

PRICE, PROFITABILITY AND EMPLOYMENT IN THE HANDLOOM INDUSTRY IN KERALA

**THESIS
SUBMITTED TO THE
COCHIN UNIVERSITY OF SCIENCE AND TECHNOLOGY**

By
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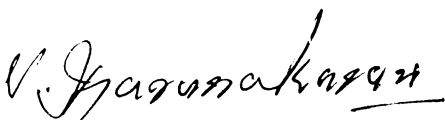
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C E R T I F I C A T E

This is to certify that the thesis
"Price, Profitability and Employment in the Handloom
Industry in Kerala" submitted by Mr. Mathew George,
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This is to certify that the thesis entitled "Price, Profitability and Employment in the Handloom Industry in Kerala" is a bonafide work done by me under the joint supervision of Dr. V. Karunakaran, Ex-visiting Professor, Department of Applied Economics and Dr. K.C. Sankaranarayanan, Head of the Department of Applied Economics. It has not previously formed the basis for the award of any Degree, Diploma, Associateship, Fellowship or any other similar title.

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INTRODUCTION

The handloom industry in India has a very long history spanning over centuries. Handloom spinning and weaving were the main occupations of the people in ancient India. Indians exported handloom fabrics all over the world and had good reputation. But unfortunately, this industry has been declining owing to so many historical and other reasons.

In Kerala, hand weaving was a traditional occupation of Chaliyans, the main weaving caste. It employs more than 1.5 lakh people. This industry is mainly concentrated in Cannanore, Kozhikode and Trivandrum districts. At present, this industry is facing severe crisis due to increased cost of production, marketing difficulties and working capital problems.

Statement of the Problem

The present study is on the nature, problems and prospects of the handloom industry in Kerala. The problems of the industry are mostly in the nature of low earnings of the workers, underutilisation of the existing capacity

and low profit in its various sectors. The majority of the handloom co-operative societies are either dormant or facing liquidation. The income and employment of weavers are so pitiably low that they are living in utter poverty and starvation. Frequent price fluctuations of yarns, dyes and chemicals increase the cost of production and reduce the profitability. Consequently handloom fabrics are not able to compete with mill cloths and powerloom products. Accumulating the unsold stocks in the godowns of co-operative societies and with master weavers has become the practice of the day. Spinning mills in Kerala are producing only lower counts of yarns. So, handloom industry has to depend on textile mills in Tamil Nadu for higher counts of yarn. They create artificial scarcity and increase the prices ex~~or~~bitantly. Wage rates prevailing in Kerala are higher than those in Tamil Nadu. So rich master weavers are migrating to Tamil Nadu and exporting the fabrics, under the label 'Kerala Handlooms'. Governmental efforts to tackle the crisis by way of rebates and subsidies are found to be futile.

It may be pointed out that the handloom industry has great potential for the utilisation of human resources. In a country with considerable man power and a high rate

of unemployment, any investment that can utilise idle human resources is welcome.

Need for the Study

Several exhaustive studies have been made about the mill sector. The capital investment, labour productivity, labour welfare, pricing policies have all been studied in detail all over the country. There have been studies of the handloom sector, by the State Government and individual researchers. However, no empirical study has been made on price, profitability and employment in the industry. The Governmental studies have been in the nature of surveys, mostly concentrated on the handloom co-operative societies. The sector as a whole has not been properly evaluated and therefore an attempt has been made to fill up this lacuna. The study also attempts to make a detailed analysis of the uniqueness of this industry and other important aspects such as organisation, functioning and problems.

Methodology

The data for the study were collected in the following manner.

1. Data relating to origin and development of handloom weaving in Kerala were collected from historical records.
2. In order to study the working of co-operative societies, they were surveyed with the help of an appropriate questionnaire.
3. To study the income and employment of weavers in various sectors, yet another survey was conducted.
4. The working of Intensive Handloom Development Projects was reviewed after referring government records and consulting the officials.
5. An extensive survey of literature enabled the co-ordination and analysis of data and information collected from various sources.

Plan of the Study

The origin and development of handloom weaving in Kerala is explained in Chapter I. In Chapter II, the structural changes that had taken place due to colonial penetration and growth of cotton mills are analysed. Chapter III analyses employment of weavers, distribution of looms and organisation of the industry. The impact of

price fluctuations of yarns, dyes and chemicals on the profitability of the industry is examined in Chapter IV. Income and employment of weavers in various sectors are also studied in the same chapter. The marketing difficulties, working capital problems and various aspects of rebate schemes on co-operative societies constitute the content of the Vth Chapter. Chapter VI, reviews the working of Intensive Handloom Development Projects. Problem evaluation of policy execution and programmes implementation forms the content of VIIth chapter. Chapter VIII discusses the socio-economic condition of weavers. Finally, research findings and recommendations are given in Chapter IX.

CHAPTER - I

ORIGIN AND DEVELOPMENT OF HANDWEAVING IN KERALA

Handloom industry in India has an unbroken history which can be traced back to the most ancient times. Kautilya's Arthasastra written in the second century B.C mentions that the cotton fibres of the western part of India were excellent. But the history of the cotton textile industry in India in the beginning of the christian era is almost unknown. However, historians consider India as the birthplace of cotton manufacture.

Handloom products in the country had attained a very high degree of perfection and reputation in the ancient Arabian and European countries. The importance of the handloom industry had been noted by many foreign travellers and historians. For instance, Renandot, Chao-Ju-Kua and Marco Polo had testified to the greatness of the Indian Cotton Industry in their writings. To quote Renandot, "in Calicut garments are made in so extraordinarily a manner that nowhere else are the like to be seen. They are for the most part round and

woven to the degree of fitness that they may be drawn through the ring of a middling size."¹ Indian textile goods were used with distinction in Egypt, Greece and Rome in the "heyday of their glory".² According to the information given by them India had supplied goods also to Persia, Turkey, Ethiopia and many other countries. Some cotton manufacturing centres in India had specialised in the production of certain varieties chiefly for export to foreign countries. The superior muslins of Dacca, the printed calicos of Coromandel, the celebrated handkerchiefs of Madras and the gold and silver embroidered silks and the cotton fibres of Ahmedabad formed the bulk of such varieties.

The history of the manufacture of cotton in India, before the 19th century is the history exclusively of handspinning and handweaving. The Indian spinners and weavers had reached a high degree of excellence in the delicacy of the fabrics manufactured by them. During the years 1896-97 to 1900-1901 the handlooms consumed annually about 220 million lbs. of yarn per annum.³ In 1901, the handlooms

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1. Sir George Watts : Commercial Products of India, p.572; quoted by Gandhi M.P : The Indian Cotton Textile Industry, 1937, p.5-6.
 2. *ibid.*
 3. Gandhi M.P "How to compete with Foreign Cloth. A Study of the Position of Handspinning, Handweaving and Cotton Mills in the Economics of Cloth Production in India" 1936; p.36.

produced 1116 million yards of cloth as compared with 824 million yards produced by Indian cotton mills.⁴ Since then the production of cloth by the handlooms has been smaller in varying degrees than that of mills. It was after 1909 that the quantity of yarn consumed by the mills exceeded that of the handlooms.⁵ After 1916-17 there was an actual decrease in the consumption of yarn by handlooms. The average annual consumption between the years 1916-17 and 1920-21 was about 200 million lbs. when the average annual consumption by mills went up to about 330 million lbs.⁶ But during the postwar period the handloom industry has again recovered the lost ground.

The prosperity of the cotton textile in India lured the British traders. They established a series of factories at Kutch, Ahmedabad, Surat, Broach, Calicut and Cochin and many other places. The establishment of factories at the time of the decline of the Mughal power was instrumental in maintaining the continuity of industrial life by giving employment to artisans.

4. *ibid.*

5. *id.*

6. *id.*

Since 1919, the movement for encouraging 'swadeshi' cloth had been slowly spreading and handwoven goods were receiving the patronage of the people. In fact, it had been recognized as the duty of every patriotic minded Indian to spin yarn regularly on either the 'Charka' or the 'Takli' for at least half an hour a day. The spirit of swadeshi had reclaimed many old handlooms and pressed them into active use and also had led to the establishment of new handlooms.

Weaving Castes

In the initial stages, the weaver used to cater to the demand of his immediate neighbourhood. But with the expansion of the market, the individual artisan had to meet the demand of his neighbouring villages and towns also. His resources were meagre, and therefore, several middlemen got into the trade who provided capital and acted as the link between the producer and the consumer. The institution of the middlemen, no doubt, accelerated the growth of the industry; but it was also instrumental in relegating the artisans from the position of entrepreneurs to that of wage earners. The artisans belonged to certain weaving castes who were dominating in the industry.

Cloth manufacture was the occupation of particular castes in India. But as the market for textile goods widened

weaving became an attractively profitable profession, and as a consequence people from other castes also took to this occupation. These castes while maintaining their identity and subject to their own caste guild system in respect of their social life became members of the craft-guild which regulated the industry.⁷ Each trade has its guild representing many castes and the business of the guild was carried on by chiefs called "Moothachetty"⁸ in the south and 'Gumasthas' in North India. Under this system the members of the guild were protected by collective action and regulated apprenticeship.

As in the rest of India, the art of handweaving was pursued only by certain castes and communities who built for themselves a social structure and culture of their own. In Kerala, the predominant weaving caste was Chaliyans (still continues to be so) who migrated from other parts of India. There are different versions about the settlement of Chaliyans and the origin of hand weaving. The weavers of Travancore claim that weaving was begun by the original ancestor of Chaliyans the 'Chaliya Rishi'.⁹ The 'Pattaryas'

7. Venkitaraman K.S : The Handloom Industry in South India, Journal of Madras University, 1935; p.12.

8. *ibid.*

9. Velu Pillai T.K : Travancore State Manual 1940, Volume III, p.544.

of Kottar and Eranial in the erstwhile Travancore-Cochin State and the Chaliyans in other parts of Kerala State are instances of the caste-guilds which grew around the handloom weaving industry.¹⁰ During the reign of Shri Visakham Thirunal of Travancore in the latter part of the 19th century, several weaver families were brought from Thirunelveli and were settled in Neyyattinkara and Balaramapuram.¹¹

This accounts for the fairly high concentration of the industry in those places. One version on settlement of Chaliyans in Malabar coast is that they were invited by one of the 'Zamorins.'¹² This argument is substantiated by the prevailing system of inheritance called 'Marumakkathayam' which they might have adopted after a long and close acquaintance with the people of Malabar coast.¹³ In the former Cochin State the main castes involved in handweaving were 'Kaikolars' and 'Devangas' who were settled in Chittur, Kuttampally and Chennamangalam.¹⁴

10. Report of the Minimum Wages Committee for Employment in the Handloom Industry, 1959, p.10.

11. id.

12. Malabar District Gazetteer, 1951, p.544.

13. Census of Kerala, Village Survey Monographs 1961, p.106.

14. Census of Cochin, 1901, p.196.

But in the former Travancore State about 300 years ago, the then 'Maharaja' invited six weaving families, Sourashtra by caste for weaving silk garments for the royal family and also for its close associates or in short the elites of the society.¹⁵ They originally settled in Balarapuram and Neyyattinkara and were given land free of tax and other privileges.¹⁶

The prosperity of these weavers under these circumstances attracted large number of weavers from other castes who were under poverty and unemployment. Thus weaving community increased in population, while the demand for the silk garments was facing a setback for many reasons. The gold and silver threads, for example, used in silk weaving were made locally. But as the prices were comparatively higher, it could not stand the stiff competition from the imported threads from France and Surat.¹⁷ This was the direct impact of colonial penetration of French East India Company into the cotton textile market of India which directly affected the local silk industry.

Therefore, these weavers had to resort to cotton weaving. Fortunately enough, this industry flourished and

15. Census of Travancore, 1931, p.442.

16. *ibid.*, p.443.

17. *ibid.*, p.443.

it could with the increased demand of handloom products from ordinary people as well as from the elite class. The fact that handloom weaving was a profitable occupation invited the attention of peoples other than Sourashtra - Chaliya castes. Even the Muslims, Nairs and Ezhavas who had learnt the techniques of weaving from Sourashtra-Chaliya castes entered the field of handloom weaving.¹⁸ Due to increased demand for handloom fabrics both inside and outside Travancore, these newcomers installed new looms to meet the production requirements.

The caste guild system seems to have been in vogue for many decades in various parts of the present Kerala State. It is evident if we come across the vestiges of the old caste guild traditions not only in Balaramapuram and Neyyattinkara but also in several isolated villages near Calicut, Badagara, Palghat, Cannanore etc., in the Malabar area. This caste guild system had declined due to so many historical reasons. With the evolution of higher social standards and the impact of western social habits and practices, our economic standards also underwent rapid changes. Almost at the same pace as this change and perhaps with much greater force, were ushered in social reforms of a far

19. *ibid.*, p.442.

reaching character, symbolic as they were of the aspirations of a resurgent nation. Thus India's fight for independence was not merely a fight for freedom but a grim and perseverant fight to free itself from the shackles of its age-old social and economic obsessions, of its own taboos and inhibitions. In this gradual process of emergence from political and socio-economic slavery the nation broke through the barriers of caste, community and creed which till then crowded them into patterns of irrational living and to join in the collective national endeavour to gain economic freedom.

The steadily increasing population trends and the consequent increased pressure on land left millions of people without effective means of livelihood. This resulted in a scramble for occupations which were till then the closed preserve of caste guilds. Such infiltration occurred in almost all types of crafts, arts and village industries and handloom weaving was no exception. Since then the handloom industry ceased to be one of the cosmopolitan avocations of certain castes. We now find handloom weavers in all castes and communities, the Nairs, the Ezhavas, the Muslims and the Christians. Their role is that of the primary worker and wage earner rather than that of a cog in the wheel of the caste guilds of yore.

Decline of Handspinning

It is said that almost every household used to make cloth in order to be self-sufficient in cloth requirements. The industry was mainly confined to the cottage, and cloth manufacture was a family occupation. Spinning and weaving and other processes were done only by hand. Even the best fabrics were made with the help of rudimentary tools by people in their own homes. The textile industry had reached such high pitch of excellence and it is difficult to visualise that such fabrics could have been manufactured in leisure moments as a part-time occupation. Therefore it appears reasonable to conclude that handloom weaving was a full-time occupation. Only spinning must have been a part-time occupation to many men and women. This did not imply that all the weavers were full-time workers. The best artisans must have been full-time workers who spent their whole life on this industry and earned their living from it.

In the 19th century society was controlled by British colonialists and landlords where feudal social relations and caste-guild systems predominated. During that period production and distribution were confined to the villages. Commodity production and circulation had not started on a massive scale. But that enclosed petty commodity

production system had gradually and totally changed after the advent of colonial capital. Europe's crazy rush for our textile and handicraft products increased the competition which ultimately led to structural economic changes in the production system. Production for distant markets, accumulation of super profits and emergence of new indigenous capitalist classes were the net results of mercantile capital.

Their motivation for super profits induced them to seek new ways for reducing the cost of production of articles. In the 19th century, the yarn, the basic raw material of cotton fabrics was spun locally. The specific feature of the production system was that the majority of the weavers in rural areas were peasants who considered weaving as a part-time occupation for additional income in slack season. Spinning of yarn was the major occupation of women and children. The lower grades of yarn were spun by the wives of ordinary peasants while the higher grade yarn was frequently the sad privilege of widows from the upper castes because only the sensitive fingers of women who had not done any rough work were capable of turning out this miracle of skill and patience.¹⁹ The spinning wheel and handloom were

19. Pavlov V.I : Historical Premises for India's Transition to Capitalism, Nanka Publishing House, Mosco, 1978, p.121.

universally in use and majority of the rural population were busy earning from these sources. It was an industry particularly suited to Indian village life. There were no mills and factories and each women bought the cotton from the village market and sold her yarn to the village weaver who supplied merchants and traders with cloth. Vast quantities of piecegoods thus manufactured were imported by the Arabs, the Dutch and the Portuguese. European nations competed each other for this lucrative trade with India. Cotton spinning and weaving were the national industries of India down to the commencement of 20th century.

