Chapter 8

FINDINGS, CONCLUSIONS AND SUGGESTIONS

In this chapter, findings and conclusions of the study are presented and based on these some suggestions are also made.

8.1 FINDINGS

8.1.1 Village Industries in India

The study found that Village and Small Industries (VSI) constitute an important segment of the Indian economy. Next to agriculture, the VSI sector provides the greatest employment opportunities in rural and semi-urban areas. It contributes about 50% of the value added in manufacturing. VSI sector comprises both traditional and modern small industries. The traditional industries include handloom, handicrafts, coir, sericulture, khadi and village industries. The modern small industries include small-scale industries (SSI) and power looms.

8.1.1.1 Performance of Khadi and Village Industries in India

It is found that Production of khadi and village industries has increased by 74% during the pre-globalisation period. However, production and sales of khadi and village industries have increased only by 13.7% and 13.3% respectively during the post-globalisation period (see table 3.3 and 3.6)
8.1.1.2 The study reveals that village industries in India have depicted a better performance in employment generation compared to the khadi sector, during the post globalisation period. Employment among the village industry sector has increased by 47%, but it has declined to –38% among the khadi sector during the post globalisation period (see table 3.8).

8.1.1.3 It is also found that exports of small enterprises in India have increased by 48% during the first phase of globalisation (1995-96 to 1999-00). However it has increased by 80% during the second phase of globalisation (999-00 to 2004-05) (see table 3.9)

8.1.2 Khadi and Village Industries in Kerala

8.1.2.1 Performance in Production, Sales and Earnings-Village Industries

The study shows that production, sales and earnings of village industries in Kerala have increased by 63%, 74% and 64% respectively during the first phase of liberalisation (1992-93 to 98-99) (see table 3.14, 3.15 and 3.16). During the second phase of liberalisation (1999-00 to 2003-04), production, sales and earnings have increased by 96%, 75% and 131% respectively. (see table 3.18, 3.19 and 3.20). Therefore village industries in Kerala have made a better performance during the second phase of liberalisation compared to the first phase.

8.1.2.2 Performance in Employment-Village Industries

It is found that employment among the village industry sector has increased by 9% during the first phase of liberalisation but it has increased by 16.3% during the second phase. Therefore employment opportunities among the village industries have registered a better growth during the second phase of liberalisation in Kerala (see table 3.17 and 3.21).


8.1.2.3 Performance of Khadi Sector in Kerala

The study shows that Khadi sector in Kerala has registered poor performance in both the first and second phases of liberalisation compared to the village industries. The production sales and earnings of khadi sector have increased by 24%, 43% and 34% respectively during the first phase of liberalisation (see table 3.14, 3.15 and 3.16). However, growth rate of the same have been declined to 0.08%, 22% and –3.2% respectively during the second phase of liberalisation (see table 3.18, 3.19 and 3.20). The same weak performance has been observed in employment generation also. Employment among the Khadi sector has decreased by 0.3% during the first phase but it has increased by 7% (less than VSI sector) during the second phase (see table 3.17 and 3.21).

8.1.3. Handloom Industry in India

It is found that Indian textile and clothing industry contributes almost 4% of national GDP and 20% of manufacturing value added. It also earns one third of India’s foreign exchange. Handloom industry is the largest employer in the country after agriculture. It gives employment to 120 lakh people in India. Handloom sector accounts for 13.12% of the total cloth production in the country.¹

8.1.3.1 Promotion of the Industry

The study reveals that there are several promotional institutions and promotional schemes in India to promote the handloom industry during the period of globalisation. However the Deen Dayal Hathkargha Protsahan Yojana (DDHPY) is the major comprehensive scheme, which is widely implemented allover the country. However it is observed that there is instability in giving grants by the Government to the handloom sector (see table 4.1)

¹ Annual Report 2004-05, Ministry of Textiles, Government of India
8.1.3.2 Performance of Handloom Industry in India

It is found that the production of handloom cloth in India has declined by 21% during the period of globalisation. It has declined from 7202 million sq. mtrs. in 1995-96 to 5705 million sq. mtrs. in 2004-05. Moreover, growth rate of production has fallen from 17% to 12% and share of handloom production in total cloth production declined from 23% to 13% during the same period. On the other hand, the share of power loom cloth production has increased from 55% to 63% during the same period (see Table 4.2).

The study also reveals that exports of handloom products from India have increased by 130.7% during the period of globalisation (see Table 4.5).

8.1.3.3 Expectations for the Period of Globalisation

The Multi-Fibre Agreement has been fully replaced by Agreement on Textiles and Clothing under the WTO regime, from 1-1-2005. From the study it is revealed that China is generally viewed as posing the biggest threat to the expansion of textile and apparel exports by India. The WTO predicts that China could capture half of the world market for textiles and apparels by 2007, because China’s clothing sector is significantly more competitive than India.

8.1.4 Handloom Industry in Kerala

The study reveals that handloom industry is the second largest traditional industry of Kerala after coir and employs 1.75 lakh of people.²

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² Economic Review, State Planning Board, Kerala.
8.1.4.1 Structure of the Industry

It is found that handloom sector in Kerala is dominated by the cooperative sector. 96% of the handloom production in Kerala is regulated by the cooperative sector and only 4% is contributed by the unorganized/private sector.\(^3\)

8.1.4.2 Problems of Handloom Industry in Kerala

It is observed that handloom industry in Kerala is faced by the following problems:

(i) **Scarcity of Yarn**

It is found that the apex bodies, Hanveev and Hantex, which are set up to supply yarn and other raw materials at reasonable cost to the HWCSs have not been able to make any remarkable achievement in this direction. Of the total requirement of yarn these institutions meet only 17.48%. The procurement and supply of yarn has been progressively declining over the years.

