The Indian Textile Industry occupies a unique place in the economy of the country by virtue of its contribution to the industrial output, employment generation and foreign exchange earnings. India is the second largest producer of textiles and garments after China. It is also the second largest producer of cotton in the world. One of the earliest to come into existence in India, the textile industry is the second largest employment provider in India after agriculture. The textile industry provides employment to nearly 108.73 lakh people and currently accounts for 8 per cent of the G.D.P., 20 per cent of the industrial production and 35 per cent of the export earnings. (Ministry of Textiles, Office of the Textile Commissioner, Mumbai, 2011)

The FICCI white paper on 'Challenges in Textile and Apparel Industry', February 2012 highlights the following

1. The domestic textile and apparel market in India is worth Rs.5800 crores and has the potential to grow at a CAGR of 9 per cent, to reach Rs. 14100 crores by 2021.

2. India's textile and apparel exports were at Rs.3100 crores in 2011 and are growing at an annual rate of 10 per cent since 2005.

3. Apparel exports contribute the most to the overall exports in terms of value, followed by contributions from fibre, yarn and fabrics. India's share of the world's textile and apparel exports stands at 4.5 per cent.

4. It is estimated that due to the increasing shift of textile and apparel production to Asian nations and the deteriorating export-
Handloom Industry in Kerala-An Overview

competitiveness of China, this figure will grow to 8 per cent by 2020, with a total exports value of Rs. 8200 crores.

5 This growth, from 4.5 per cent to 8 per cent of world trade, will open up huge potential for Indian players.

6 Investment in weaving and processing segments is required to strengthen value chain and bankers commitment level should increase to serve the clients in the sector.

7 Rising raw material cost and increase in volatility in raw material prices, labor unrest, poor work environment and supply chain problem (lead time) are few challenges which needs to be addressed immediately. (The FICCI white paper on ‘Challenges in Textile and Apparel Industry’, February 2012)

The size of the Indian Textile Industry is given in Table No.3.1

Table No. 3.1 The Size of the Indian Textile Industry -2010

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Domestic Sales</th>
<th>Export Sales</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel</td>
<td>3600.00</td>
<td>1100.00</td>
<td>4700.00</td>
</tr>
<tr>
<td>Home Textiles</td>
<td>400.00</td>
<td>300.00</td>
<td>700.00</td>
</tr>
<tr>
<td>Textiles</td>
<td>1200.00</td>
<td>1100.00</td>
<td>2300.00</td>
</tr>
<tr>
<td>Total</td>
<td>5200.00</td>
<td>2500.00</td>
<td>7700.00</td>
</tr>
</tbody>
</table>

Source: Ministry of Textiles, GoI

3.1 Challenges in the Post-Multi- Fibre Agreements (MFA) Period

The barriers and quantitative restrictions of Multi-Fibre Agreement (MFA) in the import and export of textile items by third world countries were completely removed in January 2005. Since then, countries can export and import textile products, without restrictions. As a result of this, the Indian
textile market has to compete with textile products of superior quality at lower price, produced by technologically advanced countries.

At the same time the Indian Textile Industry is now passing through unprecedented crisis caused by haphazard structure of establishment, excess spinning and weaving capacities, use of obsolete plant and machinery, outdated technology for production, sub-standard quality of inputs, high cost of production, very low machine and labour productivities, outdated labour laws, low earnings of workers, etc. The Industry is therefore, becoming uncompetitive and incapable of facing the challenges of globalisation and WTO regime. At the same time, several third world countries have made much headway and achieved appreciable progress in restructuring the textile industry by timely implementation of appropriate technology upgradation and modernisation programmes. This has enabled several developing countries to make the textile products globally competitive both in quality and price. To survive, Indian textile industry has to be competitive in both domestic and global market. Government policies have largely been favorable to the textile industry. The policies aim to ensure that the industry is internationally competitive in terms of manufacturing and exports. Besides various schemes, there are various other statutes, including fiscal policies, (governing customs, excise, sales tax etc) rules, initiatives, incentives, etc through which government extends support to the industry. To be competitive the best quality superior product has to be produced at a lesser cost. Realising this, the Government of India has launched innovative schemes such as

- Technology Fund Upgradation Scheme (TUFS).
- Scheme for integrated Textile Parks (SITP).
• Group Work-shed Scheme (GWS).
• Group Insurance Scheme for development of Powerloom sector.
• Integrated Scheme for Powerloom Cluster Development.
• Marketing Development Programme for Powerloom Sector etc.
• Integrated Handloom Development Scheme –Cluster Development Programme (IHDS-CDP)

3.2 Handloom Industry in India:

India is perhaps the only country in the world which makes handloom products on a commercial basis. It is also the largest employment provider under textile sector. The employment in textile industry is given in Table No.3.2.