During and after 1850s yarn import to India was increasing tremendously. The imported yarn was cheaper than the handspun yarn. In addition to this, a large number of indigenous mills were started in many parts of India. Consequently cheap imported yarn and indigenous mill yarns diminished the scope for handspinning. It is estimated in 1886 that the cost of the mill made yarn was about one-fourth of the handspun yarn.²⁰ Moreover, the construction of railways and development of transport facilities helped the smooth supply of mill yarns to the weaving centres. Thus, since

20. Nanakar, K.R : "Handloom Industry in Madhya Pradesh, Nagpur University, 1968, p.27.

the weaver found that the consumption of mill made yarn was economical, handspinners of Travancore and Malabar had no choice, but to close down. Between 1891 and 1901 nearly 9000 handspinners left the job and had become either sellers of cotton yarn or workers, operators etc., in spinning mills.²¹

The counts spun in Indian mills and handspinning varied from 4s to 30s.*²² For producing super quality fabrics more than 60s is needed and it was supplied by East India Company. So it led to the monopolisation of supply of higher count yarn by East India Company invariably pledging the independence of handloom industry.

In Travancore, a spinning mill was opened by an Englishman which could supply yarn to the weavers of Travancore. (See the excerpts of a brief statement submitted by the mill management to the Travancore State Government in 1901.²³)

*The mill, a privately owned one was projected, erected and started by the late Mr. James Darragh continued

21. Census of Travancore, 1901, p.402.

22. *ibid.*, p.403.

*s denotes counts. Counts represent the quality of yarn.

23. *ibid.*, p.402.

since then. Its capacity has been gradually increased and extended from time to time; when starting it contained only 11,112 spindles of which 9,744 were 'rings' whereas at present there are 24,192 ring spindles and 1368 mule spindles; providing work and means of livelihood for upwards of 750 people, men, women and children, besides the European staff. The bulk of the raw material is obtained from Bombay and cotton grown to the south and east of Quilon is often used as well."

The counts spun vary from 4s to 30s and as the counts varied in business so did the outturn in quantity and quality.²⁴ The yarn market extended from Bombay on the West through the coast of India to Rangoon and also to Penang.²⁵ The capacity of that mill was sufficient to meet the demands of the Travancore State except in the finest counts.²⁶

The total number of persons subsisting by occupations in connection with cotton was 28,807 in 1901 against 36,692 in 1891.²⁷ Of them 27,456 were turned as cotton

24. *ibid.*, p.403.

25. *id.*

26. *id.*

27. *ibid.*, p.402.

weavers by hand and the rest were either sellers of cotton yarn and thread, or managers, operatives, workers etc., in spinning mills.²⁸ The decline of about 8000 persons engaged in weaving and other allied activities showed that the home product was here as elsewhere losing ground before the foreign piecegoods.

The paucity of women workers could be due to the fact that the handloom was falling into disfavour and was no longer profitable to work with. There was also the influence of Manchester products (elsewhere seen in the wide use of machine made products). The indigenous 'Kattimundu' (a thick smooth cotton cloth fringed within a foot of either end with stout cotton threads) and the 'Neriathu' (a black bordered finer fibre of cotton) once the fashion with the high and middle classes and the luxury of the poor were becoming rarities. "The Universal complaint" in the 1891 Census Report observed : "among the Patnuls and Chaliyans all over the land is that their bread is taken out of their mouths by the machine made cloths of Europe."²⁹

Most of the weaving units were operated as cottage industries and as such, the weavers owned looms and worked

28. *id.*

29. Census of Travancore 1891, p.403.

independently. They also had investments in landed property.³⁰ Every item of work such as preparation of warp, weft, sizing, colouring, beaming (all are preparatory processes) and weaving was undertaken by the members of the community in the 'Theruvu' (Street). Looms used were primitive type and involved more labour. Most of the weavers treated weaving as an occupation in slack season.

Production System

A review of the past gives insights into the origin, development and organisation of the industry and reveals how its present shape has been obtained. It is a history of slow evolution of the production system and production relations from independent weavers through the emergence of the middlemen, the Commission Agency System, the master weavers, cottage workshop system, the handloom factories and finally to the establishment of co-operative societies including the fostering institutions like Kerala State Handloom Co-operative Society and Kerala State Handloom Development Corporation. A brief sketch of these stages in the evolutionary production system is given below.

30. Barker S.G : "Report of the Industrial Survey of Travancore, 1919", p.188.

1. Independent Cottage Weaver

Independent cottage weaver carried on production with the help of his family and sold his product locally to a dealer or directly to consumers by hawking or in shandies. He was found in centres where :-

- a) the industry was unorganised;
- b) the self-sufficiency of the villages was not much affected by the means of communication;
- c) there was not enough work in the locality to attract middlemen and capitalists; and
- d) weaving was the secondary means of livelihood of agriculturists.

This system was in vogue in the 19th century. It had declined due to many reasons. The weaver who sometimes owned looms in most cases had been indebted to 'Chetty' merchants who were the wealthiest members of Chaliyans.³¹ In each 'Theruvu' there was a 'Moothachetty' (Chieftain) assisted by an Elayachetty and a council to look after the affairs of the community.³² The installation ceremony of the 'Moothachetty' consisting of a feast to all Chaliyans

31. Arasaratnam. S : "Weavers, merchants, and company: The Handloom Industry in South-Eastern India 1750-1790, Indian Economic and Social History Review, July-September 1980, Vol.XVII, No.3, p. 270.

32. Census of Kerala, Village Survey Monographs 1961; p.107.

was an expensive function. This ceremony ceased to exist by 1950s mainly due to the overall decline of the industry.

Independent weaving system was also in vogue in respect of products which had a ready local market. The weaver invested his small savings or borrowed for the capital requirements in the business. He purchased the yarn from local yarn merchants or travelling yarn dealers in shandies. The members of his family assisted him in winding, warping, sizing and occasionally in weaving too. When the cloth was ready, he took it to the nearest market every evening or to shandies every week for sale. In some places he himself hawked it in streets. Thus he was thoroughly independent of any outside agency and the difference between the cost of yarn and the price he was able to realise for the cloth represented the wage of all the members of his family and of his own labour.

The economic position of this class of weavers was theoretically ideal. He was his own employer. But his position in fact was anything but enviable. But, often his earnings were miserably low when the amount of labour involved was taken into consideration. His market was narrow and limited; his period of employment was irregular and uncertain; the fluctuations in the prices of yarn

and cloth were too great for his slender means and the demand was unsteady. In times of scarcity, especially in slack season, their economic conditions would deteriorate, reducing them to utter poverty, unemployment and debt.

As he ceased to be self-dependent and indebted to the chetty merchants or cloth dealers who advanced him loans, he could seldom retain his former independence. This was but the beginning of slavery. The extent of the credit facilities available and their effects on the economic condition of the weaver is an interesting point for further investigation. But generally speaking, the absence of financial institutions which would give easy credit and assist the weavers to tide over their temporary difficulties and the constant and rapid fluctuations of yarn and cloth market often drove him to bankruptcy and wage serfdom.

The profit of the weaver depends upon the difference between the price of yarn and the market price of fabrics. The main problem which confronted the weavers was procurement of yarn at a reasonable price. Frequent price fluctuations of yarn and the exorbitant price charged by the middlemen put the weaver into a miserable

condition. Moreover yarn of more than 40s was imported extensively from metropolitan markets, since the indigenous mills were producing yarns of less than 40s.³³ In Balaramapuram there were hundreds of weavers. But there were only seven large merchants to distribute nearly 5000 bundles of all counts and it was estimated that between 40 and 50 thousand rupees worth of cotton was used annually at this centre alone in 1919.³⁴ Thus the weavers who lost their independent position began to slave for master-craftmen and contracting middlemen.

2. Emergence of Middlemen

Due to the unprecedented demand for their products, the weavers had to invest more for installing looms. Correspondingly, increased activity of the looms brought about large overhead expenses for the maintenance of the looms and for purchasing of yarn and other dyeing chemicals. For all these capital needs, weavers began to depend heavily on available source of credit.³⁵ This was the objective condition for the emergence of middlemen.

33. Venkitaraman, K.S., op.cit., p.57.

34. Barker S.G., op.cit., p.90.

35. Arasaratnam S., op.cit., p.263.

Formerly, there were not many intermediaries between the producer and the consumer. But with the expansion of the market, a large number of merchants came up to the scene, who had trade relations with East India Company. To cope with the unforeseen boom, weavers needed more capital which was beyond their capacity. A class of middlemen sprang up named 'Chettis' who provided capital and acted as the link between the producer and consumer.³⁶

These merchant class advanced cash to the weavers to buy yarn and other necessaries. It served to sustain the weaver and his family in slack season. Once the weaver received the advance, he should sell his cloth only to that merchant. This advance was crucial in many ways. It was a guarantee for the purchase of the goods on the basis of a fixed price.

Further more, the influx of cheap Manchester and Japanese mill cloths along with powerloom products, worst hit the independent weavers. Consequently they were compelled to undersell the handloom fabrics. After 1850, import of foreign yarn and mill made cloth had increased

36. Venkitaraman K.S., op.cit., p.12.

tremendously.³⁷ The development of railways and transport facilities accelerated the infiltration of these goods into the rural as well as the urban markets. Conversely, the large number of textile shops opened for selling these mill cloths caused the shrinkage of handloom markets which made the position of weavers vulnerable.

3. The Commission Agency System

Where master weavers or cloth dealers through middlemen (analogous to clothiers in the English Woollen industry) employ weavers in their own homes, advance raw materials, pay wages, receive back the finished products and sell them, the system is called Commission Agency System. This system is common now in the weaving centres of Kerala. It prevails in places where;

- a) the weavers are financially too weak to undertake the responsibility of production and risks of fluctuations of price;
- b) weavers are attached to employers by reason of their indebtedness and are obliged to work for them alone at least so long as the debt remains unpaid.

37. For the detailed study on the impact of import of foreign yarn and piecegoods, see, Gandhi M.P: "How to compete with Foreign cloth. A study of the position of Handspinning, Handweaving and Cotton mills in the economics of cloth production in India, 1936.

- c) the weavers cannot have access to the consumers by reason of distance of market; and
- d) the demand for cloth being seasonal and limited. This necessitated the locking up of capital for a long time which the poor weaver cannot afford.

Most weavers under this system are those who are deeply involved in debt. It is well known that the weavers are obliged to remain idle for a good part of the year because of insufficient employment. The sowcar and cloth merchant are the only persons who are ready to advance them loans without any valuable security and they stipulate that they should work for them at a fixed rate of wages (which are usually less than the competitive wages). But this low rate of remuneration has no corresponding advantage; there is no guarantee of work throughout the year. The worker thus indentured has no more employment than the independent weaver. He is overworked for a very low wage and is burdened with apparently generous advance of money. Loans are usually advanced against looms as they are the only property the weaver has. But the significance of such loans as distinguished from ordinary loans is that the worker is bound to work for the merchant who advances the loan and there is no free market for his labour.

In some cases where the moneylender is also the cloth dealer as well as the merchant and deals directly with weavers, he gives them yarn and advances them wages. The weavers get it wound, warped, sized and woven into cloth which they return to the merchant. Sometimes yarn advances are treated as loans and bear interest.³⁸ Cash advances are also made which carry interest and a running account is maintained by the sowcar. The merchant fixes from time to time the rate of wages and the amount of work to be given. He regularly purchases yarn and other raw materials and undertakes the responsibility of finding the market for the manufactures.

In some places the merchant instead of dealing directly with weavers finance the middlemen contractors. The middlemen undertake to supply the merchant with stated quantity of cloths. Sometimes the middlemen receive the yarn from the merchant which they distribute to the weavers. And sometimes the middlemen must purchase the yarn and get it converted into cloth and deliver it to the merchant. Each middlemen has his groups of weavers who live in villages and who for some reason or other are obliged to work for him alone. To them the yarn is finer and fixed wages are paid on delivery of the finished cloth.

38. Venkitaraman K.S., op.cit., p.127.

In this system of production so many relations existed. The merchant finances the industry; the contractor organises the production and brings together the producer and the capitalists; and the weaver gives his labour. There are two distinct contracts; one between the merchant and the middlemen and the other between the middlemen and the weaver. The dependence of the weaver on the middlemen and the dependence of the middlemen on the merchant vary in degree in different places. The worst feature is that there is always the tendency to exploit the weavers. They are remunerated at a rate far lower than the rate at which the contractors are paid by the merchant. The absolute dependence of the weavers on these middlemen for work is the root cause of the evil. Here labour is unfree-wage slavery.

In all these cases arranging the mechanical equipment of the loom and other accessories for the production is the weaver's responsibility. He owns the looms and all other equipments connected with weaving. Neither the merchant nor the middlemen takes any interest to know whether the loom is suited to the work or whether it is efficient. The weaver being very poor and leading almost a hand-to-mouth existence and growing under debt, cannot

have up-to-date cottage appliances. The plant in use for the preparatory processes, in some cases, the loom itself is most primitive and crude. It is sad that neither the merchant nor the contracting middleman is willing to finance the weavers for the purpose of equipping their looms with improved sleys and harnesses.

3. Master Weavers and the Cottage Workshop System

The decline in the demand for the handloom products and influx of foreign piecegoods made an ideal situation which prepared the soil to flourish for a class of capitalists viz., master weavers. Overall indebtedness forced the ordinary weavers to work under master weavers. They began to supply yarn to indebted weavers and advance them wages. The weaver and his family members got it woven into cloths and returned to the master. Sometimes yarn advances are treated as loans and bear interest. The master weaver fixes the wage rates for different quality of cloths which are always detrimental to original producers.

The master weavers organised the cottage workshops. Here the master weaver is also a merchant and he invests the capital required for the industry. He purchases the yarn required for, sets up looms, employs weavers in his

home. These weavers are not indebted to master. They are at liberty to determine as to who could produce higher quality cloth with good texture and design. In fact, the miserable conditions of the weavers compell them to work under him because, 'half a loaf is better then nothing' became the norm. There were no regular hours of work and no guarantee of employment.

In some places, the merchants instead of dealing directly with weavers, finance the middlemen-contractors. These merchants were from Tirunelvelly, Madurai and Coimbatore who had trade links with metropolitan markets.³⁹ These middlemen receive the yarn from the merchants and distribute to weavers. These middlemen are getting good income by way of commission. The worst feature of this system was that there is always a tendency to exploit the weavers.

4. The Handloom Factories

Handloom factories are chiefly found in Kozhikode and Cannanore districts. The beginning of the handloom factory can be traced to efforts of the Basel Evangelical

39. Venkitaraman, op.cit., p.65.

Mission in 1851.⁴⁰ They started two factories in Kozhikode and Cannanore for the uplift of the christian converts under the name of Common Wealth Trust (Pvt.) Limited. This factory recorded a rapid growth since the super quality products had an increased demand in European countries. It is very interesting to see that handloom factories can be seen nowhere in India except in Malabar coast and in Canara district of erstwhile Madras Presidency.

Native persons employed in these factories learnt the managerial techniques and started new factories in Malabar coast. Correspondingly merchant chettis installed improved flyshuttle looms and employed weavers.⁴¹ Thus the handloom factories flourished in Malabar district.