(ii) **Financial Crisis of the HWCSs**

Most of the handlooms weaving cooperative societies market their products through the Hantex. The products are supplied to Hantex for marketing while the payments for the supply is made once or twice in a year. As a result the working capital of the society gets blocked and at the same time the payments received from Hantex are eaten away by the interest component of the existing loan. Most of the HWCSs are therefore not able to repay the loans on time. This crisis results in lack of investment funds for most of the HWCSs.

\(^3\) Ibid
(iii) **Obsolete Technology**

Modification and upgradation of machines and processes in the handloom sector is necessary for lessening the strain on operations, improve quality and increase productivity. But, unfortunately most of the weavers and societies are resisting changes in the handloom sector. Lack of funds also hinders modernization of looms in the State.

(iv) **Limited Product Diversification/Lack of Demand Oriented Products**

Product diversification is seldom considered in the handloom sector. Most of the cooperative societies (except in Kannur District) work in an environment, which are isolated from the changes that are happening around the corner. They lack access to such information for their isolation from the main stream besides funds crunch.

The purchase of ‘Grey Saree/Set Mundu’, which is the traditional dress of the women in Kerala, has been in the downward trend over the years. Instead a major portion of the grey saree/set mundu is produced in southern and central regions of Kerala. At the same time, demand-oriented goods are not produced sufficiently though there is consumer preference.

(v) **Absence of ‘Kerala Brand’**

The Kerala handloom industry needs to produce value added products that come with signature designs. The challenge before Kerala is to create this niche, like the way Tiruppur Kancheepuram and Pochampilly did. Unfortunately, in Kerala such signature designs are rare except in Kannur.
(vi) **Excessive Dependence on Rebate System**

It is observed that handloom industry in Kerala excessively depends on the Rebate System for selling the products. Handloom societies and weavers should move out from the rebate system and consider rebate only as a bonus offer. The real fact is that excessive supports hinder changes, prosperity and commercialization of handloom industry in Kerala.

(vii) **Neglect of Private Players**

Private sector contributes a major portion of the handloom exports from Kerala. Moreover the sector depicted a better performance in production, productivity and employment generation during the period of globalisation. However, it is alleged that, the Governments ignore the private players in handloom sector and most of the funds are geared in favour of the cooperative sector, which is comparatively inefficient.

(viii) Further, the industry faces some other problems such as market competition, low wages, underutilized infrastructural facilities, non-availability of trained tailors, inadequate advertisement, inadequate market information, etc.

**8.1.4.3 Cluster Development Strategy**

It is found that the cluster development strategy has been accepted for the repositioning of handloom industry in Kerala. Handloom clusters, i.e., the sectoral and geographical concentration of firms are organized for improving the functions of handloom cooperatives. However our study reveals that the handloom clusters in Ernakulam district (especially the N. Paravoor consortium) are not working properly, due to lack of coordination and cooperation among the HWCSs.
8.1.4.4 Promotion of Handloom Industry

The Directorate of Handlooms and Textiles, HANTEX and HANVEEV are the major Government agencies, which are entrusted to promote the handloom industry in Kerala. The Directorate makes the policy and the implementation is performed by the two apex handloom cooperatives in the State.

8.1.4.4.1 Performance of HANTEX

Our study on the performance of HANTEX resulted in the following findings:

(i) Production of cloth and sales turnover of HANTEX have been declining during the period of globalisation. Production has declined by 16% and sales turnover has declined by 50% during the last five years. Moreover, the net loss of HANTEX has increased by 54% during the same period (Ref. Table 4.5)

(ii) HANTEX exports only a negligible portion of the total handloom exports from Kerala and the same is declining during the period of globalisation (Ref. Table 4.6).

8.1.4.4.2 Performance of HANVEEV

The study shows that production and sales of HANVEEV have declined by 41.6% and 13.7%, respectively during the last five years. Moreover, the accumulated loss of HANVEEV has increased by 242% during the same period (See Table 4.7)
8.1.4.5 Performance of Handloom Industry in Kerala

8.1.4.5.1 Government Grants

It is found that though there is an increase in the allotment of both Central and State Government grants for the handloom industry in Kerala, there is instability in giving grants for the last five years (Ref. Table 4.8)

8.1.4.5.2 Number of Weavers, Production and Productivity

The study shows that the total number of registered weavers in Kerala has increased from 1,11,373 in 1999-2000 to 1,35,450 in 2004-05. It is found that production of handloom cloth has decreased by 17.2% under the cooperative sector during the last five years. On the other hand production has increased by 12% under the unorganised/private sector. Productivity under the cooperative sector decreased by 15% during the same period. However, it has increased by 29% under the private sector. (See Table 4.9 and 4.10)

8.1.4.5.3 Employment Generation

The study reveals the same trend in employment generation. While the employment generation has fallen by 20.5% under the cooperative sector, it has increased by 11.3% under the private sector, during the period of globalisation (Ref. Table 4.10)

8.1.5 Handloom Industry in Ernakulam District

8.1.5.1 It is found that handloom is the major traditional industry in Ernakulam district and coir is the second largest one (see table 5.3 and 5.4).

8.1.5.2 The survey shows that handloom is a village/rural industry in the district as the majority (94%) of working HWCSs are concentrated in rural areas (see Table 5.7).
8.1.5.3 It is revealed that nearly 10% of the total handloom weavers in the State are concentrated in Erankulam district. However only 35% of them are engaged in regular weaving (see Table 5.8).

8.1.5.4 The study shows that handloom industry in Ernakulam district is dominated by the cooperative sector i.e. 97% in the cooperative sector and 3% in the private sector (see Table 5.8 and Fig. 5.1).

8.1.5.5 It is found that 97.5% of the handloom workers in Ernakulam district are weavers and only 2.5% of them are doing other subsidiary jobs. This represents absence of division of labour in the handloom industry (see Table5.10).

8.1.5.6 The survey shows that female workers dominate the handloom industry in Ernakulam district, i.e. 83% of the workers are females and 17% are males. Moreover, majority of the male workers are traditional weavers and represent the age group of above 50 years (see Table 5.11).