**Table No.3.2 Employment in Textile Industry-2010**  
(Figures in lakhs)

<table>
<thead>
<tr>
<th>SL. No.</th>
<th>Item</th>
<th>Handloom Industry</th>
<th>Power loom Industry</th>
<th>Total (A+B)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Full-time</td>
<td>Part-time</td>
<td>Total (A)</td>
</tr>
<tr>
<td>1.</td>
<td>Weaving</td>
<td>22.43</td>
<td>21.33</td>
<td>43.76</td>
</tr>
<tr>
<td>2.</td>
<td>Preparatory work</td>
<td>10.95</td>
<td>10.62</td>
<td>21.57</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>33.38</td>
<td>31.95</td>
<td>65.33</td>
</tr>
</tbody>
</table>

*Source: Ministry of Textiles, GoI*

Table 3.2 reveals that the handloom industry provides employment opportunity to 65.33 lakh persons, constituting 40 per cent of the total employment in this sector. This indicates the relevance of handloom in generating employment especially among the rural poor. The “Swadeshi” movement, successfully practiced and propagated by the Father of our Nation during our freedom struggle in the early 20th Century, has created a deep rooted culture of wearing handloom cloth, which exists even today. Even though the recently adopted globalisation movement has brought in many “Videshi”
(foreign) products, the handloom industry still plays a very important role in the socio-economic life of the nation, as is evident from the data on production of handloom cloth in India. Table No.3.3 gives the total cloth production and contribution of handloom for the last two decades.

**Table No. 3.3 Sector-wise Production of Cloth (Million Sq.mtr)**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Khadi, Wool &amp; Silk</th>
<th>Mill</th>
<th>Handloom</th>
<th>Hosiery</th>
<th>Powerloom</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>Qty</td>
<td>% to total</td>
<td>Qty</td>
<td>% to total</td>
<td>Qty</td>
<td>% to total</td>
</tr>
<tr>
<td>1995-96</td>
<td>49</td>
<td>1.5</td>
<td>20</td>
<td>6.32</td>
<td>720</td>
<td>22.5</td>
</tr>
<tr>
<td>2000-01</td>
<td>55</td>
<td>1.3</td>
<td>16</td>
<td>4.15</td>
<td>750</td>
<td>18.6</td>
</tr>
<tr>
<td>2005-06</td>
<td>76</td>
<td>1.5</td>
<td>16</td>
<td>3.34</td>
<td>610</td>
<td>12.3</td>
</tr>
<tr>
<td>2010-11 (P)</td>
<td>79</td>
<td>1.2</td>
<td>22</td>
<td>3.52</td>
<td>690</td>
<td>11.0</td>
</tr>
</tbody>
</table>

Source: Compiled by using the data collected from the Ministry of Textiles, Govt Of India

It may be noted from the above table that the share of handloom sector to the total cloth production in the country has been 22 per cent in 1995-96. This has declined over the years and reached 11.04 per cent in the year 2010-11 i.e a reduction of 50 per cent in a span of just 15 years. The major reason for the decline has been the unprecedented growth of powerloom and hosiery sectors over these years. While the share of powerloom in 1995-95 has increased from 53 per cent to 60 per cent in 2010-11, share of hosiery sectors increased from 15 per cent in 1995-95 to 23 per cent in 2010-11. Nevertheless, the rate of decline of handloom production is coming down over the years and the decline is at a deceasing rate (4.6 and 1.38 per cent respectively 2000-01, 2005-06 and 2010-
11), indicating that the rate of decline of handloom production has been substantially reduced or checked by 2011.

3.3 Handloom Industry in Kerala

The handloom sector has a very discernible presence in Kerala. Communities of weavers concentrated in certain centres in the state have propelled the development of this sector in the state. There are several legends behind the development of handloom industry in Kerala. It is believed that about 350 years ago, the Raja of Travancore brought six families of weavers from Devagiri and settled them at Kottar near Nagarkoil. In the later part of the 19th century, His Highness Visakhom Tirunal Maharaja of Travancore brought weaver families from Tirunelveli and settled them at Neyyattinkara and Balaramapuram near Thiruvananthapuram.

As regards the development of the industry at Kannur, it is believed that the Chirakkal Rajas of Kannur brought weaver families from the traditional weaving communities of Saliya from other regions and settled them in colonies. However it was Basel Mission which institutionalised the weaving activities in a planned manner. Legend exists that though Basel Mission commenced its activities in India in 1834 at Mangalore, weaving was taken up only in 1844. Weaving establishments in early days were attached to the Mission House itself. In 1844 they set up Common Wealth Trust India Ltd, at Calicut, the first unit in Kerala to be run under factory system. Later establishments were started at Kannur (1852) and by 1913, both these establishments had huge complexes with over 600 workers each. It was Basel Missionaries who introduced frame looms in Kannur.

Today, the Handloom Industry in the state is mainly concentrated in Thiruvananthapuram and Kannur Districts and in some parts of Kozhikode, Palakkad, Thrissur, Ernakulam, Kollam and Kasargod Districts.
Chendamangalam in Ernakulam and Kuthampully in Thrissur are the most well known centres of handloom industry in Kerala, apart from Balaramapuram and Kannur. All these centres are famous for their own speciality products.