British East India Company encouraged the weavers to improve the looms and quality of the fabrics according to the changes in demand in European countries. But during this period, looms and weaving techniques used in Travancore were primitive. In 1921, there were 56 handloom factories employing 968 flyshuttle looms and 78 ordinary looms in Malabar district.⁴² But in the Travancore State

40. Rao M.S.A : "Social Change in Malabar, 1957, p.46.

41. *ibid.*, p.47.

42. Census of Madras, 1921, p.196.

there were only 3 factories employing 95 persons in 1911.⁴³

After 1930, indigenous cotton mills were started in Malabar district. Prominent capitalists among them are Samuel Aaron and Alagappa Chettiar who invested huge capital, installed hundreds of powerlooms and started production on a large scale.⁴⁴ These capitalists had the monopoly of the supply of yarn and were the main purchasers of handloom products. They manipulated the price of the yarn supplied to the small factories with corrupted government officials flouting the government regulations. The working condition was very pathetic and wage rates were extremely low. After 1940, Malabar witnessed strong trade union movement associated with peasant uprising which was led by K.A. Keraleeyan and P. Krishna Pillai.⁴⁵

In this context, it is worth mentioning that the first trade union in handloom industry was 'Chirakkal Taluk Neythu Thozhilali Union' organised by P.Krishna Pillai who successfully led many strikes after 1944.⁴⁶ After World War II yarn shortage was acute. Yarns produced

43. Census of Travancore, 1911, p.121.

44. Aandalathu (Ed.) "Saghakkale Munnotte", Volume I, 1978, p.113.

45. *ibid.*

46. *ibid.*, p.114.

in indigenous mills were supplied to powerloom sector and cotton mills. Consequently, increased cost of production, acute yarn shortage and market sluggishness after Second World War, pulled down the factories on to the verge of ruin. Further more, cut-throat competition from unscrupulous mill owners and powerloom sector, forced the handloom factories to undersell their fabrics at a low price. Consequently majority of the looms were forced to remain idle.

The real advantage of the factory organisation lies in the scale of production introducing labour saving devices and labour specialisation. Also, they are in a lucrative position to make such fabrics in great demand and exploring the possibilities of the market for new manufactures. Moreover, employing technical experts and departmentalising production and distribution enhanced the efficiency of factories. The travelling agents, commission agents, effective advertisement, participation in exhibitions and attractive showrooms form the main ingredients of their marketing policy.

However, there were some shortcomings in this system. The workers had to come to factory punctually and work regularly. This caused much hardship to the caste

weavers who were never accustomed to the factory discipline. Therefore, factories failed to attract skilled artisans who could produce better quality fabrics with good texture and design.⁴⁷

5. Co-operative Societies

Weavers are organised on a co-operative basis for production and sale. This is a recent phase of development which seems to be full of promise for the future. It is discussed elaborately in Chapter - 5.

47. Venkitaraman K.S., op.cit., p.70.

CHAPTER - II

STRUCTURAL CHANGES AND DEVELOPMENT TILL WORLD WAR II

India's inclusion in the world market had dire consequence for its handicrafts. World prices for industrial goods were based on the market prices for factory products in the developed countries. Even with the manufacturer's super profits and the cost of delivery and brokerage, Britain's factory goods were gainfully sold at prices well below the market price for native handicraft products. The invention of the "spinning jenny" by Hargreave in 1767, for the preparation of 'weft' and two years later "spinning frame" by Arkwright which supplied the warp brought about a revolution in the cost of spinning and weaving. To withstand the competition from factory imports, local handicrafts were forced to offer their wares at prices below their cost of production. Consequently dealers and merchants of traditional handicraft products shifted the burden of loss on to the shoulders of the artisans, depressing their incomes or share of profits to a level at which the artisans could hardly make both ends

meet. Henceforth if the artisans were to ensure raw materials for the whole year, they had not only to make greater outlays but also to spend the whole amount at once, which helped the merchant to tighten his grip on the producers and block their way of accumulation.¹

With respect to the rest of the world the capitalist powers, Britain in the first place, acted as a monopoly power of modern implements of production and means of transport, thereby being able to exert direct and vigorous influence on the economic development of colonies and dependant countries. Thus by the second half of the 19th century the conditions were ripe for the export of capital in its productive form. India's conversion from a supplier of cloths for the whole of Europe into a consumer of British fabrics was due, above all, to the technical superiority of the British mill over the Indian handweaver. In addition to this technical superiority, their political power enabled them to establish prohibitive 75 per cent duty on the Indian goods imported to Britain.² The East India Company went even further in its tariff and tax discrimination

1. Pavlov. V.I : "Historical Premises for India's Transition to Capitalism, Mosco 1978; p.227.

2. *ibid.*, p.279.

against Indian handicrafts. In the 1830s, it imposed the following taxes on native weaving.³ Five per cent on the raw materials consumed; 7.5 per cent on yarns; 2.5 per cent on cloths; and 2.5 per cent on dyeing outside the workshop. Thus the tax levies increased the cost of handwoven Indian goods by 15 to 17.5 per cent. This tax policy created additional advantages for the export of the cheaper British factory-made fabrics and for the competitive struggle of Lancashire mills against Indian handweaving. Besides, this policy ensured British mill-owners more super profits at the expense of the Indian consumer. Finally, the growth of mill industry in Britain also inflicted indirect harm on Indian handicrafts. The export of cotton from India for working up in Britain led to a rise in the price of cotton, thereby increasing the production costs of artisans in India.

In the second and the third decades of the 19th century, there was a crucial change in the balance of prices of English and Indian yarn, especially for the most popular grades. While the price of English yarn was halved, the price of Indian yarn remained unchanged. This is evident from Table - 2.1, because the price of raw materials remained stable, the stability in the price of English yarn

3. *ibid.*, p.278.

was due only to the new conditions in which it was manufactured. Indeed the use of machines led to a vast saving of living labour.

Table - 2.1 Statement Showing Yarn Prices (Pence)

Grade No.	Prices of English yarn		Prices of Indian yarn
	1812	1830	1812-1830
40	1½	¾	2 1/8
60	1 3/8	¾	2½
80	1 5/6	¾	2½
100	1½	1 3/16	3
120	1 3/16	1 3/16	3½
150	1½	1	4 1/16
200	2 3/8	1½	5 3/8
250	3 3/8	2½	8

Source : Report from the Select Committee on East India Produce, 1938, p.606.

Table 2.1 reveals that while the price of English yarn was decreasing, that of Indian yarn was showing an upward tendency. Even with the low price of imported raw material, prices did not cover the vast losses involved

in the traditional techniques followed by Indian artisans. By the end of 1830s good shirting made in Britain was sold in India at 10* annas a yard and coarse bed-sheet fabric from the USA at 3 to 5 annas, whereas the corresponding Indian pieces even when made of imported yarn were offered at double the price of the British fabric.⁴ Characterising its effect on the economy of India, Marx wrote⁵ : "England began with driving the Indian cotton from the European market; it then introduced twist into Hindustan and in the end inundated the very mother country of cotton with cotton goods. From 1818 to 1836 the export of twist from Great Britain to India rose in the proportion of 1 to 5200. In 1824 the export of British muslins to India hardly amounted to 1,000,000 yards while in 1831 it surpassed 64,000,000 yards."

Increased dependance of Indian cotton textile industry on imported cheap mill made yarn has a positive aspect. Mr. Morris. D. Morris⁶ argues that import of cheap yarn from Lancashire had improved the competitive

* One anna is equal to 6 ps.

4. *ibid.*, p.281.

5. Marx, Karl & Engels Frederick "On Colonialism"; p.27.

6. Morris D. Morris ; "Towards a Reinterpretation of 19th century Indian Economic History", *Indian Economic and Social Historical Review*, Vol.V(1), March 1968, p.248.

position of the handloom weavers. He argues that there was an increasing tendency for women to wear bodies in addition to the traditional sarees. Besides, this Lancashire cloth could not be a substitute for the types of cloth demanded to meet the general preferences of Indians. The positive side of the dependant development of handloom industry in India is that it scrapped traditional methods of production which involved too much labour and skill.

The technology used in weaving process was highly primitive and it was linked with the unbroken village economy which engaged only limited market. In this economic structure, merchant capital penetrated in so many ways. It gave a mortal blow to the primitive methods of production and penetrated into the hitherto unaltered rural economy. Its sole aim was to obtain commodities from the interior parts of India using indigenous cheap labour to meet the increased foreign demand. In order to accumulate as much profit as they could, they were ready to make technological changes and even to alter the production relations which existed during that period.

Industry Under the East India Company

It has two phases - the one upto 1780, when the industry was at its best and the other after 1780 when

the industry began to decline as a result of the development of the powerloom. During the first period the company was more interested in securing commercial and trading rights than political power. It therefore, developed a lucrative trade in cotton manufactures and other East Indian specialities in spite of the growing opposition of certain interests in England. In 1820, even after the development of the powerspinning and weaving in England the export of Indian piecegoods to England by East India Company and the private merchants amounted to £1,839258.⁷ Since 1660 there had been considerable opposition in England to the increasing importation of Indian calicos and chintzes. The woollen manufacturers of England complained that their goods were beaten out by the cheaper and more attractive goods from India and their complaints gained strong support from mercantilists who feared that England was being drained of its precious metals. Such opposition came to a head in 1700 when the importation of printed and painted calicos was prevented by an act of the British Parliament.

The industrial revolution enabled the English spinners to make yarn strong enough for warp and thus grew

7. Venkitaraman K.S., op.cit; p.128.

the great cotton textile industry of Lancashire and Manchester. The use of steam power made production incredibly cheap and soon the course of foreign trade underwent a revolutionary change. Indian exports died out and English exports to India began to increase. And this was considerably helped by the high tariffs imposed in England on textile exports and the fiscal policy of the East India Company. Table 2.2 explains the change.

Between 1814 and 1828 Indian exports to England had been decreasing by one third from 1266608 pieces to 422504 pieces. During the same period British exports to India increased by 52 times. The year 1935 registered an increase of 261 times the British exports of 1814. Between 1921 and 1928 the number of looms in England increased threefold from 14150 looms to 55500 looms.

Table - 2.2 Statement showing Export and Import Trade
1814-1835

Year	Exports to England	Number of Powerlooms in England	Imports to India from England
1814	1266608 pieces	--	8,18,208 yards
1821	534495 "	14150	19,138,726 "
1828	422504 "	55500	42,822,077 "
1835	--	--	213,840,000 "

Source : Venkitaraman K.S. ; "Handloom Industry in South India, 1935; p.86.

The cheapening of spinning and weaving by power meant a great handicap to the Indian spinner and weaver. The cost of producing a pound of yarn fell from 13.4 pence in 1814 to 5.4 pence in 1830 and cost of producing a piece of cloth fell from 7s. 8½d to 2s.8d during the same period.⁸ Hence the shrinking market for the handspun yarn and handwoven cloth was the greater handicap caused to spinners and weavers in India. In the second half of the 19th century the increasing import of cotton manufactures from the UK and other foreign countries stimulated

8. *ibid.*, p.124.

by a policy of free trade and the increase of the cotton factories within the country led to a further decline of the Indian cotton handicrafts. During this period under review the import of cotton goods had increased five times and the powerloom production in India twelve times.⁹ A certain increase in the import can be accounted for by the growth of population, but the increase of powerloom products shows unmistakably the displacement of handloom manufactures. The decline was also due to many other causes. During this period there was a gradual change in the dress habits of the middle class. The change in the sartorial habits effected by the middle class gradually spread to the poorer income groups with the consequence of still further reducing the capacity of the home market to absorb handloom cloth.¹⁰ The change in dress habits affected a significant portion of the weaving population because of the comparative cheapness of the imported varieties. With the opening of the Suez Canal and the construction of a network of railways, the internal market felt the impact of foreign imports in full measure.¹¹

9. *ibid.*, p.131.

10. Naidu, B.V. : "Report of the Court of Enquiry into the Labour Conditions in the Handloom Industry", Government of Madras, 1948; p.2.

11. Monteiro, A.D.: "A Study of the Handloom Weaving in Malabar and South Kanara Districts, 1960; p.45.

The decline of handweaving had its chain reactions. Handspinning was ancillary to handweaving and also a subsidiary occupation to a large number of agriculturists. The decline of handweaving gave a death blow to handspinning. The trouble was aggravated by the import of mill-spun yarn. Handloom industry in its desperate struggle for survival gradually learnt to use mill spun yarn. As a result of this changeover from handspun yarn to mill yarn the organization of the industry underwent a change. Hitherto the weaver could get his yarn from his own household or from the immediate neighbourhood. He was creditworthy in his own circle. But now yarn had to be brought from dealers whom he did not know and with whom he had no credit. So the industry fell into the grip of merchant chettis and financiers and the weavers lost most of their independence.

The rapidly declining economic conditions of the weavers during the 19th century as a result of mill competition and foreign piecegoods, attracted the attention of the Madras Government. Since Malabar district was a part of Madras Presidency, measures taken to revive the industry had far reaching impact on Malabar handloom industry. In 1900 Mr. Alfred Chatterton was placed on

special duty to study the condition of the weaving industry and to suggest remedial measures for the amelioration of the conditions of the weavers who were hard hit by mill and powerloom sectors' competition.¹² As a result of his report the handloom weaving section was opened in 1901 and experiments were conducted in the School of Arts, Madras with flyshuttle looms capable of producing greater output of cloth than the country handthrown shuttle loom.¹³ After a few years' experiments the department made certain successful attempts to induce the weavers to receive free training in the working of imported automatic domestic looms. Weaving competitions and practical examinations in flyshuttle weaving were then held among the weavers and prizes were awarded with a view to stimulate their interest.

Reasons for the Survival of Handloom Industry

The secret of survival of handloom industry in India is explained by Sir Alfred Chatterton in his book "Industrial Evolution in India." "The handloom weaver still survives today because there is no alternative open to him.The industry survives because the weaver is content with low wages and the women who do winding, warping

12. Venkitaraman K.S., op.cit; p.12.

13. ibid., p.13.

and sizing are either very low paid or they are members of a weavers' family. This low standard of value for human labour is at once the cause of handweaving still surviving and great stumbling block to the progress of the weaver."¹⁴ Again it is the conservatism of South Indian Women that preserves the handloom industry, in a sense. The women prefer artificially and elaborately figured garments that mills can never supply cheaply. On handloom alone it is possible to manufacture varieties of cloths with different patterns and designs to suit the tastes of different communities. It is true that mills have now captured much of this trade and manufacture many of the varieties hitherto produced only on handloom; yet the sovereignty of the handloom in this realm remains undisputed. Also weaving as a work of art is possible on the handloom alone while the mill can only perpetuate monotonous reproduction of stereotyped patterns. But because of the change in the tastes of the rich and ideas of respectability prevalent among the masses of the urban and semi-industrial population who care for more quality, mill production advanced and the handloom industry suffered a severe setback.

14. Alfred Chatterton : "Industrial Evolution in India", 1903, p.29.

In spite of the problems created by powerloom and mill sectors, handloom industry survived in the state mainly because of the nature of industrial organisation. Absence of more remunerative employment for the population, abundance of labour and existence of local market were the main reasons for the survival of the industry. Thus the handloom industry is important as :

- 1) it supports a large number of persons who have handweaving as the only ostensible means of livelihood;
- 2) it provides a means of subsidiary occupation to agriculturists who have a long off-season;
- 3) it solves to an extent the increasing unemployment;
- 4) it gives a measure of relief in tracts where agriculture is almost precarious; and
- 5) it secures a means of economic justice in the distribution of work and wealth.