8.1.5.7 It is also observed that there is 100% literacy among the handloom workers in Ernakulam district (see Table 5.13).

8.1.5.8 Problems of Handloom Industry in Ernakulam District

From the survey, it is studied that the handloom industry in Ernakulam district faces the following problems:

1. **Difficulties to Mobilise Resources**

   It is observed that excess cost of yarn and scarcity of labour are the main problems, which create difficulties to mobilise resources. 70% of the HWCSs face the problem of scarcity of labour in the district (see Table 5.15).
2. **Financial Problems**

The main financial problems faced by the HWCSs are paucity of internal finance and high interest rates for loans. 62.5% of the HWCSs face the major financial problem of paucity of internal finance (See Table 5.16)

3. **Market Competition**

Handloom industry in the district is observed to face severe market competition from substitutes, i.e. from low priced handloom cloth and power loom fabrics. Market competition adversely affects 81.3% of the HWCSs in the district (see Table 5.17).

4. **Scarcity of Demand**

Scarcity of demand is one of the serious problems that affect the handloom industry in the district. It is observed that the product demand is low due to lack of advertisement, absence of demand-oriented production, and higher price of handloom cloth. 62.5% of the HWCSs are observed to face the problem of absence of advertisement (see Table 5.18)

5. **Other Domestic Problems**

It is also observed that handloom industry in the district faces some other problems such as (a) Scarcity of skilled labour, (b) Low production, and (c) Excess dependence on the rebate system.

6. **Absence of Export Production**

Absence of export production is the major problem that limits the expansion of handloom industry in Ernakulam district. It is observed that production of handloom fabrics is exclusively designed for the domestic market. Therefore the HWCSs are missing the global opportunities.
7. **Weaknesses of Household Sector**

The survey shows that household/Cottage sector of handloom industry in Ernakulam district faces some additional problems such as traditional method of weaving, lack of modernisation, unskilled workers, low income, exploitation of weavers by the society officials, etc.

8.1.5.9 **Performance of the Industry**

Our study on the performance of handloom industry in Ernakulam district resulted in the following statistical findings:

(i) Production of handloom cloth by HWCSs in Ernakulam district has declined by an annual average rate of 12.6% from 1995-96 to 2004-2005 (see Table 5.19)

(ii) The sales of HWCSs in the district have declined by an annual average rate of 8.5% during the same period (see Table 5.20)

(iii) The profits of HWCSs have declined by an annual average rate of 21% during the last ten years (see Table 5.21).

8.1.6 **Globalisation and the Indian Economy**

8.1.6.1 **GDP Growth Rate in India**

It is found that the GDP growth rate in India was unstable during the first phase of globalisation. However, it is steadily increasing during the second phase, (i.e., after 2002-03) of globalisation. The economy has registered a better growth rate (7.5%) during the year 2004-05 (Ref. Table 6.2).
8.1.6.1 Agriculture

From the study it is observed that, the share of GDP contribution of the agriculture sector is steadily declining in India. The share of agriculture in GDP has decreased to 24% in 2003-04 from 49% in 1950-51. However the desired shift of labour force from agriculture to other sectors could not take place as nearly 65% of the total workforce is still employed in agriculture.

8.1.6.1.2 Industry

It is also observed that the industrial sector of India depicted a weak performance during the initial periods of globalisation. However, the growth in the Indian industrial sector became healthier after the year 2001-2002 (Ref. Table 6.3)

8.1.6.1.2.1 Textiles

The study reveals that the Indian textile industry made a better growth rate of 12% between 1997-98 and 2003-04. Among the textiles, power looms have registered a better performance compared to mills and handlooms. The share of handlooms in total cloth production in India has declined by nearly an average rate of 7% during the period of globalisation (Ref. Table 6.4 and 6.5).

8.1.6.1.2.2 Exports of Textiles

It is found that the export of Textiles from India has registered a growth rate of 6% from 2001-02 to 2003 –04. In the export of manmade textiles including handlooms India has made a better performance, with 44% growth rate, during the last five years (see Table 6.5)

8.1.6.1.3 External Sector

It is observed that India registered a marginal improvement in exports during the period of globalisation. The share of exports in world trade has increased
from 0.7% in 2000-01 to 0.8% in 2003-04. At the same time India’s exports have increased by 15% during the post globalisation period (1996-97 to 2003-04). It is also found that India’s imports exceeded the value of exports during the globalisation period. However, the country has a surplus balance of payments due to the positive balance in invisible items, in recent times (Ref. Tables 6.7, 6.8, and 6.9)

### 8.1.6.2 Globalisation and Employment

It is found that growth of employment in India during the post globalisation period is not satisfactory as evident from the following facts:

(i) Rate of unemployment is increasing in India during the period of globalisation. In other words employment growth has declined from 2.73% in 1997-98 to 0.98% in 1999-2000.

(ii) The number of registered job seekers in employment exchanges has also increased from 367.6 lakh of persons in 1992 to 414 lakh persons in 2002-03

### 8.1.6.3 Globalisation and Poverty

According to the UNCTAD report (2002), the international poverty gap is widening during the period of globalisation. However the study shows that in India the number of persons below poverty line is steadily declining during the post globalisation period. As per the information from the Economic Review 2005, Kerala, the number of persons below poverty line was 320.3 million in India in 1993-94. It has declined to 263.3 million in 1999-00 and further it is predicted to be reduced to 220.1 million in 2007.

### 8.1.7 Globalisation in Kerala

8.1.7.1 The study reveals that globalisation and liberalisation policies were hardly implemented in Kerala before 2000-01 as the previous LDF Government
was against globalisation. The liberalisation and globalisation era did begin in Kerala only after the A.K. Antony Government assumed power in 2001. Therefore we can rightly consider the pre-globalisation period in Kerala as the period before 2001, and post-globalisation period as the period after 2001.