3.3.1 Handloom Societies, Looms & Workers

The Handloom Industry is dominated by the Co-operative sector covering 94% of total looms. The remaining six per cent of Handlooms units is owned by Industrial entrepreneurs. The Co-operative sector consists of factory type and cottage type societies. There were 591 registered Primary Handloom Weavers Co-operative Societies in the State on March, 2012 of which 166 are factory type and 425 are Cottage type societies. (Economic Review, GoK, 2012).

Table No.3.4 shows the trend in the number of handloom co-operative societies in Kerala.

Table No.3.4 Trend in the number of handloom co-operative societies in Kerala

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Item</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Factory Type</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Working</td>
<td>109</td>
<td>109</td>
<td>110</td>
<td>108</td>
<td>108</td>
</tr>
<tr>
<td>2</td>
<td>Dormant</td>
<td>47</td>
<td>48</td>
<td>40</td>
<td>41</td>
<td>39</td>
</tr>
<tr>
<td>3</td>
<td>Under Liquidation</td>
<td>17</td>
<td>17</td>
<td>15</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>4</td>
<td>Not Started Working</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total (a)</td>
<td></td>
<td>175</td>
<td>176</td>
<td>167</td>
<td>167</td>
<td>166</td>
</tr>
<tr>
<td>b</td>
<td>Cottage Type</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Working</td>
<td>263</td>
<td>260</td>
<td>260</td>
<td>260</td>
<td>259</td>
</tr>
<tr>
<td>2</td>
<td>Dormant</td>
<td>111</td>
<td>112</td>
<td>117</td>
<td>117</td>
<td>113</td>
</tr>
<tr>
<td>3</td>
<td>Under Liquidation</td>
<td>40</td>
<td>40</td>
<td>41</td>
<td>41</td>
<td>43</td>
</tr>
<tr>
<td>4</td>
<td>Not Started Working</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Total (b)</td>
<td></td>
<td>425</td>
<td>423</td>
<td>429</td>
<td>429</td>
<td>425</td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td>600</td>
<td>599</td>
<td>596</td>
<td>596</td>
<td>591</td>
</tr>
</tbody>
</table>

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The Handloom sector in Kerala stands second only to the coir sector in providing employment among the traditional industries of the state. A survey report on the handloom sector published by the Department of Economics and Statistics, GoK revealed that there are 469 co-operative societies in the state with 57405 active handloom workers as shown in Table No.3.5

Table No.3.5 Number of Handloom Co-operative societies and its Members

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>District</th>
<th>No of Societies</th>
<th>No of Members</th>
<th>No of Looms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kasaragod</td>
<td>8</td>
<td>1259</td>
<td>123</td>
</tr>
<tr>
<td>2</td>
<td>Kannur</td>
<td>43</td>
<td>4432</td>
<td>1403</td>
</tr>
<tr>
<td>3</td>
<td>Wayanad</td>
<td>4</td>
<td>117</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>Kozhikkode</td>
<td>31</td>
<td>5719</td>
<td>964</td>
</tr>
<tr>
<td>5</td>
<td>Malappuram</td>
<td>10</td>
<td>717</td>
<td>134</td>
</tr>
<tr>
<td>6</td>
<td>Palakkad</td>
<td>29</td>
<td>3740</td>
<td>1577</td>
</tr>
<tr>
<td>7</td>
<td>Thrissur</td>
<td>15</td>
<td>3114</td>
<td>1298</td>
</tr>
<tr>
<td>8</td>
<td>Ernakulam</td>
<td>15</td>
<td>3498</td>
<td>919</td>
</tr>
<tr>
<td>9</td>
<td>Idukki</td>
<td>5</td>
<td>386</td>
<td>0</td>
</tr>
<tr>
<td>10</td>
<td>Kottayam</td>
<td>10</td>
<td>1160</td>
<td>180</td>
</tr>
<tr>
<td>11</td>
<td>Alappuzha</td>
<td>9</td>
<td>546</td>
<td>148</td>
</tr>
<tr>
<td>12</td>
<td>Pathanamthitta</td>
<td>3</td>
<td>378</td>
<td>4</td>
</tr>
<tr>
<td>13</td>
<td>Kollam</td>
<td>40</td>
<td>5537</td>
<td>914</td>
</tr>
<tr>
<td>14</td>
<td>Thiruvananthapuram</td>
<td>247</td>
<td>26802</td>
<td>9815</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>469</td>
<td>57405</td>
<td>17479</td>
</tr>
</tbody>
</table>

When one considers the number of societies, Pathanamthitta is at the bottom with 3 societies followed by Wayanad with 4 societies. The highest number of societies are noticed in Thiruvananthapuram district followed by Kannur with 247 and 43 members respectively.
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About 47.25% of the total membership of the societies in Kerala is contributed by Thiruvananthapuram district. The district has 26802 members in the societies. Wayanad is at the bottom with 117 members followed by Idukki with 388 members. Out of 57405 members who are active in the industry, only 35896 members are doing weaving or weaving related works as on 31.03.2012.