Another important reason for the survival of this industry is that the chaliyans had an inherent reluctance to adopt other occupations. Chaliya caste while preserving their identity and subject to their own caste guilds in respect of their social life, stick on to handweaving through generations. There was little division of labour from the point of view of internal technical organisation

of the industry. The weavers and their dependants working for themselves caused a fusion of labour similar to the modern co-operative production which avoids all conflicts between capital and labour. Moreover, cheapness of labour in villages, its suitability to village life, proximity of market and the ability to satisfy the demands in rural areas are the main factors responsible for the survival of handweaving. There was a time when Travancore was able to produce all the cloths she required and even more.¹⁵ Most of the weavers who had landed property considered weaving as a subsidiary occupation in slack season. When demand increased they either leased out their land or employed labourers to cultivate fields.¹⁶ When demand decreased they would come back to cultivation. These aberrations deteriorated the artistic talent of weavers, besides the locking up of capital in land.

Developments During 1914-1940 Period

Since the yarn requirements of the handlooms were met by the mills, the prosperity of the handloom industry depended on the regularity of yarn supply by mills. During

15. Travancore State Manual, 1940; p.363.

16. Barker S.G : "Report of the Industrial Survey of Travancore, 1919", p.189.

World War I, imports of cloth into India decreased considerably. Added to this, the demand for the cloth in the internal market was brisk. Therefore, the mills found it lucrative to utilise most of the yarn produced by them rather than supply it to the handlooms. Of the total yarn available during 1911-12 to 1915-16, mills took 1297 million lbs., while 1248 million lbs., went to the handlooms; but during 1916-17 to 1920-21, of the total yarn available mills took as much as 1644 million lbs., while only 1097 million lbs., went to the handlooms.¹⁷

Table - 2.3 Cloth Production of Mills and Handlooms
1914-15 to 1919-20

Year	Mill consumption of yarn (million lbs.)	Estimated Mill production (million lbs.)	Estimated Handloom consumption of yarn (million lbs.)	Estimated Handloom production (million yards)
1914-15	246	1176	272	1088
1915-16	313	1496	236	945
1916-17	336	1606	149	598
1917-18	338	1616	185	741
1918-19	310	1487	224	894
1919-20	341	1630	127	506

Source : Report of the Fact Finding Committee, 1941, p.9.

17. Monteiro A.D. : "A Study of Handloom Weaving in Malabar and South Kanara Districts, 1960, p.123.

Table 2.3 shows that handloom production decreased by more than 50 per cent from 1914 to 1920. World War I was a serious deterrent to the handloom industry in India. The following were the main trends in this period.

1. After 1908-09 the quantity of yarn consumed by the mills exceeded that of the handlooms.
2. After 1916-17 there was an actual decrease in the consumption of yarn by handlooms; the average annual consumption between the years 1916-17 to 1918-19 was just over 200 million lbs., when the average annual consumption by mills was over 300 million lbs. during the same period.
3. During the postwar period the handloom industry recovered some lost ground; and
4. The handloom industry was functioning under pressure during the inter-war period.

During the years 1920 to 1939 certain economic and political factors adversely affected the handloom industry. From 1896, the import duty on cotton piece goods was 3½ % ad valorem, but there are a counter-vailing excise duty to effect this advantage.¹⁸ But in 1917 the duty was raised by 7½ per cent which was further

18. *ibid.*, p.126.

enhanced to 11 per cent in 1921 and 15 per cent in 1930.¹⁹ Meanwhile, the excise duty was abolished in 1926. This tariff wall had a very favourable effect on mill production in India. As the handlooms were consuming mostly imported yarn, the burden of the duty fell on them.

The 'Swadeshi' movement designed to boycott goods manufactured out of imported yarn was detrimental to a section of the handloom industry. The handlooms which had a monopoly in finer sarees and dhoties found it difficult to sell these goods, because they were made with imported yarn. But the handloom using the yarn of low counts did not come under such a handicap and perhaps it shared to some extent the benefits resulting from swadeshi movement. Table 2.4 shows the progress of mill and handloom industries during 1920-39.

19. *ibid.*

Table - 2.4 The Progress Made by the Handloom and the Mills 1920-39

Year	Mill Production (million yards)	Handloom Production (million yards)
1920-21	1563.1	931.2
1924-25	1935.9	1010.8
1928-29	1959.4	973.2
1932-33	2983.7	1519.2
1936-37	3322.1	1265.2
1938-39	3905.3	1703.2

Source : Report of the Fact Finding Committee on Mill and Handlooms, 1941; p.11.

The production figures of the textile mill industry bear testimony to the fact that the purpose for which the import duties on piece goods levied was achieved. The mills were made better able to fight the handloom industry while the handlooms were strengthened only for defence. The fact that there has been steady increase in the handloom production in the country as a whole is no indication of the prosperity of the industry. The economic depression of the thirties affected the industry in many ways.

Because of the general decline in the purchasing power of the masses, the demand for handloom goods deteriorated considerably. The Tariff Board of 1932 summarises the position thus: "India is essentially a price market and any fall in the purchasing power of the masses is bound to accentuate this tendency. Depression and foreign competition coupled with exchange depreciation in 1931 resulted in a ruthless price cutting in the market. In order to eke out his living the weaver had to produce more than before."²⁰ The severe trade depression which prevailed since 1929 seriously reduced the average earning capacity of the weaver. The effect of the depression has been accentuated by the relative increase in the cost of yarn on account of the protective duty. Thus the position of the handloom weaver in comparison with the mill industry has considerably deteriorated since 1927.

If we analyse the growth of handloom industry in Travancore, it is evident that it depended heavily for yarn requirements on cotton mills which are concentrated in Bombay and Ahmedabad. The gigantic growth of cotton mills in various parts of India, affected the handweaving industry in many ways. With the development of railways

20. Report of the Indian Tariff Board, 1932, p.270.

and roads, mills could easily capture the traditional markets of handlooms. Besides, weavers had to pay too much money for the mill yarn by way of transporting charges. During this period massive quantity of cotton threads and piecegoods were imported to Travancore State through the various parts. See Appendix 2.1. Even though the growth of cotton mills captured the traditional markets of handlooms, the overproduction in cotton mills favoured the handloom industry. Due to the increased production, mill owners could not dispose of their yarn easily. Practically the only market left before them is handloom industry. So Bombay Mill Owners were in favour of developing handloom industry.²¹ The cheapening of the price of mill made yarn and its superior quality caused a steady expansion of handloom industry since 1920. There were no mills in Travancore and Malabar in 19th century. The first cotton mill in Kerala is Sitaram Spinning Mill. It was registered as a joint stock company in 1909 with a capital of Rs.1,20,000.²² The mill started production with 50 powerlooms and 25 handlooms.²³ Later on, a large number of spindles were installed. Mill goods had earned reputation

21. Gandhi M.P; op.cit., p.26.

22. Speeches of C.W.E. Cotton, the First Agent to the Government General, Madras State, 1925, p.77.

23. *ibid.*

in places like Delhi, Kanpur, Agra and made huge profits. In 1925 there were 10,138 spindles and 307 looms.²⁴ During this period, this mill could supply a large quantity of yarns to handlooms.

The protection of the Indian spinning industry by imposing import duty decreased the import of yarn from Japan and Britain. It had affected the handloom industry in Travancore to a certain extent as the price of the yarns above 60s went up considerably. The earnings of the handloom weavers producing cloth from fine counts were affected by the higher import duties as the margin was in between the net cost price of yarn and the sale price of cloth.

According to the 1921 Census Report total number of persons engaged in weaving was 14,713 in Travancore.²⁵ But it was only 15,636 according to 1931 Census Report.²⁶ Weaving has been accepted as a subsidiary occupation by a number of persons and according to the Census Report of 1931, there were 1588 such persons.²⁷ If these were added to the full-time workers the total number in 1931 shows an increase of about 10 per cent over the figure of 1921.

24. *ibid.*, p.78

25. Travancore State Manual, 1940, p.545.

26. *ibid.*

27. *ibid.*

This has not been the case in Malabar district. Between 1921 and 1931 there was increase of 44 per cent in the total number of men weavers. (See Table 2.5). In 1901 the total number of men weavers were 12,269. But in 1921 it fell to 11330. It is because of the decline of handspinning.

Table - 2.5 Census of Handlooms and Weavers for the Years 1901, 1921 and 1931 in Malabar District

Year	Weavers		No. of looms
	Men	Women	
1901	12,269	3,299	6,328
1921	11,330	3,127	7,886
1931	16,230	4,323	10,696

- Source : 1. From the Statistical Atlas of the Madras Presidency 1901 and 1921.
2. From the Handloom Census taken along with the General Census of Madras Presidency in 1931.

Table 2.5 shows an increasing trend in the case of looms. Between 1921 and 1931, 2810 looms were installed. There was a large number of looms unidentified. The spirit of 'swadeshi' had also reclaimed many handlooms

from idleness and put them into operation. Seeing the increased demand for the fabrics, weavers employed more looms during this period. This was one of the reasons for the increase in the number of handlooms and weavers in Travancore State and Malabar district between 1921 and 1931. In 1930, Indian National Congress unleashed the civil disobedience movement and ^{the} boycott of foreign goods particularly British. Along with this, Mahatma Gandhi preached the economics of Khadi and handspinning. These factors favoured the development of handloom industry.

In Malabar district, the growth of handloom weaving in the above period was tremendous. Fabrics produced in Malabar district was exported massively through the Madras Port. (See Table 2.6).

Table-2.6 Total Piecegoods Exported from the Ports of Madras Presidency

Year	Export (million yards)	Value (Rs.lakhs)
1875	7.5	28
1880	5.3	22
1885	13.1	48
1890	13.6	46
1905-10	23	78.2
1911-15	25	92.4
1916-20	30	160.2
1921-25	37.6	230
1926-30	38.5	195

Source : Venkitaraman K.S.: "Handloom Industry in South India", 1935, p.57.

From Table 2.6 it is seen that in 1875, the export was only 7.5 million yards valued at Rs.28 lakhs. It has increased to 38.5 million yards in 1926-30 valued at Rs.195 lakhs. But in 1921-25, 37.6 million yards of cloth fetched Rs.230 lakhs. This shows a decline in the value of handloom cloths since 1925. This is mainly due to the world economic recession that set in 1929-30, and which adversely affected the economies of all countries. Though it was a period of depression to all industries, handloom industry suffered less from its effects.²⁸

In Cochin State, handloom employed 3992 actual workers who supported 2971 persons of both sex in 1901.²⁹ A large number of native christians, Muslims and Ezhavas took to weaving besides hereditary weavers. Many items produced were coarse napkins, towels and the fine 'pavu' cloths of delicate texture ^{and} had a large demand. Formerly, the local market was captured by handloom products of Tinnelvely.³⁰ By 1911, high quality fabrics, especially famous Chennamangalam products ousted Tinnelvely products.³¹

28. Upadhyay S., "Growth of Industries in India," 1970, p.89.

29. Census of Cochin, 1901, p.196.

30. *ibid.*

31. Census of Cochin, 1911, p.212.

New Technology and Government Attitude

Our weavers have been averse in the past to adopting flyshuttle looms for reasons of higher prices and shyness of handling newer types. The primitive throwshuttle loom which could produce only 3 yards per day was converted to flyshuttle loom producing 6 to 8 yards and was in vogue in the beginning of this century.³² The operation on the throwshuttle loom was restricted to able-bodied adults, but the flyshuttle loom could be easily handled even by teenagers. Now almost all the weavers are using either pitlooms or framelooms.

The assumption behind the introduction of the flyshuttle looms was that it would improve the productivity of the weavers and thereby their condition. The fundamental difference between the loom in use and the flyshuttle was the picking motion. In the traditional handlooms the picking motion was performed by the weaver who threw the shuttle with one hand from one side of the loom and held it with the other when it reached the other side of the loom. The chief disadvantage of this loom was that if the width of the cloth woven was greater than the stretch of a

32. Somappa, M : "The 20 Million Handloom Weavers",
Khadi Gramodyog, Vol.2, No.4, 1956, p.10.

weaver's arms, two operators were necessary, one at each end of the loom. Moreover, the weaver had to change his hand constantly to hold the sley in beating up the weft. These looms naturally required great labour and skill to manipulate, yet worked very slowly. Moreover, the adoption of flyshuttle looms made possible a quicker method of warping. It was claimed that with the flyshuttle loom a weaver could weave 10 to 12 yards of cloth per day as against 5 yards with the country loom.³³ The flyshuttle loom doubles the productivity of the country loom. Thus the flyshuttle had definite advantages.

Since the factory system was developed in Malabar coast in the beginning of the present century, weavers could easily understand the advantages of flyshuttle looms. The limited success of the flyshuttle loom among the weavers may be attributed to the high cost of new technology which was beyond the reach of the weavers struggling for existence. Relatively affluent weavers were being brought and taught in the new technological methods in schools. On completion of their course they were provided with looms and preparatory appliances, for which payment was recovered from them by small annual instalments.³⁴ The weavers on

33. Ruma Chatterjee : "Cotton Handloom Manufactures of Bengal 1870-1921", Occasional Paper No.74, Centre for Studies in Social Studies, Calcutta, May 1984, p.18.

34. Monteiro, A.D., op.cit., p.99.

their part were reluctant to enter schools as it would deprive them of their daily earnings. Establishment of Commonwealth Weaving Trust Factories in Cannanore and Kozhikode in the 19th century, initiated master weavers to commence similar types of factories with improved looms. But in Travancore and Cochin most of the weavers remained with primitive looms till the first half of the 20th century.

In Travancore State, massive share of the revenue was expended for importing cotton goods. So the government was very keen in developing handloom industry in the State. In 1919 there was 19 private and industrial schools teaching weaving (Theory and Practice).³⁵ Total strength of the students were 446 and there were 47 teachers to teach them.³⁶ One of the prominent schools was Mangad Weaving School, Quilon, a private one with 49 students and 7 teachers.³⁷ Teachers of these schools were selected to Central Technological Institute, Trivandrum for training. Every year 12 teachers were admitted into the Institute and were paid a stipend of Rs.10 each per mensem.³⁸ Government encouraged weavers of backward communities by supplying

35. Barker S.G., op.cit., pp.57-59.

36. *ibid.*, p.58.

37. *ibid.*, p.59.

38. Travancore Administration Report 1929-30, p.97.

looms and accessories to the Pulaya community.³⁹ After 1930, congress men started Harijan hostels in various parts of the State and inmates were taught handspinning and weaving.⁴⁰

Students who went out from these schools encouraged the installation of flyshuttle looms and modern techniques of weaving. They started weaving establishments in various parts of the State. In Guruvayur there was a weaving factory which employed 30 to 35 workers in 1917.⁴¹ The looms employed were ordinary country type made of wood and hand-driven and it is suited only for purpose of cottage industry. During this period various shops sprang up selling mill cloths; but later on, it had to be closed down.

An itinerant weaving party was constituted by the government to encourage and propagate handloom weaving in various parts of the State.⁴² This party consisted of weaving experts with improved looms and jacquards with which weavers could produce better quality products. They conducted camps in various parts. Temporary schools were

39. Travancore State Manual, 1940, p.636.

40. Thomas P.J. & Ramakrishnan K.C. (Eds.): "Some South Indian Villages - A Re-survey", Madras University, 1940, p.324.

41. *ibid.*, p.326.