8.1.7.2 The study shows that the first phase of liberalisation in Kerala represents the signs of slow down compared to growth rates of the neighbouring States and all India growth rate. It is found that Kerala registered an annual average growth rate of 4.6% from 1995-96 to 1999-2000. Karnataka and Tamil Nadu made a much better performance of 8.7% and 5.8%, respectively, during the same period. The all India growth rate (6.9%) was also higher than Kerala (see table 6.18).

8.1.7.3 The study also reveals that the private investment in the manufacturing industry has been poor in Kerala as is evident from the low share of the State (1.07%) in all India investment proposals compared to Karnataka (5.105) and Tamil Nadu (6.8%). Moreover, the share of FDI approval in Kerala was only 0.3% during the same period (see Table 6.19).

8.1.7.4 Performance During the Post Globalisation Period

It is found that Kerala ranks second among the best States in India to live by considering eight parameters, such as agriculture, industrial environment, consumer market, health, education, law and order, infrastructure, budget and prosperity, as per the study conducted by ‘India Today’ during the post globalisation period (Ref. Table 6.20).

8.1.7.4.1 The study depicts that Kerala made a moderate improvement in per capita income as it ranks 6th among the Indian States during the period of globalisation. Kerala’s per capita income has increased from Rs. 18,117 in 1999-00 to Rs. 24,492 in 2003-04. It is also evident that the per capita income of Kerala is the highest among the neighbouring States during 2003-04 (Ref. Table 6.21).
8.1.7.4.2 The study reveals that Kerala registered a much better growth rate during the post globalisation period compared to the pre globalisation period. The result is very clear from the difference in the annual average growth rates. The growth rate (AAG) during the post globalisation period was 6.6% and the pre globalisation rate was only 4.14%. Therefore, Kerala economy made an incremental growth rate of 2.5% during the post globalisation period compared to the pre globalisation period (Ref. Table 6.22).

8.1.7.4.3 It is found that the share of primary sector in State income of Kerala has declined to 17% in 2004-05 from 56% in 19960-61. On the other hand, the contribution of tertiary sector has increased to 61% from 29% during the same period (See Figures 6.3 and 6.4)

8.1.7.4.4 The study shows that growth rates of total exports from Kerala are steadily increasing during the post globalisation period. During 2000-01 the growth rate of exports was -5.6%. It has increased to 23.4% during 2004-05 (See Table 6.24).

8.1.7.4.5 The study reveals that the poverty ratio (% of poor) in Kerala has declined to 3.61% as per the poverty projection in 2007, from 12.72% in 1999-2000. Kerala has made a much better performance in poverty alleviation compared to the South Indian States during the period of globalisation. The all India poverty ratio (19.37%) is also higher than Kerala, during the same period (Ref. Table 6.25)

8.1.7.4.6 From the study, it is found that the rate of unemployment in Kerala is the highest among all other States in India. Moreover, it is observed that unemployment rate in Kerala (35.3%) is higher than the all India rate (13.2%), during 2004-05, as per the information from the Economic Review, 2005, State Planning Board, Kerala.
8.1.8 Impact of Globalisation on Handloom Industry

With regard to the impact of globalisation on handloom industry the major findings are given below:

8.1.8.1 Impact on Production Pattern

The survey shows that majority (79.5%) of the handloom households have not introduced any change in the production pattern during the period of globalisation. Only 20.5% of them have introduced some changes in production pattern (see table 7.1).

8.1.8.2 Impact on Innovation/Variety changes

It is found that majority (87.5%) of the HWCSs have introduced design changes only to a limited extent. Design changes have been widely adopted only by 6.25% of them, during the period of globalisation (see Table 7.2).

8.1.8.3 Impact on New products

The survey reveals that 81.25% of the HWCSs have introduced new products only to a limited extent and only 6.25% of them have widely introduced new products, during the period of globalisation. Moreover, 79.5% of the household units have not introduced any new variety of handloom cloth during the same period (see Table 7.3, and 7.5). It is also found that new varieties are acceptable in the domestic market. 66.7% of the HWCSs and 63.43% of the household units recognize the market acceptability of new varieties during the globalised period (see Table 7.4 and 7.6).

8.1.8.4 Impact on Modernisation

The survey shows that HWCSs in Ernakulam district have adopted modernisation only to a limited extent in their factory looms. 81.25% of them have
spent more than Rs. one lakh for modernisation, but 50% of them have implemented modernisation on 10 to 25 looms and 44% of them modernised only less than 10 looms. It is also found that 79.5% of the household units had never installed any single instrument to modernise their looms (see tables 7.7, 7.8 and 7.9).

8.1.8.5 Impact on Income and Output

From the survey, it is found that daily output of 90% of the handloom household units is below 5 metres of cloth, which represents low production and productivity during the period of globalisation (see Table 7.10).

8.1.8.6 Impact on Income

It is also found that 91.5% of the handloom workers receive only a low average daily income, which is less than Rs. 50 (see Table 7.11).

8.1.8.7 Impact on Employment

The survey reveals that only a single weaver/worker is employed per unit in 82% of the household units. It is also observed that majority (84%) of the workers have an average of five days of job in the handloom sector (see Table 7.14).

8.1.8.8 Years of Experience

It is found that new workers are reluctant to enter the handloom sector during the period of globalisation, which is evident from the fact that only 6.5% of the total number of workers have an experience of below five years. It is also found that 84% of the workers represent the non-traditional category (who consider employment as an opportunity to earn money) and only 15% are traditional workers (see Tables 7.15 and 7.16).
8.1.8.9 Impact on Quality of Labour

One of the important findings of the survey is that 66% of the weavers in the district had never attended any training programme in connection with modernisation of looms. Moreover 34% of them have attended training programmes, which are lesser than five in number. The HWCSs in the district have taken only few steps to improve the quality labour (Ref. Table 7.17 and 7.18).

8.1.8.10 Impact on Production

The survey reveals that production of handloom cloth by the HWCSs in Ernakulam district has been affected adversely during the post-globalisation period. This is evident from the positive annual average growth rate (29%) during the pre-globalisation period and the negative growth rate (-15%) during the post globalisation period (see Table 7.19).