There are 17479 looms in this industry. Thiruvananthapuram district tops the list with 9815 looms followed by Palakkad with 1577 looms. The least number of looms are in Pathanamthitta, only 4 nos. (Department of Economics and Statistics, GoK)

3.3.2 Production of Cloth

The production of handloom cloth in Kerala is on the decline. The cloth production which was 68.88 million metres in 2001-02 has come down to just 23.95 million meters in 2009-10. However, of late, there is a slight increase in the overall production of handloom cloth by Handloom Industry of Kerala. The total production of handloom cloth shows an increase of about 5 per cent from 26.68 million metres in 2010-11 to 27.89 million metres in 2011-12. The total value of production has increased by 6 per cent from Rs. 190.96 crore to Rs. 202.14 crore during the period. (Economic Review 2012)

Table No. 3.6 shows the production and sales details of handloom cloths from the State.

**Table No.3.6 Production and Sales of Handloom cloths**

<table>
<thead>
<tr>
<th></th>
<th>Production of Handloom cloths (in Million Metres)</th>
<th>Sales in Rs.crores</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>62.30</td>
<td>280.35</td>
</tr>
<tr>
<td>2005-06</td>
<td>62.30</td>
<td>280.72</td>
</tr>
<tr>
<td>2006-07</td>
<td>62.48</td>
<td>281.20</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Year</th>
<th>Value 1</th>
<th>Value 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>70.88</td>
<td>318.96</td>
</tr>
<tr>
<td>2008-09</td>
<td>20.20</td>
<td>146.38</td>
</tr>
<tr>
<td>2009-10</td>
<td>23.95</td>
<td>165.33</td>
</tr>
<tr>
<td>2010-11</td>
<td>26.68</td>
<td>190.96</td>
</tr>
<tr>
<td>2011-12</td>
<td>27.89</td>
<td>202.14</td>
</tr>
</tbody>
</table>

Directorate of Handloom, GoK

3.3.3 Products and the Main Centres of Production

The major varieties produced in the handloom sector of the State are dhothis, furnishing material, bed sheets, grey saree and lungi. Details show that the production of these items contribute 67 per cent of the total. About 77.62 per cent of the major items are produced in the southern region followed by the North (12.81%) and Central (5.33%) regions. Of the total production, 95.76 per cent are contributed by the co-operative sector and the balance of 4.24 per cent is by the units in the entrepreneurial sector. (Economic Review, Kerala State Planning Board, GoK 2011)

3.3.4 Raw Material Sources

The handloom industry in Kerala predominantly uses cotton (yarn) as raw material. A few combinations of fibres like cotton and viscose or polyester and viscose are also used. Yarn is procured mostly in the hank form. Some of co-operative societies also procure yarns in the form of ready made warps from Tamilnadu. Yarn is procured from Hantex, Hanveev, National Handloom Development Corporation (NHDC) or directly from the mill sector.

3.3.5 Technology and Handloom Production process

There are several stages involved in the process of production of handloom cloth starting from the stage of purchase of yarn. They are dyeing, twisting, winding, warping, sizing, piecing and the warp with the loom for weaving.
Yarn is usually purchased either from the local market or from the co-operative societies. If the yarn is undyed, it has to be processed before it forms the warp and weft. The next work involves twisting, rewinding and warping of the yarn. Rewinding of weft yarns or “picks” is done by women workers with the help of charka & swift wheels. After rewinding, the yarn has to be warped. The warp yarn is usually wrapped on a round wooden frame. The process of loosening, twisting, rewinding and warping are usually done by the family members in the co-operative societies. Dressing and sizing are usually done at the time of dyeing and repeated after warping. After sizing, the warp yarn is starched, spread and dried in sun. For this purpose, cross –wise bamboo rods are used. After these processes, the warp is removed from one end of the bamboo and is wound on a hank till it reaches the other end. The warp is then ready for the next process of piecing. Piecing refers to joining of the thread ends of the old warp with the thread ends of the new warp. Each loom contains one reed and one set of healds. The reed has dents (“teeth”) and the number of dents per inch determines the fineness of the cloth. After piecing, warp yarn is divided by many segments and is fixed into the loom. One end of it is fixed to the cloth beam and the other end to warp beam. The ordinary check and stripe designs are prepared by the segmentation of warp and weft yarn. In the case of figured patterns (eg. Flowers), Dobby or Jacquard is used, depending on the size of the pattern.

The production process in Kerala handloom sector is shown in Figure Nos.3.1 and 3.2 respectively.

**Figure No. 3.1 Production process in handloom sector**
Figure No.3.2 Photographs of Production process in handloom sector

<table>
<thead>
<tr>
<th>Raw Yarn</th>
<th>Washing, Scouring/Bleaching, Colouring &amp; Dyeing</th>
<th>Bobbin Winding (Tharuchuttu)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wound Bobbins</td>
<td>Creeling</td>
<td>Creeling Process</td>
</tr>
</tbody>
</table>

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The handloom production process, as mentioned above is labour intensive. However, there are certain areas in the production chain, where technological interventions are possible to improve efficiency and to optimise resources. The efforts in technology development in handloom sector have been oriented towards improving machine and labour productivity without sacrificing traditional labour involvement. This is necessary to sustain the employment generating potential of this industry.

For winding, Cycle wheel charka and winding machine have been recommended to wind long and continuous lengths of yarn on bobbins and pirns. Introduction of Drum Warping and sectional warping machines has been
recommended to improve productivity in warping operations against the conventional street warping procedure. Attachment of beaming mechanism and measuring and full beam stop motion on these warping machines will further improve warping productivity.

The loss in loom efficiency due to warp breaks, shuttle changes etc accounts for 15 per cent to 20 per cent of the total losses. Operations like adjusting let-off, take-up, head shaft and temples occur very frequently, resulting in frequent stoppage of work. This can be reduced by modified let-off and take-up motions, use of roller temples with flanges.

Other auxiliary mechanism used in the handloom industry includes multi-treads, dobbies and jacquards. Multi treads are used for weaving twills, satin, fancy shirting and suiting. Different types of dobbies are used for weaving extra warp designs in sarees and for weaving all-over patterns.

3.3.6 Marketing of the Handloom Products

The co-operative societies adopt broadly three methods for marketing their products in the domestic market. These are:

3.3.6.1 Own Showrooms and Exhibitions

Some societies run own showrooms most often close to their production centres. A few societies set up showrooms in cities to effectively take care of the orders of commercial agents, PSUs and other outside parties, private hospitals etc. Exhibitions, often confined within the state, are organised during festivals like Onam, Vishu and Christmas. They also attend the exhibition sales as part of Trade fairs.

3.3.6.2 Through Apex Organizations - Hantex and Hanveev
Hantex has three systems for marketing its products, namely, cash sales through own showrooms, exhibitions & authorised agents and credit sales to government servants & sales to government departments. Both Hantex and Hanveev depend heavily on rebate period to sell their products.

3.3.6.3 The Master Weavers

The master Weavers of the entrepreneur sector produce fabrics against orders as also against local demand. The independent weavers of the Northern Region, especially Kannur, take orders from foreign customers. In this context, it may be worth mentioning that substantial portion of the exports of handloom products from Kerala is contributed by the handloom exporters of Kannur.

3.4 Financial Assistance

3.4.1 Long Term Capital

Both the Central and State Governments pursue various plans and schemes for the overall development of handloom sector and the welfare of weavers, who currently face stiff competition from international markets, powerloom and mill sector. The Government of India have come out with 5 Schemes during the 11th Plan with a special focus on the capacity building, infrastructure support, design & quality up-gradation, marketing & raw material support, health care etc. The five schemes are:

(i) Integrated Handlooms Development Scheme

(ii) Marketing and Export Promotion Scheme

(iii) Handloom Weavers Comprehensive Welfare Scheme

(iv) Mill Gate Price Scheme

(v) Diversified Handloom Development Scheme
Allocation of funds for the last three years from 2008-09 to 2011-12 is given in Table No.3.7

**Table No. 3.7** Allocation of funds by the GoI for handloom projects during the 11th Five Year Plan

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of Scheme</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12 (up to 9.3.12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Integrated Handloom Development Scheme</td>
<td>108.98</td>
<td>125.00</td>
<td>172.05</td>
<td>164.70</td>
</tr>
<tr>
<td>2</td>
<td>Marketing &amp; Export Promotion Scheme</td>
<td>46.00</td>
<td>50.00</td>
<td>61.00</td>
<td>55.60</td>
</tr>
<tr>
<td>3</td>
<td>Handloom Weavers Comprehensive Welfare Scheme</td>
<td>125.17</td>
<td>120.00</td>
<td>170.00</td>
<td>119</td>
</tr>
<tr>
<td>4</td>
<td>Mill Gate Price Scheme</td>
<td>29.59</td>
<td>30.60</td>
<td>65.00</td>
<td>55.60</td>
</tr>
<tr>
<td>5</td>
<td>Diversified Handloom Development Scheme</td>
<td>16.24</td>
<td>15.78</td>
<td>20.00</td>
<td>24.10</td>
</tr>
</tbody>
</table>

*Source: GoI, Ministry of Textile, Answer to the questions in Lok Sabha.*

The handloom industry in Kerala is a beneficiary of the above schemes implemented by GoI. The schemes implemented by Government of Kerala, with financial assistance from the Central Government, for the development of handloom industry in Kerala include:

- Deen Dayal Hathkargha Protsahan Yojana (DDHPY)
- Swarnajayanthi Gram Swarojgar Yojana (SGSY)
- Handloom Export Scheme
- Special Project for Factory Type Societies
Textile Centre Infrastructure Development Scheme at Kannur and Thiruvananthapuram

Integrated Handloom Training Project

Strengthening of Hantex and Hanveev under DDHPY

Margin money to powerloom and handloom units

Welfare scheme like Contributory Thrift Fund, Health Package and House-cum-Work Shed Scheme

Quality Raw Material Distribution Scheme under CENVAT

Promotion of exquisite handloom products as work of art

Integrated Handloom Development Scheme (IHDS)

3.4.2 Working Capital

The handloom weavers rely on co-operative banks, nationalized and private banks and various other financial institutions for their working capital requirements. NABARD is providing refinance facilities to State Co-operative Banks for financing the production and marketing activities of primary weaver societies. Most of the societies are now not getting working capital from these sources as they had already exceeded the Cash Credit (CC) limit and have huge loan arrears to the State and District Co-operative banks by way of interest, apart from the principal. To come out of the crisis, they borrow funds from private individuals at high rate of interest putting further constraints on the day-to-day operations of the societies.

Government of India has taken a number initiatives to address the issue of availability of institutional credit and availability of cheap hank yarn to
handloom sector in order to compete with powerloom and mill sector. They are summarized below

i. The Government of India has approved Financial Package for loan waiver of over dues of weavers’ co-operative societies and individuals as on 31-3-2010 with a total outlay of Rs.3884 crore. This will throw open the choked credit lines of weavers’ co-operative societies and individual weavers.

ii. Further, for easy credit availability to handloom weavers not covered under financial package, the Government will provide margin money assistance @ Rs 4200/- per weaver, interest Subvention of 3 per cent per annum for 3 years from the date of first disbursal /and credit guarantee for 3 years by the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) for which the Government will pay the required guarantee fee and annual service fee.

iii. For availability of cheap hank yarn, 10 per cent price subsidy on silk and cotton hank yarn will be provided by the Government to ensure supply of subsidized yarn to handloom sector.

iv. The Government has further approved enhancement in the freight reimbursement for transportation of different types of yarn used by the handloom sector in order to offset the increase in fuel cost.

v. In order to provide relief to the silk weavers due to very high prices of domestic as well as imported raw silk, on the initiatives of the Ministry of Textiles, Ministry of Finance reduced the existing basic customs duty on raw silk from 30 - to 5 per cent, which has resulted in reduction of silk yarn prices.
To ensure effective implementation of the schemes and optimum utilization of funds for the benefit of handloom weavers, regular monitoring of the schemes is being done through field visits, calling for physical and financial progress reports and quarterly meetings with the State Directors in-charge of Handlooms.

3.5 Institutional Mechanism for the Handloom Industry.

There are various state and central government agencies which work in tandem for the upliftment of the handloom sector.

3.5.1 Government of India Institutions

1. Ministry of Textiles: The Ministry of Textiles is responsible for policy formulation, planning, development, export promotion and trade regulation in respect of the textile sector. The developmental activities of the Ministry are oriented towards making adequate quantities of raw material available to all sectors of the textile industry and augmenting the production of fabrics at reasonable prices from the organized and decentralised sectors of the industry. Special emphasis is given to the development of handlooms in view of its large employment potential. The Ministry monitors the techno-economic status of the industry and provides the requisite policy framework for modernisation and rehabilitation.

2. Development Commissioner, (Handlooms) New Delhi: Office of the Development Commissioner for Handlooms was set up in 1975 under the Ministry of Commerce. At present it is functioning under the Ministry of Textiles. 25 Weavers’ Service Centres in 20 States are functioning under the administrative control of Office of the Development Commissioner for Handlooms as Field Units to look after
the needs of the handloom weavers like their skill up-gradation, design development etc.

3. \textit{Weavers Service Center}: This is a Govt. of India organization meant for the training and skill upgradation of weavers. In Kerala it is located at Kannur. This organization has Design, Weaving, Dyeing, Printing, Photography, Library & Documentation sections for carrying out the design development, design adoption, design dissemination, technical inputs in the form of research in looms, dyes, dyeing techniques and in innovations in appliances and accessories used by the weavers.

4. \textit{National Handloom Development Corporation (NHDC)}: This is a central government undertaking under the Development Commissioner. (Handlooms) for the supply of the basic raw material to the weavers of the handloom sector at the Mill gate prices without charging any transportation charges and the other local taxes. The NHDC office in Kerala is located in Kannur.

5. \textit{Textiles Committee}- It is a statutory body set up under the Textiles Committee Act, 1963 (41 of 1963), under the Ministry of Textiles, GoI for promoting quality and excellence in the Indian Textiles Industry to make it globally competitive, and to provide basic infrastructure and guidance to support and enhance quality in the textile industry.

6. \textit{Handloom Export Promotion Council (HEPC)}: In order to motivate, co-ordinate and facilitate exports of hand-woven goods, GoI constituted HEPC in 1965. It provides a variety of services to firms registered with it. It advises government and other authorities on problems and measures in relation with handloom.
It gets grant-in-aid from Government for its export promotion activities like organization of fairs/ exhibitions/ seminars/ buyer seller meets etc.

3.5.2 Institutions under Government of Kerala

1. Ministry for Industries and Information Technology: The ministry has a mandate to transform Kerala into a vibrant entrepreneurial society with faster, inclusive and sustainable economic growth in order to achieve global standards in every domain.

2. The Department of Industries & Commerce: It is headed by the Hon'ble Minister (Industries & Commerce). The administrative head of the Industries & Commerce Department is the Additional Chief Secretary/Principal Secretary (Industries & Commerce). The Directorate of Industries & Commerce, the functional arm of the Industries Department is located at Vikas Bhavan, Thiruvananthapuram. It is headed by the Director (Industries & Commerce). District Industries Centers, located in all district head quarters comes under the Director (Industries & Commerce).

3. Directorate of Handlooms & Textiles: Directorate of Handlooms & Textiles is the wing under Department of Industries, GoK to co-ordinate activities regarding the development of Handloom sector and implements financial and welfare schemes to weavers of Kerala. It advices Government in evolving policies and schemes aimed at developing the harmonious growth of Handlooms, Power looms and Textile Sector. The Director of Handlooms and Textiles is the functional Registrar for the Weavers co-
operative societies (Handlooms and Power looms) in the State who has been vested with the powers under the Kerala State Co-operatives Act 1969.

4. *Hantex*: Channel credit from central institutions to the societies, Procure and supply yarn and other raw materials and provide technical inputs in the form of improved design and know how, and market the products of the member societies.

5. *Hanveev*: The “Kerala Handloom Finance Corporation” Hanveev is set up with the prime objective of promoting private handloom sector by providing finance for both working capital and for investment. In 1975, the name of the corporation was changed to the “Kerala Handloom Finance & Trading Corporation” and subsequently to Hanveev.

6. *Institute of Handloom and Textile Technology*: Institute of Handloom and Textile Technology (IHTT) is an Institution set up by the Government of Kerala under the Ministry of Industries for giving input of Science and Technology to the Traditional Handloom Textile Industry. The Institute was established and registered under the Societies Registration Act of 1860 in the year 1987. It conducts various training programmes in Fabric Forming Technology (FFT), Dyeing and Processing Technology (DPT), Fashion designing, Interior Decoration etc.

The institutional mechanism in place for the handloom industry in Kerala, as detailed above, is given in Figure No.3.3.
The Handloom Co-operative Societies in Kerala suffer from certain inherent and operational problems. The inherent problems of the Handloom Co-operative Societies in Kerala are those related to its structure, constitution and related issues of its co-operative nature. Some of the inherent weaknesses of Co-operative Societies in Kerala are delay in decision making, lack of consensus between members, lack of profit motive, less market-driven and high political interference. Bringing perceptible changes in these areas are rather difficult and time-consuming as inherent problems are embedded in the social system and are connected with the political and economic environment. On the other hand, the handloom co-operative societies in Kerala face a lot of operational problems-problems that are connected with the operational aspects
of the industry, viz promotion, financing, production, marketing of handloom—
that can be addressed by external interventions both fiscal and financial
interventions. The principal operational problems faced by the handloom co-
operative societies in Kerala are summarised below:

a) Dearth of expert weavers: Dearth of expert weavers exist in most of the
centres of handloom production in Kerala. Weaving is largely an
occupation of certain communities of people, Eg: the ‘Salia’ community
who came down from Tamilnadu and settled at Balaramapuram. It is no
secret that weavers do not send their children to this work. The
expertise and tacit knowledge is gradually declining. This would
seriously affect the industry in the long term unless the sector is taken to
the high growth path. The younger generation of such communities are
generally not interested in pursuing this occupation for a variety of
reasons including poor remuneration.

b) Poor remuneration: Poor remuneration derived from weaving as an
occupation prompts even the old generation weavers to look for
alternate jobs, of late, job under employment guarantee scheme of GoI.

c) Competition from Powerlooms: Competition from Powerlooms pose
serious threat to the handloom industry; Products manufactured in
Powerlooms, available in the markets at cheaper prices, substitute
handloom fabrics. On one hand the productivity of powerlooms is 10-12
times more than that of handlooms while on the other hand, powerlooms
can easily replicate most products of the handloom sector. In fact there
has been a practice of marketing products manufactured in powerlooms
under the label of handloom items. It was learnt during the field visits
that some people are selling powerloom products in the label of
‘handloom products’ specifically mentioning the geographical names of
certain popular handloom pockets in Kerala.
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d) Difficulties in procuring raw materials in adequate quantities, especially on account of working capital shortages, absence of diversified product range, inappropriate technology, poor loom conditions and incapability for professional marketing also pose severe constraints in the development of the handloom sector.

e) Lack of working capital: Though NABARD provides refinance facilities to the State co-operative banks and RRBs for financing requirements of primary and apex weavers’ cooperative societies, the service charges levied by these institutions result in the doubling of interest rates for the societies.

f) Poor infrastructure & Working environment: Investment in handloom sector has thus far been limited to input supply costs. There is no investment intended towards the overall growth of the sector. While there have been some piece-meal projects such as workshed-cum-housing and project package schemes, they merely perpetuate the existing conditions. The production and working environment in the handloom industry is poor and in the case of cottage-type handloom societies, where the loom is attached to the houses of the weavers, the situation is pathetic. The pit-looms in the cottage type make the weaving practically difficult during rainy season, making these handloom workers virtually unemployed. Though the work shed and factory type societies offer a better environment compared with the cottage type societies, the poor infrastructure facilities pose huge limitation for their proper tapping of the resources.

Some of the photographs taken during the field visits are given in Figure No.3.4 for giving a quick glance of the working environment in handloom Co-operative societies in Kerala.
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Figure No. 3.4 A quick glance of the working environment in Handloom Industry

Inside view of Ooruttabalam Society in TVM. The pit is wet, especially during rainy season.

A view of Thettivila HWCS and Ooruttabalam Society in TVM from outside

Inside view of Puzhathi HWCS in Kannur, and Vanaja HWCS at Kannur where workers are working among the large number of abandoned looms
g) Lack of Facilities for Dyeing and other pre-loom operations: Another major problem facing handloom sector is lack of good infrastructure to develop dyeing and other pre-loom operations. The co-operative societies are not in a position to come out with better dyeing units, which is economical at large size and require huge investment. Only few societies have dyeing centres with modern facilities such as water softening plants or dyeing chambers. Dyeing is unorganized and marked with low end applications. The regulatory bodies like Panchayath do not give statutory permission to set up dye house as it is a polluting activity and likely to harm the environment if proper treatment facility is not set up to treat the waste. Setting up of Dye Houses individually is costly and hence not feasible. Hence majority of the co-operative societies / weavers still undertake the dyeing activity through dyeing houses in neighboring states or buy processed yarn, which is ready to use. All this has a significant bearing on the quality of final products, wages weavers get and the profit societies make.
h) Lack of forward Integration: Societies seldom undertake any forward integration due to lack of funds and also lack of infrastructure support for design capabilities.

i) Marketing: The supply chain in the handloom industry in Handloom sector in Kerala is extremely fragmented mainly due to lack of co-ordination between industry and relevant trade bodies. With the existence of many intermediaries between the weaver and the final consumer, each intermediary not only leads to lengthening of lead times, but also adds to costs. By the time the product reaches the final consumer, its price increases manifold.

j) Co-ordinating agencies: The problems of the handloom industry are not new. The issues and the means to solve the problems were discussed at length by the academicians, policy makers and financial institutions over the last 6 decades. All these studies have pointed out one thing in common. The handloom industry is a “Low Market, Low Margin” industry and the government support is more on ‘emotional’ and ‘political’ considerations. To change this and make the industry sustainable, the handloom sector should come out with products;

a) that people need

b) with trendy designs

c) of high quality and

d) at most competitive price

If the above are ensured, the demand will pick up automatically. These necessitate a high level co-ordination by the departments and agencies working under it-to conduct, if necessary, international handloom trade fairs in Kerala,
Global fairs in Kerala, National/International Handloom Fashion shows, International exhibitions, roping prominent local textile manufacturers and traders for undertaking forward integration activities and associating with trade bodies like CII, FICCI, Chamber of Commerce etc for better brand building and technology transfer. However, despite the liberal support extended to the sector by the government, many such things are yet to happen. The activities of the Directorate of Handloom & Textiles confine most often to implementing schemes announced by the governments and it seldom travels beyond the customary routes of providing funds to the intended beneficiaries. The inefficiency of the developmental and promotional agencies like Hantex and Hanveev added further blow to the sector deepening the crisis.

The costing on a select few products procured from the weavers are given in the Table No.3.8

Table No. 3.8: Product Pricing Method by Hantex as on 2.05.2012

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Name of the Fabric</th>
<th>Basic Product Cost at the time of procurement from Weavers (in Rupees)</th>
<th>Charges levied by Hantex on the product</th>
<th>Final Product cost (in Rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Administration</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Charges levied on the product</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Admin OH of 20% of PC</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Margin 15% &amp; on</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Bed Sheet Colour</td>
<td>237</td>
<td>47.4</td>
<td>42.66</td>
</tr>
<tr>
<td>2</td>
<td>Pillow Cover White (18X 28)</td>
<td>76.33</td>
<td>15.266</td>
<td>13.7394</td>
</tr>
<tr>
<td>3</td>
<td>Bed Sheet Colour (90X108)</td>
<td>493.2</td>
<td>98.64</td>
<td>88.776</td>
</tr>
<tr>
<td>4</td>
<td>Satin Sheet (60X90)</td>
<td>553.84</td>
<td>110.768</td>
<td>99.6912</td>
</tr>
</tbody>
</table>

Source: Hantex
Chapter 3

All the products procured by Hantex are sold using the same costing method. Moreover, the payments from Hantex and Hanveev is not prompt which in turn affect the working capital availability of these societies who are already crippled by the dearth of working capital from banks. The inefficiencies connected with Hantex/Hanveev, its deficiencies in the procurement and marketing networks, lack of adaptability and excessive political interference etc., limit or affect their ability to deliver enhanced customer satisfaction and economic value through synchronized management of the flow of goods and customer feedbacks. This probably could be due to the fact that Hantex and Hanveev are independent government agencies not having organic links with the manufacturing sector.

Thus the handloom industry in Kerala needs improvement in the following operational areas;

1. Labour Force
2. Raw material procurement
3. Marketing
4. Credit & Investment
5. Technology and Infrastructure

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