42. Travancore Administration Report, 1940, p.128.

set up and students were taught the methods of weaving. Examinations were held and most deserving pupils in each of the schools were given looms free of cost.⁴³ They took part in YMCA Exhibition at Marthandam, the Vavubali Exhibition at Kuzhithura demonstrating modern weaving techniques.⁴⁴

The wave of 'Swadeshi' enthusiasm and the fall in the price of mill yarn gave further impetus to the development of handloom industry. Again, it is the conservatism of the South Indian women that preserved the handloom industry in a sense. Malayalee women preferred to wear 'Kattimundu' and 'Neriathu' that mills could never supply cheaply. On handlooms alone it was possible to manufacture different varieties of cloths with different patterns and colours to suit the tastes of different communities. But gradually mills captured much of this market and started manufacturing many of the varieties hitherto produced only on handlooms. Whatever may have been the extent of decline of handweaving in the 19th century, there has undoubtedly been an increase in the production on the handlooms during the first four decades of the 20th century.

43. *ibid.*

44. *ibid.*

CHAPTER - III

ORGANISATIONAL STRUCTURE OF THE INDUSTRY

The handloom industry now faces severe competition from the powerloom sector. Consumers preference to mill-made cloths adds fuel to fire. Old and outmoded methods of production, and lack of effective organisation among the weavers also put the industry on a weak economic footing.

Governmental efforts to tackle the problems of handloom industry during the pre-independence era started in 1934 when the government announced an annual subsidy of Rs.5 lakhs for five years to the state governments for improving the industry.¹ This financial assistance though meagre had the advantage of arousing some interest in the co-operative organisation of the industry in certain parts of the country. In 1945 the first All India Handloom Board was constituted on the recommendations of the Fact Finding Committee appointed in 1941. The functions of the Board

1. Fact Finding Committee on handloom and mills, 1941, p.3.

were, however, confined largely to (i) the question of supply of raw materials to the weavers, (ii) the method of marketing handloom fabrics and (iii) the administration of grants-in-aid.

During the period of World War II and a few years thereafter, the demand for handloom fabrics went up due to wartime requirements. But by 1952 the sale of handloom cloths declined sharply and the unsold stocks began to accumulate in the godowns of producers. This led to acute unemployment among weavers and heavy financial losses to producers. The gravity of the situation compelled the weavers to organise and agitate against the government. Consequently many trade unions were formed. Realising the gravity of situation Government of India took several steps in 1952 for the rehabilitation and consolidation of the handloom industry. The setting up of an All India Handloom Board in 1952 can be considered as a step in this direction. In 1953 a fund known as "Cess Fund" was created for subsidy to weaver's co-operative societies and for starting handloom sales organisations. But the Cess Fund was abolished in 1960. Since then the expenditure on handloom development schemes was met from the consolidated fund of the Government of India. The rebate scheme to promote sale of handloom cloths was introduced

in 1954. In 1957 the institutional finance scheme became operative by which the working capital needs of weaver's co-operative societies were met by Reserve Bank of India.

In spite of all such measures at national and state levels, the condition of the weavers did not improve satisfactorily. They had to live for about 100-150 days in a year without any earnings for want of either the supply of yarn or market to sell their products.

In pursuance of the decision of a Handloom Conference held in New Delhi on 20th September 1973, a High Powered Study team under the chairmanship of Sri B.Sivaraman was constituted by the Government of India. Its terms of reference included programmes for development of the handloom industry in the Fifth Five Year Plan. Measures for the maximum utilisation of export potential of handloom sector and for building infrastructure and providing adequate inputs including finance to this sector were the main aims of the study team. The Committee submitted its report in July 1974. The Committee's recommendations covered organisational structure, technical development, intensive development schemes, finance and credit facilities, other inputs, marketing, export problems etc.

The individual weaver, when financially too weak to undertake the responsibility of production and marketing, borrows money from dealers and masterweavers. It was observed during field investigation that smaller handloom weaving units depended mostly on dealers for their credit requirements. Under this system the master weavers or the cloth dealers either themselves or through their middlemen advanced materials to the weavers, paid them wages and received the finished goods. The master weavers gave large sums as advance to the poor weavers. The independent weavers were overworked when the demand for handloom cloth was brisk and during the slack season they got no employment but, could only draw from the sowcars for satisfying their financial needs. Such a system kept the weavers always indebted to the master weavers. The reasons for the attachment of the weavers to the master weavers or the commission agents are the following :-

1. The financial weakness of the weavers to undertake the responsibility of production;
2. the risk of fluctuations in the prices of the goods produced;
3. the inability of the cottage weavers to have easy access to the distant markets;

4. the seasonal demand for handloom cloth requiring the blocking up of considerable amount of capital for a long time which the poor weavers are unable to do; and
5. the facility with which they can borrow from the master weavers and dealers.

The master weaver is the entrepreneur and the merchant rolled into one. He invests money in a handloom factory, purchases the raw materials and employs the weavers either on the basis of daily wage or piece rate. The master weaver markets the cloth in his own shop.

Handloom factories are chiefly found in the Malabar area. There is no difference in the business methods of the master weavers and the factory owners except in the fact that the handloom factory owner need not be a weaver while the master weaver himself is a weaver. In 1954 there were 259 handloom factories in Malabar which came under the Factories Act.² Out of them 70 were in Chirakal taluk, 15 in Kottayam taluk, 7 in Kurumbanad taluk and 20 in Kozhikode taluk.³ But now it is revealed by the field investigation that majority of these handloom factories have disappeared owing to crisis in the industry.

2. Montaro A.D., op.cit., p.105.

3. *ibid.*

Table - 3.1 Size of Handloom Factories in the Malabar and South Kanara Districts, 1958.

Range of looms	Malabar		South Kanara	
	Factories	Percentage to total	Factories	Percentage to total
1 - 25	84	32.3	72	62.20
26 - 50	106	40.9	26	25.00
51 - 100	43	16.6	6	5.8
101 - 200	18	6.8	--	--
201 and over	8	3.4	--	--
Total	259	100.0	104	100.00

Source : Montaro A.D., op.cit., p.106.

It is evident from table 3.1 that the largest number of handloom units are found within the size group of 26-50 looms in the Malabar area, while in South Kanara over 69 per cent of the units have less than 26 looms. This shows that the size of handloom units is larger in Malabar area. Moreover, factories within the size group of 1-50 looms account for 72.2 per cent and 94.2 per cent of the total factories in the selected areas of Malabar and South Kanara respectively. The size of the factories varies with the resources of the factory owners. Big

factories employing hundreds of weavers are few in number, while small ones employing less than fifty persons are in

factories employing hundreds of weavers are few in number, while small ones employing less than fifty persons are in the majority. The weavers work in the factories during specified hours and are usually paid piece wages. One interesting feature in most of the big factories is that all the processes from the dyeing of yarn to the manufacture of cloth and its marketing are done under the same roof. The work in the factories is carried on by the coolie weavers who are the true proletariat of the weaving community.

As pointed out earlier, handloom industry in Kerala faced severe economic crisis in 1950s. Factory owners and master weavers found it difficult to carry on production and marketing on profitable lines. Weavers became unemployed without any earnings. This state of affairs forced the poor weavers to think in terms of co-operation. They began to organise themselves under co-operative societies. The structure of the co-operative societies with primary societies as the base and the central state society as the apex has given the co-operative movement stability in the state. Handloom weaver's primary co-operative societies are organised all over the state. Their main functions are :-

1. To raise the money required for the industry from the weavers by issue of shares and by borrowing from the Central Co-operative Bank of the district.

2. To make bulk purchase of raw materials and other appliances as may be required from time to time for the industry and distribute them among the shareholders to be woven into cloth.
3. To convert raw materials into finished products and sell them to the best advantage of the members and pay wages for such conversion in accordance with the prevailing rates.
4. To receive the finished products from members for sale so as to get a fixed margin of profit for the society.
5. To distribute the profits among the members at the end of the year by way of dividend, limiting the dividend to $6\frac{1}{4}$ per cent of the paid up share capital of each member.
6. To perform all the other usual functions of a co-operative organisation such as setting apart 25 per cent of the profit towards a reserve fund (before giving dividends), to set apart $7\frac{1}{4}$ per cent towards a common good fund and to distribute the remaining amount among the members by way of bonus on wages earned.

The poor weavers become the members of the society. Each member is asked to take a share in the society and it is required that each member should take a share of at least Rs.25/- so as to make the society a business concern. If a member is not able to provide that amount the government gives a portion of the share money to him as loan. Usually,

the loan which the government gives is $\frac{1}{4}$ of the specified amount of the share and it is repayable within a period of two years, i.e., if the share is specified at Rs.100/- the member is asked to pay Rs.25/- and the remaining Rs.75/- is given by government to him as loan. After the share capital is collected fully, the society is entitled to borrow from the Central Co-operative Bank an amount equivalent to eight times of its own capital. It is thus entitled to secure a large volume of working capital at a fair rate of interest e.g., $4\frac{1}{2}$ to 6 per cent per annum. With this capital the society can procure the raw materials on a wholesale basis and distribute them to the members for being woven into cloth.

The members are given wages by the society usually on the piece wage system. The society then takes the finished products from its members and sells them either in its own sales depot or in emporia run by the Central Co-operative Marketing Organisations. The sale price of the goods is fixed keeping generally $6\frac{1}{2}$ per cent of the cost of production as the margin of profit. Out of the profits the society meets its establishment cost, transport charges, taxes, contingencies etc. What is left over after meeting all this expenditure in a year constitutes that year's net profits. These are divided as follows :-

1. 25 per cent to the Reserve Fund of the society.
2. A dividend not exceeding $6\frac{1}{4}$ per cent on the paid up share capital of each member.
3. $7\frac{1}{2}$ per cent of net profits to common Good Fund.
4. The balance is divided among the members as bonus on the wages earned by each member.

Under the co-operative system of doing business, both the master weaver and the trader are eliminated. Handloom cloth is produced for the society which is a union of weavers. The profits taken over by the entrepreneur on the one hand and the trader on the other hand are thus preserved for the worker. Hence it is the co-operative method that is generally advocated as the best method of business for the small scale cottage industries.

Even though there are handloom weavers co-operative societies registered as early as 1924 a spurt in co-operative movement in handloom industry was witnessed only from 1953-54 when the newly formed All India Handloom Board decided to channelise all financial assistances through the handloom co-operatives. There were 535 handloom weaver's societies in the state as on 31st March 1981.⁴

4. Statistical Handbook on Handloom Industry in Kerala 1981, p.11.

However, among them, more than a hundred societies were facing liquidation. (See Appendix 3.1)

The Kerala State Handloom Weaver's Co-operative Society Limited, the State Apex Society (Hereafter HANTEX) is primarily responsible for the supply of raw materials to the Primary Weaver's Societies and for the marketing of their products. The main functions of HANTEX are :-

1. to arrange for the purchase of raw materials and appliances necessary for the affiliated societies and their sale at reasonable prices ;
2. to arrange for the supervision of production by primaries so as to ensure manufacture of goods according to specifications ;
3. to arrange for the sale of finished goods produced by the affiliated societies
4. to give financial and other help to the societies
5. to maintain demonstration centres for educating the weavers in improved methods of weaving
6. to generally direct and co-ordinate the activities of primary societies
7. to dye yarn for its primary societies by running dye factories on modern lines; and

8. to do propaganda and engage in such other activities as may be conducive to the improvement of the industry.

The state society buys bulk quantities of yarn from the open market and distributes it to the primary societies through the regional depots of HANTEX. When the depot intimates the primary societies to take delivery of the yarn, the primary societies pay into the local co-operative bank to the credit of the state society, the cost of yarn plus the margin charged by the state society.

The paucity of funds for the purchase of yarn with the state society is one of the causes for the low production of handloom fabrics by the primaries. It is also due to the dependence of the weavers on non-institutional agencies for the purchase of yarn to some extent. It was revealed during field investigation that weavers under the co-operatives are not able to obtain sufficient capital requirements from the co-operative societies. The commercial banks are reluctant to finance handloom societies mainly because of the limited resources of the societies to carry on day to day working. In addition to this, there is risk involved in advancing loans to primary societies because of the blocking up of capital due to accumulation of unsold stocks.

Census of Handlooms in Kerala, 1976

A census of handlooms was conducted (1976) as per the guidelines issued by the Government of India in their order sanctioning the Intensive Development Projects and the export production projects. The census covered all the weaving units in the state. The unit being defined as a household or establishment when there was at least one working loom at the time of enumeration. The units were split up into two categories - weaving households and other establishments. Units put up in houses where at least one loom worked by a member of household was categorised as 'weaving household.' All the other units came under the second category.

As per the census, there are 23,738 handloom weaving units in the state out of which 21,681 are household units. Other units which numbered 2057 include factory type handloom weavers co-operative societies and private handloom weaving factories of different sizes. The district-wise distribution of units may be seen in Table 3.2.

Table - 3.2 **Number of Handloom Units - Districtwise**

Sl.No.	District	Household units (Nos.)	Other units (Nos.)	Total (Nos.)
1.	Trivandrum	5074	90	5164
2.	Quilon	1498	50	1548
3.	Alleppey	361	21	382
4.	Kottayam	297	12	309
5.	Idukki	1	4	5
6.	Ernakulam	1198	36	1224
7.	Trichur	968	14	982
8.	Palghat	1498	9	1507
9.	Malappuram	544	10	554
10.	Kozhikode	3395	237	3632
11.	Cannanore	6357	1574	7931
	Total	21681	2057	23738

Source : Handloom Census 1976, p.4.

From Table 3.2 it can be seen that the maximum number of units (7931) are in Cannanore district followed by Trivandrum (5164) and Kozhikode (3632) districts. There are only 5 units in Idukki district. Even though there are handloom units in all the districts and in almost

all the taluks in the state there are some places of concentration of the industry. In Cannanore taluk there are 3671 handloom units which is more than 46 per cent of the units in the district.⁵

Different varieties of cloth for domestic consumption and foreign markets are produced in the handloom sector in Kerala. While the varieties like double veshties, neriathus etc., using higher counts of yarn are generally produced in southern parts of the state, the export varieties, like furnishings, crepe etc., using lower counts of yarn are produced in northern districts. Weaving of polyester blended fabrics in the handloom sector in Kerala was introduced in 1977-78. Handloom polyester shirtings are very popular in the market. The scheme for the production of janatha cloth in handloom sector with central Government subsidy was introduced in 1975-76 and 52.5 lakhs square metres of cloth were produced till the end of 1980-81.⁶

The production of handloom cloth in co-operative sector during the year 1979-80 was 28.9 million metres worth Rs.12.8 crores.⁷ As no recorded data regarding the

5. Handloom Census 1976. p.12.

6. Statistical Handbook on Handloom Industry in Kerala 1981, p.3.

7. *ibid.*, p.17.

production in private sector was available, the production is estimated based on the general production trend and number of looms in private sector. The production details are furnished in Appendix 3.2.

As already mentioned the State Handloom Apex Society is the main agency for the marketing of the products of the primary societies. However, only 40 per cent of the products in the co-operative sector is marketed by the Apex Society.⁸ (See Appendix 3.3)

The primary societies have to make their own arrangements for the marketing of the remaining products either by local sales or through other traders. Handloom fabrics and ready-made garments have worldwide markets, though not very steady. Kerala handloom goods to the tune of Rs.25 crores are annually exported to nearly 40 countries all over the world.⁹ However, the bulk of the Kerala handloom goods are exported by the traders operating in cities like Bombay, Bangalore, Delhi etc. Direct export by the exporters in Kerala during the year 1979-80 was to the tune of Rs.3.7 crores.¹⁰ (See Appendix 3.4).

8. *ibid.*

9. *ibid.*, p.3.

There are 11 public sector spinning mills, including 2 co-operative spinning mills and 915 private mills producing hank yarn in the state.¹⁰ However, the State Handloom Industry has to depend on the mills in other states to meet its requirements of different counts of yarn.

Establishments other than Weaving Households

Out of a total number of 2057 units other than weaving households 1574 are in Cannanore district. This is 76.5 per cent of the state total. In Kozhikode district also there are considerable number of weaving establishments other than household units, total number of which comes to 237. There are only 90 such units in Trivandrum district.

Based on the nature of ownership, weaving establishments are classified into 7 groups for the purpose of analysis. They are :-

1. Proprietary.
2. Partnership.
3. Industrial Co-operatives.
4. Collective Weaving Centres.
5. Educational Institutions.
6. Charitable Institutions and
7. Others

10. *ibid.*, p.4.

Out of 2057 establishments, 1626 units come under proprietary ownership. It is 79.05% of the total establishments. 258 establishments are under partnership and 92 are industrial co-operatives. There are 15 collective weaving centres in the state. There are also 36 units working as educational institutions and 19 under charitable institutions. The ownership of 11 establishments are categorised as others.

More than 78 per cent of the establishments under proprietary ownership are in Cannanore district. Also the maximum number of establishments under partnership is in Cannanore district. There are 249 such units in Cannanore which accounts for 96.5 per cent of the total units under partnership. The weaving units under industrial co-operative societies are comparatively evenly distributed. However, the maximum number of units under this category is also in Cannanore district. There are 28 industrial co-operatives which is 30.44 per cent of the total number is in Cannanore district. But this comes to only 1.78 per cent of the total establishments. There are 15 weaving industrial co-operatives in Quilon district, which constitutes 16.31 per cent of the total under this category.

There are 36 weaving educational institutions and exactly half of them are in Cannanore district. Eighteen

units are distributed in the remaining districts. There are 19 charitable institutions other than household units, which are located in Quilon (5), Alleppey (4), Ernakulam (7), and Kozhikode (3) districts.

Only about a quarter of the total number of the establishments are registered under Factories Act. More than 87 per cent of the total registered units (491) are in Cannanore district. Out of the remaining 12.22 per cent units 8.76 per cent are in Kozhikode district and 3.46 per cent are scattered in the remaining 6 districts.

Workers in Handloom Industry

For the purpose of analysis the workers directly engaged in the production are classified into 4 categories. They are winders, warpers, weavers and others.

Winder is a person who rewinds yarn from hanks or cone on bobbins.

Warper winds the yarn on beams from bobbins.

Weaver is the person who operates the handloom for the production.

Goiting, tie up, dyeing, sizing and bleaching etc., are the works of the workers classified as 'others'.

can be seen that there is no wide difference in the ratio of different categories of workers in different districts. Out of 71,027 members of the weaving households who are engaged in this cottage industry 61,023 are self employed, that is, employed in their own household units and 4425 are employed in other units.¹¹ (See Appendix 3.6) The remaining 5579 members are not actually doing any work at the time of census even though they are familiar with different items of work connected with industry.

The total workers in the household units consist of two categories viz., household members and employees. There are 88,985 workers in the household units, of this 61,023 are members of the households and 27,962 are employees. The number of members of the households and employers in household units under different category of workers and their corresponding percentage of the total workers in the households are presented in table 3.4.

11. Report on Census of Handlooms, 1976, p.18.

Table - 3.4 The Number of Members and Employees in Household Units Under Different Category

of Workers and Their Corresponding Percentage of the Total Workers

Type of workers	Winders		Warpers		Weavers		Others		Total	
	No.	Percentage	No.	Percentage	No.	Percentage	No.	Percentage	No.	Percentage
1. Household Members	23357	78.02	1379	61.67	35752	63.89	535	62.43	61023	68.57
2. Employees	6579	21.98	857	38.33	20204	36.11	322	37.57	27962	31.43
Total	29936	100.00	2236	100.00	55956	100.00	857	100.00	88985	100.00

Source : Handloom Census, 1976, p.11.

From Table 3.4, it is evident that 31.43 per cent of the total workers in the household units are employees. They do not have looms and other appliances. They are working on the looms of other household members. It is revealed from the field investigation that majority of the looms are idle. The number of employees is the lowest in the category of winders. In the other three categories more than one-third of the total workers are employees. 33.64 per cent of the total workers in the household units are winders and 62.88 per cent ^{warpers} and the remaining 0.97 per cent of workers are doing other miscellaneous items of work.¹³

More than half of the total workers in the household units are in Cannanore and Trivandrum districts, 29.59 per cent in Cannanore district and 27.76 per cent in Trivandrum district.¹⁴ Maximum number of male workers are in Cannanore district (38.58%) followed by Kozhikode district (21.77%).¹⁵

Workers in Establishments other than Weaving Households

There are 2057 handloom units other than weaving households in the state which employ 30167 workers -

12. Handloom Census, 1976; p.17.

13. *ibid.*

14. *ibid.*, p.18.

15. *ibid.*, p.19.

21324 males, 7458 females and 1385 children. Their percentage to the total number of workers in the industry comes to 26.9 per cent only. Number of different categories of workers and their percentage to the total under this sector are furnished below. (Table 3.5)

Table - 3.5 Statement Showing Number of Different
Categories of Workers and their Percentage

Category	No. of workers	Percentage to the Total
1. Winders	6659	22.08
2. Warpors	1394	4.62
3. Weavers	20182	66.90
4. Others	1932	6.40
Total	30167	100.00

Source : Handloom Census 1976; p.17.

The proportion of winders among the workers in other establishments (22.08%) is much less than that of winders among the workers in household units. More than two-third of the total workers in other establishments are in Cannanore district (20746).¹⁶ Kozhikode and Trivandrum

16. *ibid.*, p.17.

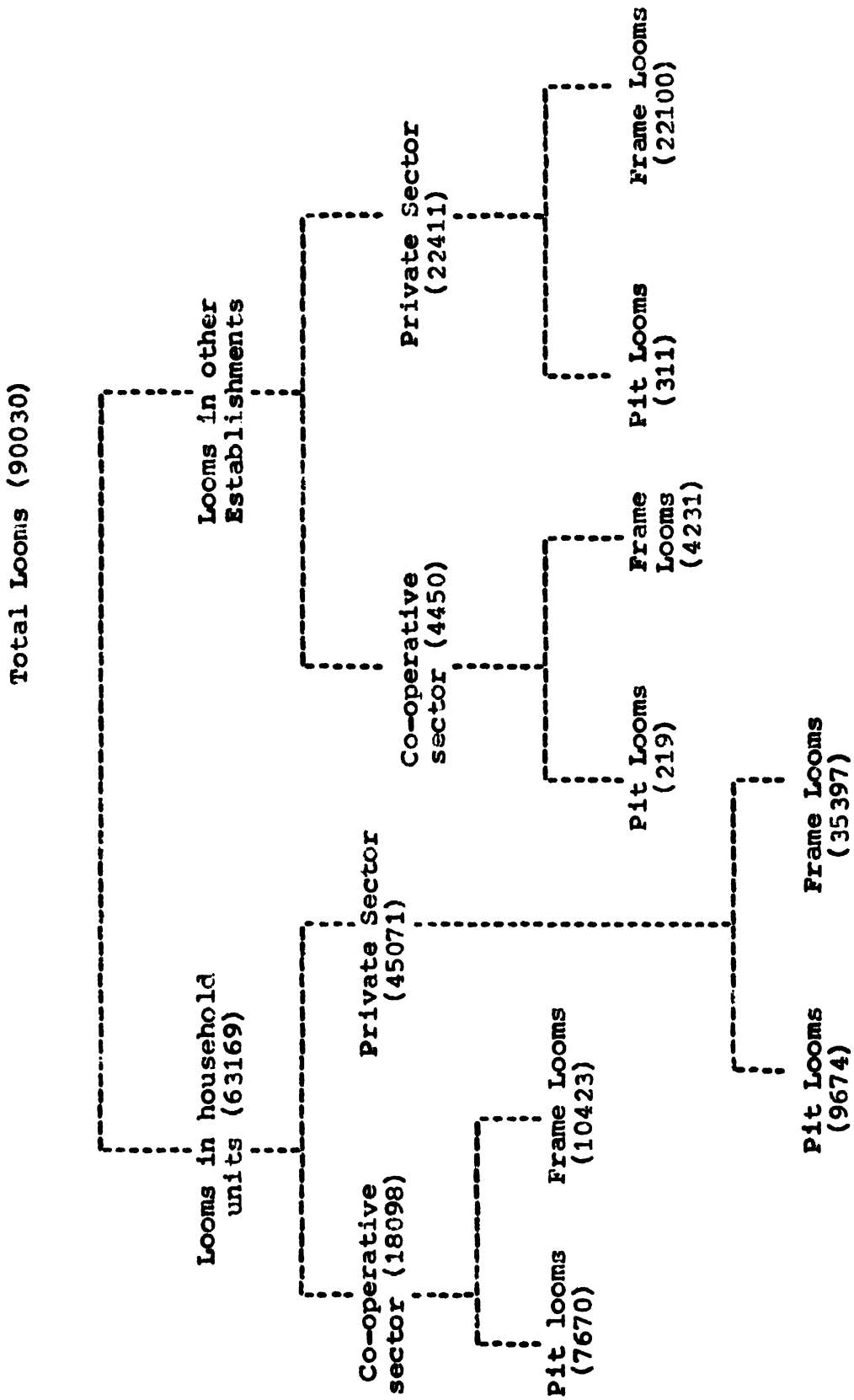
districts stand next, in that order with 3877 and 2057 workers respectively. Among the total number of workers in the handloom industry, only 125 members belong to the scheduled castes and tribes - 50 of them are in household units and 70 in other establishments.¹⁷

Total Looms in the State

The handlooms in the state are of two types - pit looms and frame looms. More than 70 per cent (70.16%) of the total looms in the state are in household units, the rest being in factory type establishments. 22,548 looms are in co-operative sector, 18,098 looms being in household units and 4450 looms in other establishments. Chart 3.1 shows the total number of looms in the State.

17. *ibid.*

Chart 3.1 Distribution of Looms in Kerala



Of the total 90,030 looms 17,847 are pit looms and 72156 are frame looms. More than 34 per cent (34.9%) of the total looms are in co-operative sector and 14.79 per cent of the looms in private sector are pit looms. The percentage of pit looms to the total looms in the household units and other establishments are 27.45 and 1.97 respectively. But now a large number of looms in household units have come into the fold of co-operative sector.

More than 81 per cent of the total looms in the state are concentrated in 3 districts viz., Cannanore, Kozhikode and Trivandrum. Total number of looms in Cannanore district is 40,144, Trivandrum district stands second with 19,234 looms followed by Kozhikode district with 14,318 looms. There are 23,953 looms in Cannanore taluk, which exceeds the total number of looms in any other district. Panchayats having more than 250 looms can be considered as places of concentration. There are 97 such panchayats in the state having more than 250 looms. Table 3.6 shows the number of units, number of looms and average number of looms per unit in each district.

Per Unit

Sl. No.	District	Weaving Households			Other Establishments		
		No. of / units	No. of looms	Average looms per unit	No. of units	No. of looms	No. of looms per unit
1.	Trivandrum	5074	17479	3.4	90	1755	19.5
2.	Quilon	1498	3080	2.1	50	1083	21.7
3.	Alleppey	361	614	1.7	21	218	10.4
4.	Kottayam	297	70	2.6	12	122	10.2
5.	Idukki	1	1	1	4	27	6.6
6.	Ernakulam	1188	2270	1.9	36	357	9.9
7.	Trichur	968	1837	1.9	14	103	7.9
8.	Palghat	1498	4222	2.8	9	132	14.7
9.	Malappuram	544	1368	2.5	10	130	13.0
10.	Kozhikode	3395	11169	3.3	237	3149	13.3
11.	Cannanore	6357	20359	3.2	1574	19785	12.6
	State	21681	63169	2.9	2057	26861	13.1

Source : Census of Handloom 1976, p.18.

From Table 3.6 it can be seen that the average number of looms per household unit in each district ranges from 1 to 3.4 and the state average is 2.9 looms per household unit. The highest average number of looms per household is in Trivandrum district, Kozhikode and Cannanore districts stand in the second and third place respectively in this respect. Considering the average number of looms for other establishments Quilon district stands first with 21.7 looms followed by Trivandrum (19.5) and Palghat district (14.7). The average number of looms per establishment in Cannanore district is 12.6. The average for the state is 13.1 looms.

CHAPTER - IV

PRICE, PROFITABILITY AND EMPLOYMENT

Crisis in the handloom industry due to internal and external factors, manifested in diversified forms. Growth of organised cotton textile mills and powerloom affected the growth and development of the industry. The external pressure from these sectors caused structural changes and production relations in the industry. Development of cotton mills in India not only captured the traditional markets of handlooms but also controlled the development of handlooms. When the handlooms started consuming the mill made yarns, the inevitable menace was the dependency on textile mills. Government's policy of assistances and subsidies to mill sector, put in on a higher position. Being a traditional industry which provides income and employment to millions of weavers, the crisis created by the rapid growth of mills and powerlooms has far reaching impact on the handloom industry. Even in the face of stiff competition, handloom industry survived and developed because of the uniqueness and special consumer preference to handloom fabrics.

In this chapter it is attempted to study the profitability, income and employment in the industry. But the diversified organisational structure and production relations in the industry create a lot of difficulties in analysing profitability and income. In the case of organised industries, production is preplanned by the costing method. It may be possible by referring to the account books of a textile mill to calculate the cost of production of a yard of cloth and the various elements that go to make it up. But the weavers whether they work independently or for master weavers do not maintain account books and therefore the task of finding out the cost of production of the fabrics manufactured by them is beset with many difficulties. Only organised sectors of the industry viz., co-operative societies and rich master weavers who are running handloom factories are maintaining books of accounts.

Another difficulty in studying the cost structure is that the wages for preparatory processes and weaving are merged. For the sake of clarity it has to be separately studied. In the unorganised independent weaver sector, the weaver along with his wife and children are doing weaving. So, the income of the weaver includes the

labour of his wife and children. But in the case of organised sector, which maintains books of accounts and ledgers, it is easy to calculate the wages for preparatory processes and weaving. In the organised and unorganised sectors, wages for preparatory processes and weaving are paid on piece rate basis. The unit of payment of piece rate varies from region to region; it is expressed in terms of knots, hanks or pounds of yarn. In respect of warping, sizing and weaving a unit is described in terms of yards as well. It is a complicated task to reduce these diverse and multitudinous units to a uniform scale and to institute a scientific comparison between the charges paid for the preparatory processes at different places. Moreover, there is the additional complication arising from the varying lengths of the warps, multiplicity of designs and patterns. Therefore, an analysis of the cost structure of handloom fabrics is a formidable task.

The cost of production of different handloom fabrics is given in Table 4.1.

Table - 4.1 Cost of Production of Handloom Fabrics in Kerala, 1985

(Unit Rs.)

Details of Fabrics	Cost of Yarn	% of total cost	Cost of dye and chemicals	% of total cost	Preliminary charges of weaving	% of total cost	Total cost	Selling price	Profit
Shirtings 2/60s x 40s (per metre)	4.10	45.80	1.15	12.84	3.70	41.36	8.95	10.00	1.05
Dhothies 26s (No.1)	7.80	53.10	.90	6.12	6.00	40.78	14.70	16.50	1.80
Lungis 20s (per metre)	4.20	44.7	1.50	15.9	3.70	39.4	9.40	10.50	1.10
Bedsheet 2/40s (per metre)	6.20	41.3	2.00	13.4	6.80	45.3	15.0	16.40	1.40
Shirtings 2/80s (per metre)	3.50	36.3	0.95	9.8	5.20	53.9	9.65	10.65	1.00
Lungis 40s (per metre)	4.00	47.1	2.00	23.5	2.50	29.4	8.50	10.00	1.50

Source : Computed from Survey results, 1985.

It is seen from Table 4.1 that nearly 60 per cent of the cost of producing a fabric comprises the cost of raw materials. For producing a metre of 2/60s x 40s shirting, producers have to spend Rs.5.25 which is 58.5 per cent of the total cost. But wages for preparatory processes and weaving are only Rs.3.70 which comes to 41.36 per cent. But this rates may vary according to the counts used in various fabrics. For example, raw materials costs come only to 46.1 per cent in producing a metre of 2/80s shirting. But its wage rate accounts for 53.9 per cent. For producing certain fabrics which require too much skill and artisanship, the wage rate may be high. Normal profit, if the producers could sell the fabrics, will come around 5 per cent. Though this percentage is quite satisfactory, this rate may fall owing to various reasons. In the face of severe competition from mill and powerloom sectors, the co-operative societies and master weavers are forced to undersell the fabrics which would further reduce the profit. From the samples of fabrics shown in Table 4.1, we can reasonably assume that the costs of yarns, dyes and chemicals vary between 55 per cent and 60 per cent. Though there are slight variations in labour charges, the percentage of labour charges for preparatory processes and weaving fall between 30 per cent and 35 per cent. In table 4.2, the

cost of producing 25 yards of cloth in different organisations is given.

Table - 4.2 Cost of Production of 24 Yards of 2/80s
Shirting under Different Organisations, 1984.

(Unit Rs.)				
Sl. No.	Items	Handloom Factory	Co-operative Society	Independent weaver
1.	Yarn	32.30	33.60	33.50
2.	Dye and Chemicals	9.10	9.12	9.60
3.	Warping	9.60	9.50	9.80
4.	Sizing	7.40	7.50	7.60
5.	Weaving	24.70	25.00	24.50
6.	Provident Fund	1.50	1.50	--
7.	Other charges	2.00	1.90	2.00
Total cost		86.60	88.12	89.00
Profit		10.20	8.46	3.50
Selling Price		96.80	96.58	92.50

Source : Computed from Survey results.

From table 4.2 it is seen that cost of producing 24 yards of 2/80s shirting on independent weaver sector is

higher than in the other sectors. It is Rs.89; while it is Rs.88.12 in co-operative sector and Rs.86.60 in handloom factory. The major reason for this increased cost in independent weaver sector is the increased price of raw materials. They have to procure their raw materials from local dealers. In Kerala, there are 24 spinning mills. But majority of the mills are producing yarns less than 60s. So, independent weavers who are producing fabrics using yarns more than 60s have to purchase it from the local dealers who charge higher prices. It is seen that cost of producing the above mentioned fabric in handloom factories is lower than that in co-operative societies. Affluent handloom factory owners procure their raw materials bulkly from the mills of Tamilnadu. So cost of raw materials in this sector is lower than in the other sectors. But in the case of primary societies, procurement of yarn is met from local dealers. Only financially sound societies purchase yarns from the mills in Tamilnadu. It can be seen from Table 4.2 that the rate of profit in independent weaver sector is lower than in other sectors. It is only Rs.3.50; while co-operative societies get Rs.8.46 and handloom factories get Rs.10.20. These figures do not reveal the reality. In the face of severe competition from mill and powerloom sectors independent weavers cannot sell their fabrics at this margin.

When the market is gloomy, they are forced to undersell their fabrics. That is why majority of the independent weavers and petty master weavers closed down their establishments. This market stagnation and severe competition from various quarters reduced the income and employment. A survey of non-household handlooms conducted in Cannanore district in 1981 showed that 63 per cent of the looms in that area were idle and about 10000 workers lost their employment between 1976 and 1981.¹ Luckily the looms in the co-operative sector did better. Only 37 per cent units in the co-operative sector were idle.² Increased marketing facilities with the help of Apex society and diversification of production contributed to the higher utilisation capacity in the co-operative sector.

It is seen that more than 55 per cent of the cost of producing fabrics is comprised of cost of yarns. So, frequent price fluctuations of yarns affect the profitability in the industry. Price fluctuations of certain selected counts of yarn over a period of 11 years are given in Table 4.3. The price of yarn of 10s in 1974 was Rs.50

1. Report of the High Level Committee on Industry, Trade and Power, Volume-11, State Planning Board, Kerala, May 1984.

2. *ibid.*

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338.42 (548.3)
MATTable - 4.3 Price Fluctuations of Yarns (per bundle)

Year	Count of Yarn					
	10s (Rs)	20s (Rs)	26s (Rs)	40s (Rs)	60s (Rs)	80s (Rs)
1976	50	65	70	80	120	225
1977	60	75	85	98	139	198.80
1978	68	82	88	110	158	198.80
1980	70	84	96	128	180	220
1982	93	103	108	128	192	240
1984	98.50	108	128	143	198	275
1985	127	130	134	139	208	270

Source : Computed from Survey results.

per bundle which increased to Rs.127 in 1985. This shows an increase of 254 per cent. Another important count, 80s which is used in producing dhothies shows an increase of 120 percent. But in the case of 20s, percentage of increase during this period marked 200 per cent. In the case of 60s, percentage of increase is 173 per cent. From these figures, it can be seen that the percentage of increase in price is higher for lower counts of yarn. It implies that handloom fabrics consuming lower counts of

yarns would cost more. Master weavers who are producing 'dhothies' and 'neriaths', using higher counts of yarn felt lesser impact of price hikes.

As stated earlier, Kerala handlooms have to depend on cotton mills in Tamilnadu for their yarn requirements. This involves too much cost by way of transporting and other charges. Central Government took various measures for supplying yarn to handloom sector. But the organised cotton mill sector often restricts the supply of yarn to handloom sector which causes acute scarcity of yarn. So, private yarn dealers capitalise this situation by increasing the price exorbitantly. Central government directed the cotton mills to supply yarn to handlooms at subsidised rate. But there are certain difficulties in yarn price control. They are :-

1. A uniform price formula for a count of yarn cannot be a solution even for a monthly period since the price of yarn of different mills is not the same due to different cost of raw materials and quality of finished products,
2. Controls may lead to the deterioration in quality of yarns,
3. Under the control system, the mills are reluctant to supply fixed quantity of yarn to the government, and

4. Mills have the tendency for showing a certain price of issue for their yarn which by the time it reaches the weaver, is actually sold in the black market at a price higher than the price shown in the books of mills.

Since the production and distribution of cotton textile mills do not come under the jurisdiction of governmental regulations, they often create artificial scarcity and subsequently increase the prices of yarns. So many weaving establishments under study closed down many times owing to scarcity of yarn.

It is seen from Table 4.1 that nearly 10 per cent of the cost of producing fabrics comprise the cost of dyes and chemicals. There are 48 types of dyes and chemicals used in handloom processing. The main items commonly used are :-

1. Green FFB
2. Brown R
3. Blue RSN
4. Hydrosulphate
5. Caustic Soda
6. Bleaching Powder

Table - 4.4 Price Fluctuations of Dyes and Chemicals (Rs.)

Sl. No.	Name of dyes and Chemicals	Year						
		1974	1976	1978	1979	1981	1982	1984
1.	Green FEB (per Kg)	275	436	470	512	658	778	820
2.	Brown R "	360	463	480	630	763	750	676
3.	Blue RSN "	308	358	420	493	455	603	541
4.	Bleaching powder "	2.20	1.70	2.20	2.50	3.60	4.20	4.0
5.	Hydro-sulphate "	25	20	23	22	30	38	36
6.	Caustic soda "	4.40	2.80	4.40	7.0	6.50	8.50	6.60

Source : Computed from survey results.

The price fluctuations of dyes and chemicals between 1974 and 1984 are given in Table 4.4. It is seen that Green FFB, an important dye used in producing valuable fabrics priced at Rs.275 in 1974 increased to Rs.820 in 1984. This comes more than 298 per cent. In the case of Brown R, which is mainly used for producing fine shirtings increased from Rs.360 in 1974 to Rs.676 in 1984. This shows an increase of 187.5 per cent. In the case of Blue RSN, percentage of increase is more than 175 per cent. Bleaching power and hydrosulphate which are the main chemicals for bleaching and

colouring, showed increase of more than 150 per cent during this period.

Sl. No.	Name of the Fabric	Year						(Unit Rs.)
		1974	1976	1977	1978	1979	1980	
1.	20s goods (per Kg.)	6.70	6.70	6.21	6.30	6.30	7.55	9.50
2.	10s goods "	4.00	4.00	3.69	3.80	3.80	4.55	6.00
3.	26/54s Thorthu (per 1)	0.65	0.65	0.65	0.70	0.70	0.85	1.02
4.	26/60s Dhothi (per 1)	1.00	1.00	1.00	1.05	1.25	1.50	1.80
5.	26/72s Lungi (per metre)	1.10	1.00	1.04	1.70	1.70	2.05	2.46
6.	26s Shirting (per metre)	0.60	0.60	0.65	0.90	0.90	1.10	1.30
7.	26/72s Dhothi (per 1)	1.50	1.50	1.62	1.70	1.65	1.95	2.34
8.	Small bobbin (per knot)	0.25	0.25	0.40	0.40	0.32	0.38	0.61
9.	Small bobbin (per knot)	0.20	0.20	0.25	0.40	0.50	0.60	1.00

Source : Computed from Survey results.

There is a tendency on the part of handloom officials and master weavers to attribute the crisis in the industry to increased labour charges prevailing in the state. To a certain extent it is correct. But relatively, the percentage of increase of labour charges do not correspond with the percentage of increase in the price of raw materials. (See Table 4.5). It is seen that the percentage of increase of labour charges for producing 20s goods per kilogram is more than 150 per cent during the period of 1974-84. But the percentage of increase of 20s yarn is 200 per cent (See Table 4.3). In the case of weaving 10s goods per kilogram, the percentage of increase is 150 per cent. But the percentage of increase of 10s yarn is more than 254 per cent. In the case of weaving 26s shirting per metre, the wage rate was 60 ps in 1974, increased to Rs.1.30 in 1984. But we can see substantial increase in the labour charges for small bobbin. In 1974 it was only 20 ps, which increased to Re.1 in 1984. From this, we can see that percentage of increase in labour charges is less than percentage of increase in the price of raw materials.

In Kerala, Minimum Wages Legislation was implemented in the majority of the weaving establishments. Wages for each process are stipulated on the basis of cost of

living index by the joint conference of district level handloom officials, trade union leaders and master weaver's organisations. So there are slight variations in labour charges in different districts. Comparatively higher wages are paid in Cannanore district.

Table - 4.6 Price Changes of Certain Selected Varieties of Fabrics, 1984 (Rs.)

Sl. No.	Name of the Fabric	Year				
		1976	1978	1980	1982	1984
1.	20s goods	27	31	37	43	58
2.	10s goods	19	23	27.50	34	48
3.	28/54 Thorthu	2.75	3.50	4.40	5.0	5.50
4.	36/60 Dhothi	3.80	4.50	7.00	8.0	9.50
5.	48/72 Dhothi	6.20	8.50	10.50	12.50	15.70
6.	26s Lungi	4.30	6.0	7.80	8.0	11.00
7.	26s Shirting	3.00	5.0	6.50	7.0	8.50
8.	45/72 Dhothi	6.25	8.0	11.00	12.0	15.00

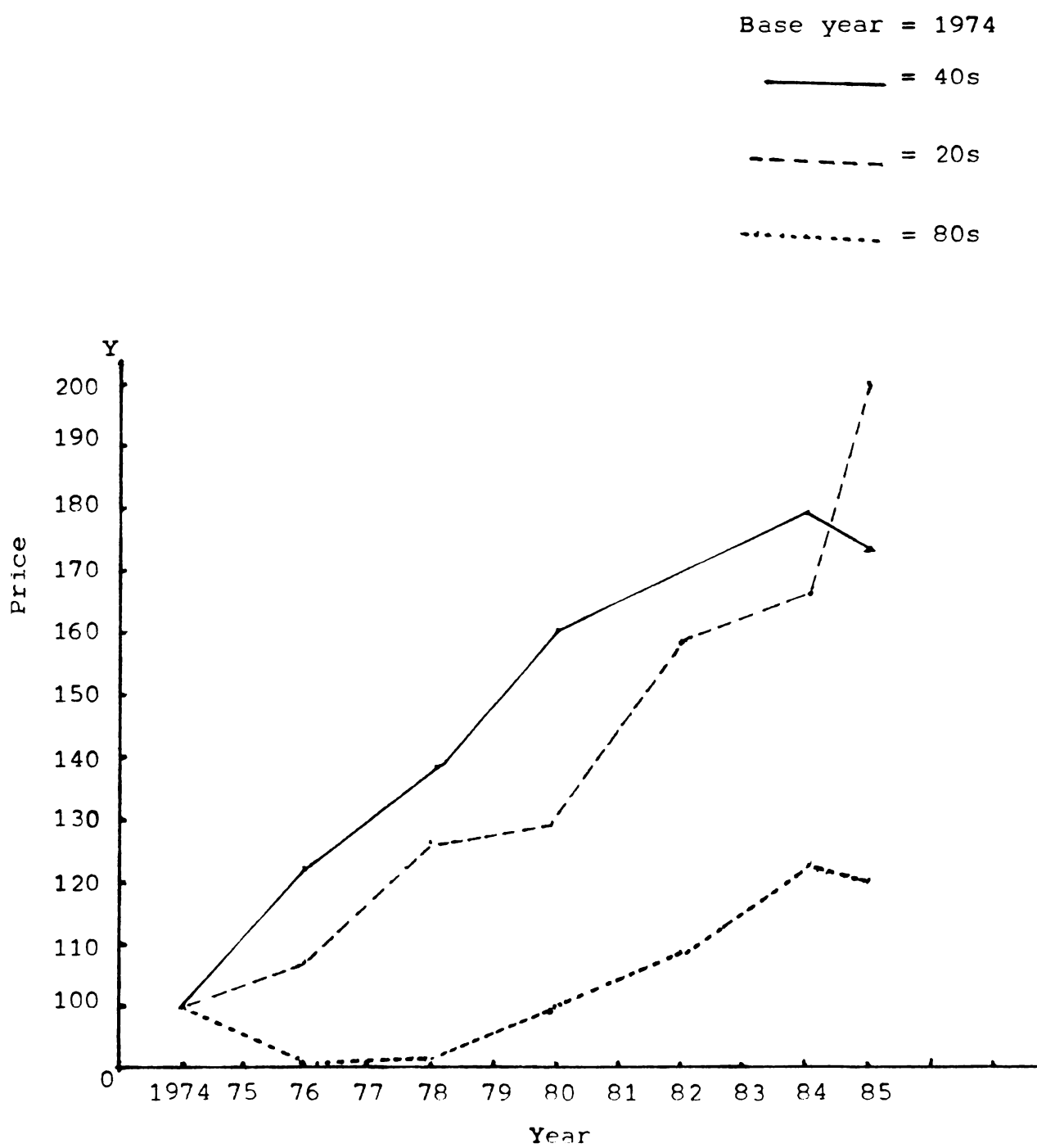
Source : Computed from Survey results.

Though the co-operative societies and master weavers increased the selling price of the fabrics, their share of profit declined considerably due to marketing

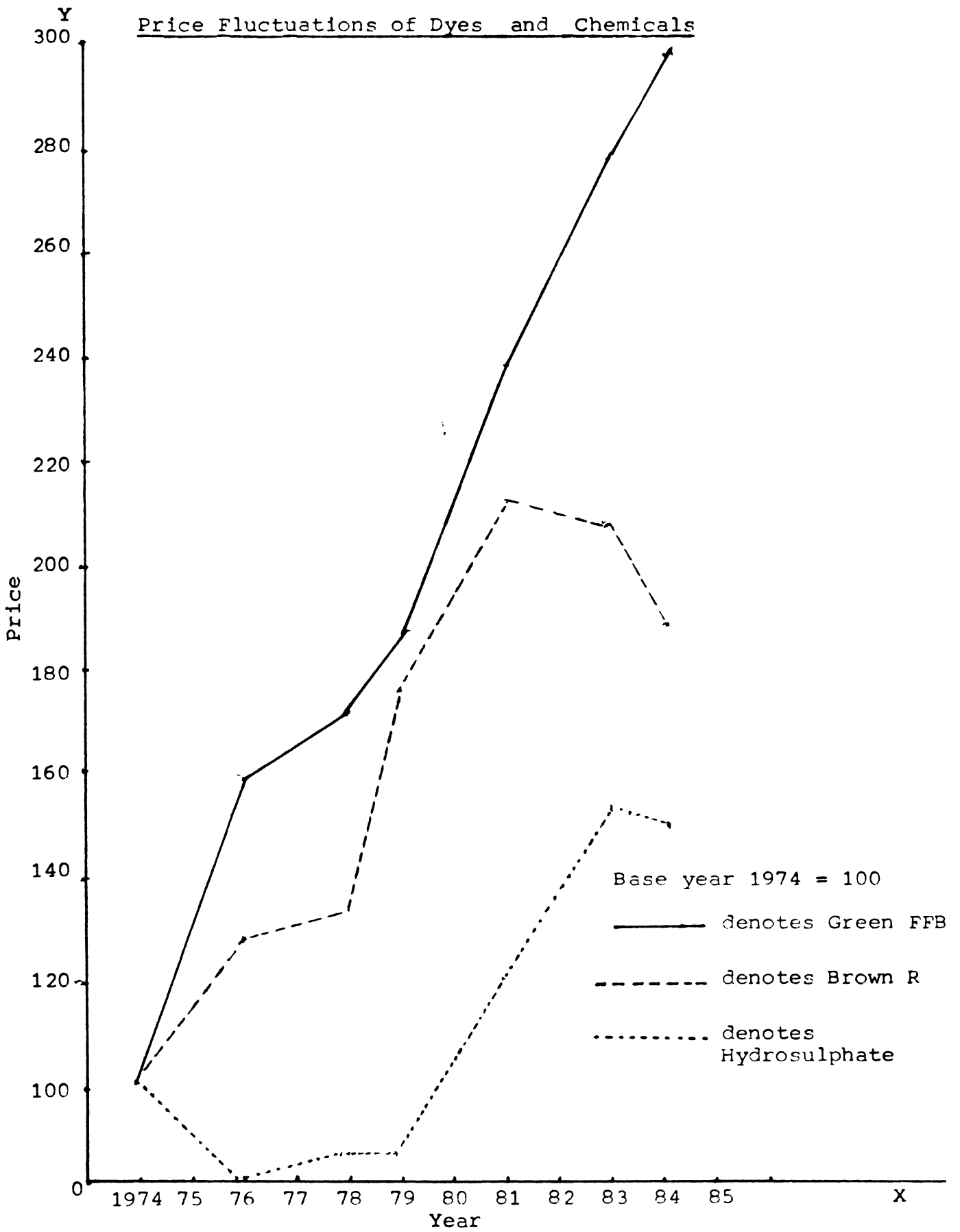
difficulties. Massive dumping of cheap mill made and powerloom fabrics ousted the handloom from their traditional markets. In order to realize normal profit, co-operative societies are compelled to increase the selling price of the fabrics. The selling price changes of certain selected fabrics of co-operative societies are given in Table 4.6. It is seen that 20s goods showed an increase of 220 per cent during the period of 1974-'84. In the case of 26s shirting the percentage of increase was 283 per cent. But this increase in the price which is in par with cost of production, caused accumulation of stocks. Majority of the societies are forced to undersell fabrics. In 1984 more than Rs.20 crores worth of handloom fabrics in co-operative and master weaver sectors stock-piled in the godowns.³

The graphic representation of changes in the prices of raw materials, changes in labour charges and price changes of certain selected fabrics is given below. It can be seen that price of yarns of 20s, 40s and 80s shows upward tendency (see graph 4.1). In the case of dyes and chemicals, (see graph 4.2) and labour charges (see graph 4.3) upward trend can be seen during the period of 1974-85. Consequently, the selling price of the fabrics has also increased considerably (see graph 4.4). So the

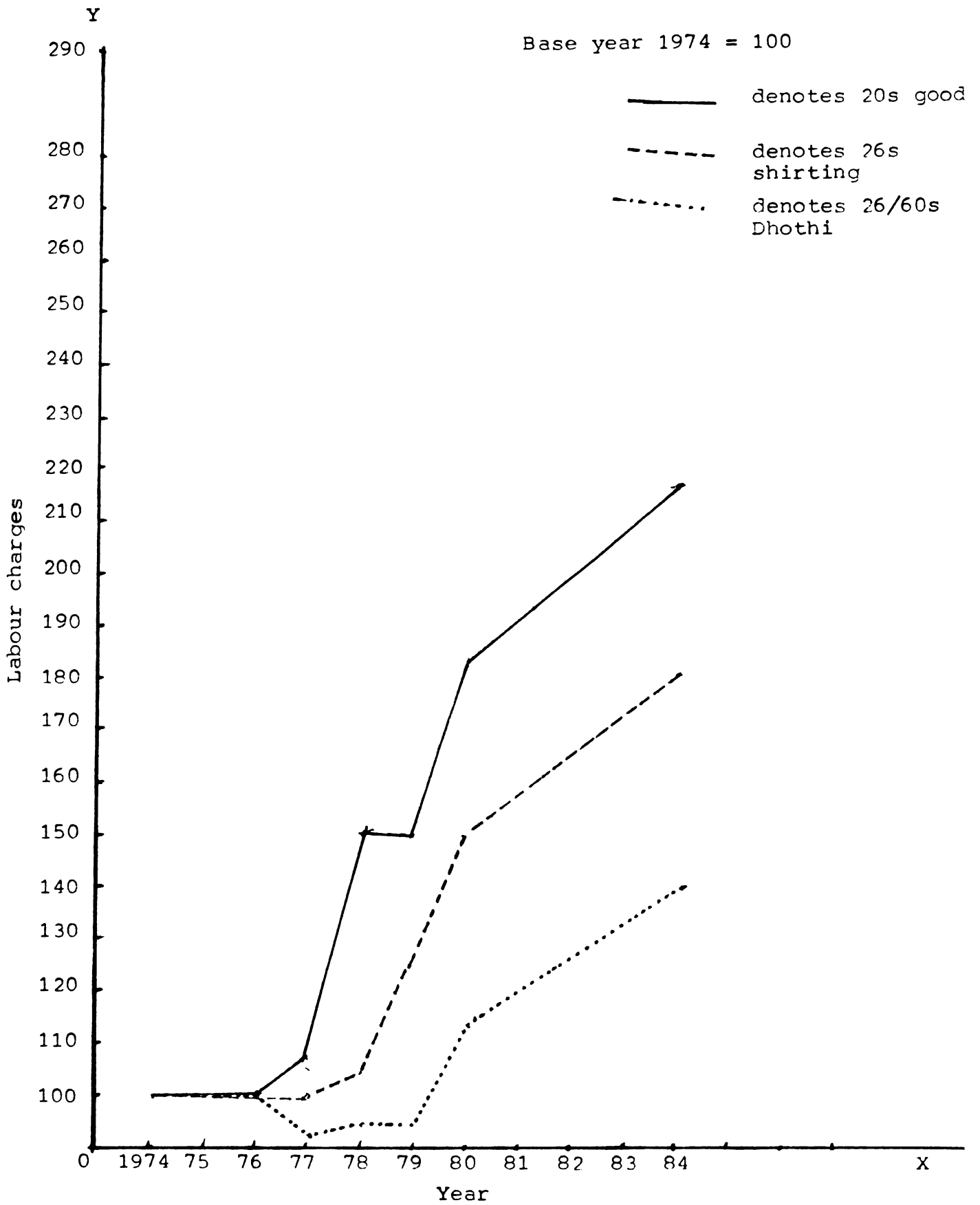
3. Hindu, April 24, 1985.

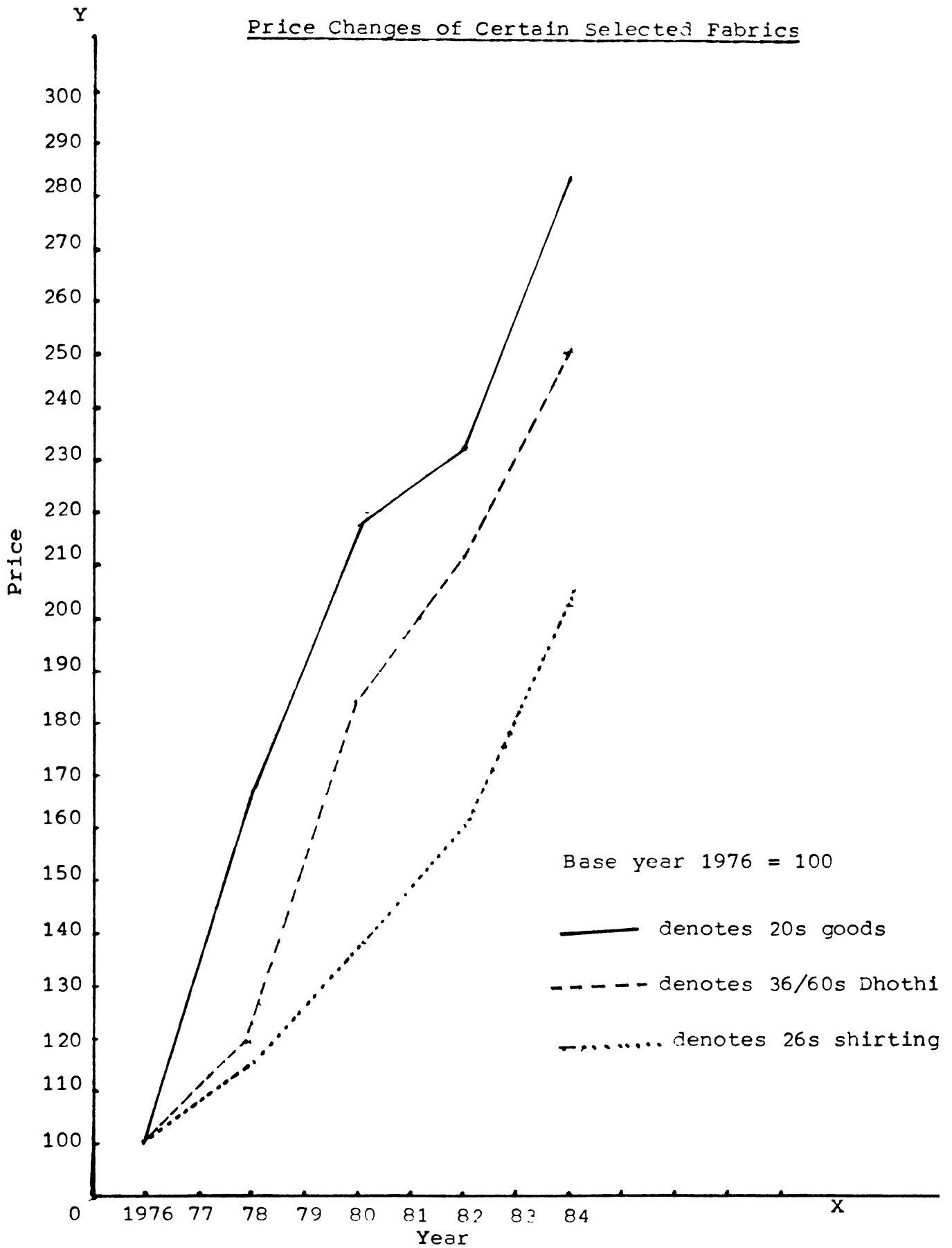
Graph - 4.1Graphic Representation of Price Fluctuations of Yarns

Graph - 4.2



Graph - 4.3

Fluctuations of Labour Charges

Graph - 4.4

capacity of the handlooms to compete with mill made fabrics decreased, causing massive accumulation of stocks. Consequently, the income and employment of weavers came down considerably during this period.

Income and Employment of Weavers

The price fluctuations of raw materials and increase in labour charges affected the income and employment of weavers. For studying the income and employment of weavers, 200 weavers surveyed. Out of this, 50 weavers belong to master weaver sector, 100 weavers to co-operative sector and 50 weavers to independent weaver sector. The income of weavers in these sectors is given in Table 4.7.

Table - 4.7 Average Monthly Income of Weavers in
Different Sectors, 1985.

Income (Rs.) Size Group	Master weaver sector	Co-operative sector	Independent weaver sect- or
0 - 50	--	--	--
50 - 100	--	--	7
100 - 150	6	8	15
150 - 200	28	55	24
200 - 250	12	25	4
250 - 300	4	8	--
300 - 350	--	4	--
350 - 400	--	--	--
	50	100	50

Source : Computed from Survey results.

It can be seen from Table 4.7 that majority of weavers fall in the income group of Rs.150-200. In the master weaver sector out of a total of 50 weavers, 28 weavers are getting average monthly income between Rs.150 and Rs.200. In the co-operate sector it is 55 out of 100. It is Rs.25 in the independent weaver sector. Broadly speaking, out of 200 weavers in the sample taken, 148 weavers are getting only a monthly income between Rs.150 and 250. Unfortunately weavers do not get employment throughout the year. Owing to scarcity of raw materials and marketing difficulties majority of the weaving establishments do not employ weavers throughout the year.

Employment of weavers in these sectors is given

Table - 4.8 Employment of Weavers in Various Organisations,
1985

Effective days (Size group)	Master Weaver Sector	Co-operative Sector	Independent Weaver Sector
100-125	--	5	22
125-150	5	5	8
150-175	21	12	5
175-200	11	35	15
200-225	8	32	--
225-250	5	11	--
Total	50	100	50

Source : Computed from Survey results.

in Table 4.8. It can be seen from Table 4.8 that 72 per cent of the weavers in the sample are getting employment for less than 200 days. In terms of employment, it is highest in the co-operative sector. In the independent weaver sector, majority of the weavers are getting employment for less than 125 days. Governmental efforts to organise the weavers on co-operative lines have increased the effective working days in that sector. But in the master weaver and independent weaver sectors, the main tendency is the declining number of effective days.

The main complaint among the master weavers and government officials is that the main cause of the problem is increased labour charges. But if we take into account the total labour time expended for production and the net earnings of the weavers, this argument would prove incorrect. Labour time expended and the earnings of the weavers in producing certain selected fabrics are given in Table 4.9.

**Table - 4.9 Labour time Expended and Piece rate for
Producing certain Selected Varieties of
Fabrics**

Variety	Labour time expended (hrs.)	Piece rate (Rs.)
40s Dhothies	7	6
2/60s Dhothies	9	7.50
2/40s Shirting	9	7.60
2/30s Bed spreads	8	7.20
26s Shirting	9	7.25
28/54 Thorthu	2	1.10
26s Lungis	6	4.50

Source : Computed from the records of Payyannoor
(Industrial)Co-operative Society, 1985.

It can be seen from Table 4.9 that the weavers are getting only meagre earnings for the work they do. A weaver will get only Rs.6 if he works 7 hours a day. But, if that weaver goes for any other manual work he may get higher wages. