheme could provide an edge to the existing competition. Among the Oceania countries, the Australian market can be increased through innovations of designs and the products. The awareness on the eco-friendly and handwoven should be emphasised while marketing the products. Advertisement through the media of TV, Cable TV, magazines, newspapers etc. should create an awareness of the Indian handloom to the exporting countries. This will create a competitive edge to the handloom products against the mill-made products.

Finally, in futuristic view, the concept of cybercasting viz, marketing through cyberspace would help in increasing the export of handloom. By advertising through Internet, the products
could be advertised to the consumers directly through their personal home computer. Cybercasting will make the consumers to more available choices and they could even order their products through the computers. It will also help to build a rapport with the consumers directly.

Despite the difficulties faced by the weavers, the future prospects of the handloom industry in Manipur is very bright. Recent opening of the Indo-Myanmar Trade Agreements has opened up new vistas for export potential to the nearer South-East Asian Countries. The artistic design, colour combination, and distinctive competences of the products has the potential to widen the scope for strengthening and expanding the market for the product. Thus, on the whole, handloom should be provided with a fresh lease of life to become more competitive and to achieve excellence.