8.1.8.11 Impact on Sales

It is found that the sales of HWCSs have also been adversely affected during the post globalisation period. This is proved by the positive growth rate (3.7) in sales during the pre globalisation period and the negative growth rate (-27) during the post globalisation period (see Table 7.21).

8.1.8.12 Impact on Profits

The survey shows that though the HWCSs have made a marginal profit during the pre-globalisation period, they plunged into heavy loss during the post-globalisation period. The HWCSs had made an annual average rate of profit of 0.9% during the pre-globalised period. However, the profits declined to –43% during the post-globalised period. Therefore profits of the HWCSs have been negatively affected during the post-globalisation period. (see Table 7.23).
8.1.8.13 Impact on Exports

The study reveals that globalisation has encouraged the exports of handloom products from Kerala. It is also found that nearly 98% of the handloom exports from Kerala are made from Kannur district. Handloom exports from Kannur had increased by an average growth rate of 2% during the pre-globalised period. But, it has increased by 5% during the post-globalised period (see Table 7.25).

8.1.8.13.1 However a paradox is also found from the study. While the export of handloom fabrics from Kannur was encouraged during the period of globalisation, the export of HANTEX was discouraged during the same period. Export of HANTEX had increased by 52% during the pre globalisation period, but it has declined to –48% during the post-globalised period (Ref. Table 7.25).

8.1.8.14 Impact on Beneficiaries

The survey shows that the performance of workers/ Beneficiaries was very poor and sympathetic during the post-globalisation period. Major findings in this regard are listed below:

1. It is found that majority (77.5%) of the workers have received no monetary benefits from the schemes of the Government, during the last five years (see Table 7.28).

2. The survey reveals the fact that majority (79.5%) of the workers have not received any subsidy or grant from the Government schemes, during the same period (Ref. Table 7.29).

3. It is found that 51% of the workers have not received any welfare benefits like medical reimbursement, insurance, etc. However, almost all the senior workers received free spectacles under the health package scheme. The beneficiaries did not receive any other medical benefits. The notable finding
is that 49% of the workers have received the benefit of insurance coverage, during the last five years (see table 7.30).

4 The study reflects that almost all the handloom household units did not receive any credit facility for improving production and production pattern during the period of globalisation. It is also observed that HWCSs were unable to give such loans to their member weavers due to their financial difficulties. Moreover, investment credits from the nationalized/commercial/cooperative banks were not accessible to the household units, which are managed by the individual weavers.

8.1.8.15 Other Findings

1. It is observed that the mismanagement of staff and Board of Directors of some HWCSs resulted in heavy loss of those HWCSs in the district.

2. It is studied that some of the HWCSs are not regularly paying wages to the weavers though cloth and finished fabrics are collected from them.

3. It is also found that HANTEX is not regularly paying the arrear amounts to HWCSs in connection with the mobilisation of cloth from them for selling.

8.2 CONCLUSION

Based on the above findings of the study we reached in the following conclusions:

8.2.1 It is observed that the production of handloom cloth in India has declined during the globalisation period due to the following reasons:

(i) Competition from the power loom sector

(ii) Import of new textile machinery, cotton and yarn
(iii) Unfavourable WTO Agreements

(iv) Lack of quality and lack of demand oriented products

(v) Scarcity of yarn

(vi) Absence of Patenting

(vii) Idle looms

(viii) Problems of marketing.

8.2.2 It is expected that the liberalized trade regime would result in increased global trade in textiles thus providing greater export opportunities and at the same time exposing the domestic industry to higher import penetration. Therefore it is concluded that the Indian handloom industry has to improve its efficiency and productivity to meet the emerging global competition.

8.2.3 It is observed that service sector has become the engine of growth in Kerala and the economy has reached the level of the economic standard of OECD countries.

8.2.4 Village industries in Kerala have a good prospect for providing employment among the rural community. Village industries have registered a much better performance compared to the Khadi sector during the post globalisation period. Moreover, khadi industry in Kerala has a limited prospect compared to the village industry during the period of globalisation.

8.2.5 It is estimated that the sales turnover of HANTEX and HANVEEV is only 12.5% of the value of total handloom production of Kerala. Therefore, major share of the handloom market size is controlled by the players other than the apex organizations (Hantex and Hanveev), the objective of Hantex and Hanveev to safeguard and promote the interest of weavers and also the handloom economy, as a whole is questioned. Its role in the development of the industry has also become
insignificant. Moreover, both the HWCSs and private handloom units in Kannur have positively utilized the export opportunities during the period of globalisation. However, HANTEX, the apex handloom cooperative society in Kerala was miserably failed to utilize the global opportunities and made a negative growth rate in exports during the post-globalisation period.

Therefore, we can conclude that, the apex handloom societies, Hantex and Hanveev, are unable to solve the problems of handloom industry in Kerala. As promotional agencies they are exhibiting poor performance with heavy loss, declining production, sales, and exports.

8.2.6 The unorganised/ private handloom sector in Kerala registered a better performance in production, productivity and employment generation compared to the cooperative sector during the period of globalisation. Therefore it is evident that handloom cooperatives in Kerala are relatively inefficient than the unorganized/ private sector. This requires some essential reorganisation of handloom cooperatives in Kerala.

8.2.7 The private handloom sector in Ernakulam district has registered a better performance in production compared to the cooperative sector during the period of globalisation.

8.2.8 It is concluded that subsidiary jobs of weaving like winding and warping are done by the weavers themselves. Therefore absence of division of labour reduced the productivity of handloom industry in Ernakulam district.

8.2.9 It is also concluded that the handloom clusters in Ernakulam district (especially the N. Paravoor consortium) are not working properly, due to lack of coordination and cooperation among the HWCSs.
8.2.10 Most of the HWCSs in Ernakulam district are unable to mobilise their own investment funds due to their net loss. Moreover, it is observed that the existing interest rate (9%) for investment loans are not affordable for the HWCSs.

8.2.11 It is observed that almost all the HWCSs in Ernakulam district failed to capture the export market though there are global opportunities and domestic potentials.

8.2.12 Low wages resulted in the gradual flight of workers from the handloom sector. Therefore, scarcity of labour has become the serious problem of handloom industry in Ernakulam district. Scarcity of labour resulted in low production of handloom cloth in the district.

8.2.13 Handloom industry in Ernakulam district has great potential with 16 working cooperative societies and nearly 5000 registered weavers. The industry has a good prospect in the district through the expansion of domestic market and accessibility of export market, and by changing the existing production pattern.

8.2.14 It is observed that handloom industry in Ernakulam district was less prepared for globalisation as is evident from the following facts:

(i) Majority of the handloom household units have not introduced any change in the production pattern during the period of globalisation.

(ii) Most of the HWCSs in the district have introduced design changes only to a limited extent.

(iii) Majority of the HWCSs introduced new products only to a limited extent, though there is consumer preference

(iv) Majority of the handloom household units did not produce any new variety though there is market acceptability.
(v) Most of the HWCSs failed to implement modernisation and technology upgradation sufficiently, during the period of globalisation.

(vi) Majority of the handloom household units have not installed any single instrument to modernise their looms during the post globalisation period.

(vii) Majority of the weavers had never attended any training programme in connection with modernization or change in production pattern, which represents poor quality of labour.

(viii) The HWCSs in the district have undertaken only a few steps to improve the quality of labour.

8.2.15 It is studied that demand-oriented handloom goods or new varieties such as shirting with new designs, colour saris, bedspreads, bathroom towels etc., have wider acceptability in the market. However, such varieties are not being widely produced in Ernakulam district. Therefore, it may be concluded that HWCSs in the district are unable to produce the demand-oriented goods though there is consumer preference.

8.2.16 HWCSs in Ernakulam district failed to expand modernisation and technology upgradation during the period of globalisation. Moreover, the cottage/household sector is less modernized compared to the factory sector in the district.

8.2.17 It is observed that majority of the handloom workers (especially females) in Ernakulam district represent the non-traditional category who consider employment as an opportunity to earn money. Most of the traditional workers belong to the category that has an experience of more than 30 years. Moreover, workers have an experience of below five years represent only 6.5% of the total workforce. From this, we can conclude that:
(i) There is a gradual extinction of traditional weavers in Ernakulam district during the period of globalisation.

(ii) Employment generation is limited for youngsters within the handloom sector during the period of globalisation.

8.2.18 It is concluded that sufficient training has not been given to the weavers during the period of globalisation due to the following reasons:

i) Training programmes are not conducting regularly by the authorities

ii) HWCSs are unable to conduct their own training programmes for the weavers due to financial difficulties

iii) Most of the traditional weavers are reluctant to attend training programmes.

8.2.19 It may be concluded that the weavers/ beneficiaries were not benefited by the globalisation and liberalisation policies in Ernakulam district. They are receiving a very low average daily income, which is less than Rs. 50. Moreover, most of the welfare schemes are not accessible for the weavers.

8.2.20 It is observed that the weavers are exploited by some HWCSs. It is a usual practice to withhold the wages of member weavers by some HWCSs to overcome their own financial difficulties. The thrift benefits and other welfare funds of the workers are also withheld by the HWCSs for the same reason.

In short, it is concluded that globalisation has produced a negative impact on production, sales and profits of HWCSs in Ernakulam district. At the same time, it is observed that the industry in the district was less prepared for globalisation. Therefore, the reason behind this negative performance is nothing but the incompetence of the industry during the post-globalisation period. However, the industry depicted a better export performance in Kerala (especially from Kannur)
during the post globalisation period. This reflects a good prospect for the handloom industry in Kerala.

8.3 SUGGESTIONS

Based on the above findings and conclusions the following suggestions are made:

8.3.1 Depoliticisation of HWCSs

It is observed that the handloom sector in Kerala is dominated by the cooperative sector. However our case study shows poor performance and inefficiency of the sector during the period of globalisation. Therefore it is suggested that the handloom cooperatives should be reorganized and strengthened with the help of the following steps:

(i) Handloom cooperatives should be depoliticised and the membership should be strictly limited to the actual/regular weavers. Among them, experienced workers should be given the ‘effective membership’. The effective membership should be given only to those weavers/workers who have an experience of minimum 10 years and who undertake handloom work/weaving regularly, as per the audited records of the HWCS.

(ii) It should be ensured that only the ‘effective’ member weavers/workers are the members of the Board of Directors of the HWCS. The Cooperative Department should strictly and regularly verify the qualifications of the Board of Directors in this regard.

(iii) Regular weaver (one who regularly undertakes weaving activity) should be given more freedom and rights in HWCSs. The respective legal modifications
should be made by the HWCSs for safeguarding their interest and to ensure efficiency among the cooperative societies.

(iv) Excessive dependence of the HWCSs on HANTEX is proved as a perfect failure. Therefore it is recommended that HWCSs have to be de-linked from the orbit of HANTEX and the handloom clusters should establish their own sales outlets in urban and semi-urban centres. In short, it is suggested that the marketing function of the HANTEX should be replaced by the handloom clusters.

(v) Restructuring of HWCSs

From the case study, it is found that some of the HWCSs represent mismanagement with high administrative cost, exploitation of weavers and heavy loss though there is growth potential. Most of the HWCSs are suffering the problem of high administrative cost. For example, one of the HWCSs (Chennamangalam HWCS, No. H. 47) has made a gross profit of Rs. 4.7 lakhs during 2004-05. However, its net loss during the same period was Rs. 19.3 lakhs! This represents high administrative cost and mismanagement of the society. Therefore, it is recommended that in such cases the cooperative department should encourage the local Self Help Groups/ NGOs/ Kudumbashree units to manage the HWCSs with their own investment contributions + financial assistance from the Government schemes like DDHPY. The weavers themselves can form Kudumbashree units, since majority of the weavers are females. In this new set up the existing infrastructure of the HWCSs can be utilized with less administrative cost. Reducing the number of paid staff can minimize administrative cost. By

collective, voluntary and effective management the weavers themselves can also minimise the administrative cost.

8.3.2 Promotion of Private Sector

It is found that the unorganized/private handloom sector has made a much better performance in production, productivity and employment generation in Kerala. However, it is observed that most of the Government schemes are biased in favour of the cooperative sector. The Government funds including subsidies are distributed by the District Industries Centres (DICs) mainly through the HWCSs. Therefore entrepreneurs and weavers under the private/unorganized sector are neglected. Hence, it is suggested that the Government funds should be extended to the individual handloom entrepreneurs/private weaving institutions and individual weavers. The DICs should distribute such promotional and welfare funds directly to the beneficiaries on the basis of their previous performance. In short, it is recommended that private and cooperative sectors should be given equal preference in giving grants and other benefits by the Government.

8.3.3 Need for Patenting

Patenting of handloom varieties needs to be taken into serious consideration during the period of globalisation. The famous ‘pochampilly saris’ received the protection under Geographical Indications (GI) category of TRIPS. In Kerala, Mudapathy Balakrishnan from Kannur district is the holder of a patent for dyeing handloom fabrics with herbal extractions. However, the handloom sector of Kerala is not utilizing the patent laws seriously. Therefore it is suggested that the existing brands like ‘Balaramapuram Handloom’, ‘Chennamangalam Handloom’, ‘Kuttampully Handloom’, etc., should be protected under patent laws with new designs and varieties. Handloom clusters and Government should undertake necessary steps in this regard.
8.3.4 Linking of Handloom Clusters with Tourism

Kerala registered the highest recorded growth in tourism in the world. It is estimated that tourism in Kerala is expected to grow by 11.6% per annum over the next decade. It is observed that the demand for Eco Tourism, Ayurveda Tourism and the demand for herbal clothes are rising in foreign countries. Herbal clothes or herbal dyed garments are mainly manufactured by the handloom sector. The study shows that ‘Tulasi cloth’, ‘Sandal cloth’, ‘Ramacham Purdah’, herbal dyed undergarments, etc., are produced in some parts of Kerala. It is recommended that such experiments must be widely adopted and the handloom clusters in Kerala should be linked with the tourism destinations. Tourism map of Kerala should be redesigned immediately, on this basis. However, the handloom herbal clothes could capture the domestic and foreign markets only through advertisements.

8.3.4.1 Role of Advertisement

From the case study it is observed that one of the major market problems faced by the HWCSs is the lack of advertisement. Lack of finance is the major difficulty that limits advertisement of new handloom products. To overcome this problem the following suggestions are made:

(i) Collective advertisement by handloom clusters can solve this problem to an extent. Printing of pamphlets, advertisement through mass media etc. should be done collectively by the clusters along with assistance from Government schemes. It is proposed that the Government subsidies/grants for investment/product diversification/marketing should be connected with the provision of advertisement. A certain portion of the total assistance should be ensured to spend for advertisement by the beneficiaries.

(ii) For effective advertisement, it is suggested that advertisement captions such as “Eco friendly fabrics”, “Natural Dress”, “Herbal Cloth”, “Dress for Health”, etc., should be given wide coverage and circulation through various sources including mass media.

(iii) It is also recommended that advertisements of handloom clusters must be sponsored by the Department of Tourism. Advertisements regarding the new varieties of handloom cloth should be given along with the online advertisements of tourism department. More than half of the world is connected to the worldwide web and the foreign travellers utilise the websites for the latest information on tourism. The Government of Kerala taps the potential of information technology as an effective communication medium. Therefore, online advertisements will encourage the domestic as well as foreign sales of handloom products.

(iv) It is also recommended that Directorate of Handloom and HANTEX should start their own websites for the same purpose.

(v) To reap the benefit of these advertisements, it is also recommended that the handloom clusters should establish permanent/temporary sales outlets in major tourist centres. This may promote both domestic and foreign sales.

8.3.5 Role of Information

The survey shows that new varieties and demand-oriented goods are hardly produced by the HWCSs and household units though there is consumer preference. The main reasons behind this paradox are absence of market information, limited modernization and reluctance to change the existing pattern. Therefore, to resolve the paradox the following suggestions are made:
(i) Regular information regarding consumer preference design/variety changes, and other market trends etc., should be given to the HWCSs through the service of District Industries Centres.

(ii) Exhibitions on new production pattern, dyes and other modern techniques have to be conducted by the DICs and handloom clusters regularly, for the interest of weavers and HWCSs.

(iii) Seminars and workshops also should be conducted in this regard.

8.3.6 Modernisation with Workers Training

Our case study reveals that nearly 80% of the handloom household units have not installed any single instrument to modernise their looms. Moreover the factory sector looms modernised only to a little extent. The main reason behind this less modernisation is observed as the absence of finance. The survey also shows that majority (66%) of the weavers had never attended any training programme in connection with modernisation. Therefore it is observed that lack of modernisation and lack of worker’s training is the major obstacle of the handloom industry in Ernakulam district during the post globalisation period. To overcome this problem the following suggestions are made:

(i) Modernisation of looms/ installation of new machines and training of workers should be implemented simultaneously. The survey shows that the existing system of training for handloom workers is misused. The workers attend the training only for acquiring the Government stipends. Their training potential is often wasted without modernisation. Therefore, the Government sponsored training should be given only for those weavers who implement modernisation.
(ii) A special package of interest free loan or credit with less than 3% rate of interest and subsidy should be designed for modernisation of handlooms by supporting agencies including NABARD and other financial institutions and government. Now the HWCSs are acquiring the investment credit from the District Cooperative Banks at an interest rate of 9%. This rate of interest is not affordable for them. Hence, it is recommended that NABARD should extent interest free loans (or with below 3% rate of interest and subsidy) for implementing modernisation along with labour training through the DCBs.

8.3.7 Marketing through the Kudumbashree Units

It is observed that regular marketing is the main problem of the handloom sector. It is also proved that HANTEX has failed to discharge the marketing function properly. Therefore it is recommended that the domestic and local marketing of handloom products can be extended through the service of ‘Kudumbashree’ units. Kudumbashree units are micro enterprises of women below poverty line, with focus on self-help, demand-led convergence of available resources and services under the leadership of Local Governments in Kerala. The proposed Kudumbashri marketing units on the following grounds will promote marketing of handloom varieties:

(i) Sales agents of these units can definitely encourage the retail sales/home delivery sales if new demand-oriented varieties are produced by the HWCSs. It is observed that handloom products from other States are sold in Kerala through the individual agents/vendors who bring the product directly to the hands of the consumer. The sales agents of Kudumbashree units can replace this system of selling.
(ii) Further, they can canvass sales orders from professional institutions, hospitals, and other institutions. Moreover, selling of handloom products in tourist destinations can also be promoted by them.

(iii) For the realisation of this proposed marketing scheme the HWCSs and the respective Kudumbashree units must enter into a simple deal on the basis of sales commission, credit purchase, security amounts, etc.

(iv) This marketing system will be more effective than the present system of selling through HANTEX, the apex society, because in the latter case the HWCSs are suffering recurring financial crisis.

8.3.8 The study shows that the export of handloom cloth had a boost from Kannur district during the post globalisation period. Frequent design/variety changes, production of demand-oriented goods, export-oriented production, etc., are the typical attributes of handloom clusters in Kannur. They are mainly concentrated in the production of home furnishing handloom goods, which have greater demand in foreign countries. The Handloom Exports Organisation promotes exports of handloom goods from Kannur. However, the survey shows that HWCSs in Ernakulam district did not undertake any serious step to capture the foreign market. Moreover, it is found that the HWCSs in Ernakulam district were less prepared for globalisation as is evident from less modernization, inelasticity in production pattern, untrained labour, absence of demand-oriented/export oriented production etc.

Therefore, it is suggested that the handloom clusters in the district should be reorganized urgently in tune with the handloom clusters of Kannur district. It is proposed that the weavers/representatives of Ernakulam handloom clusters should frequently visit the clusters of Kannur for observing the innovations made by them.
To implement such innovations in Ernakulam district the above mentioned (8.3.6) proposal for modernisation and worker’s training should be effectively utilised.

It is also recommended that an organization/ agency should be formed (like the Handloom Exports Organisation in Kannur) for the promotion of handloom exports from central Kerala. Being the presence of good export infrastructure, Kochi must be the seat of such an organisation. Handloom clusters in Ernakulam and neighbouring districts should undertake urgent steps in this regard in assistance with the respective DICs and other promotional agencies.

8.3.9 The survey reveals that majority of the weavers earn only a daily income, which is lower than Rs. 50. This low wages resulted in scarcity of labour and fall in production of handloom products in Ernakulam district. It is also observed that some HWCSs are not regularly distributing wages to the workers, due to their financial difficulties. It is observed that the handloom workers have no fixed uniform minimum wage, as their wages are determined by their skill and work-done. However, within the existing structure, some modifications and improvement in wages and wage-distribution can be made with the help of the following recommendations:

(i) It is observed that some HWCSs in Ernakulam district used to deduct the cost of dye and colour from the gross wages of the weavers. This reduces their net wage. Therefore it is suggested that such charges should not be deducted from the wages of the workers. On the other hand, such costs should be borne by the HWCSs.

(ii) It is recommended that the Cooperative Department as well as the Kerala Handloom Welfare Fund authorities should seriously undertake the complaints regarding the withholding of wages. It is observed that the Cooperative Department does not bother about this cruelty of HWCSs. It is suggested that
the cooperative department should undertake the responsibility of regular wage payments to the workers. The department must order the HWCSs to distribute the wages if they are performing all other functions including distribution of salaries.

(iii) It is also recommended that the distribution of Government assistance and subsidies to the HWCSs should be conditioned with their regular wage payments.

8.3.10 The survey depicts that majority (80%) of the weavers did not receive any subsidy or grant though there are several government schemes. It is recommended that enough information regarding the Government schemes should be circulated among the beneficiaries through the HWCSs. It is also recommended that the Taluk Industrial Office should directly give information to the selected individual beneficiaries, for avoiding malpractice of the society officials.

The study also reveals that majority of the weavers have not received any compensation for destruction and damage of their looms, loom-sheds and raw materials due to natural calamities. Therefore it is proved that the existing schemes are ineffective to give urgent compensation to the weavers. Hence, it is recommended that such compensations should be given to the beneficiaries from the relief funds of the government.

8.3.11 It is observed that general unemployment is the main problem of Kerala during the post globalisation period. However, our study reveals that scarcity of labour is the main problem of the handloom sector. It is also found that demand-oriented varieties are not widely produced by the handloom sector though there is consumer preference due to less modernisation and lack of expertise. In this scenario
to reduce unemployment, to fascinate youngsters to the handloom sector and for
the overall development of this traditional industry the following suggestion is made:

It is recommended that handloom technology and textile chemistry
should be included as a curriculum for vocational higher secondary course in Kerala.
Now, the Indian Institute of Handloom Technology only in Varanasi, Salem,
Guwahati and Jodhpur conducts Diploma Courses for the same topics. Therefore
inclusion of handloom technology and textile chemistry in the curriculum of
vocational higher secondary course will be widely acceptable. Moreover, it would
result in the overall upgradation of skill and technology of the handloom industry
in Kerala.

CONCLUSION

It is expected that the above suggestions will help to resolve the problems
faced by handloom industry in Kerala. Cooperation and willpower of the HWCSs,
weavers, Government, NGOs and other supporting agencies are also expected for
the realisation of the above recommendations and to brighten the future of handloom
industry in Kerala.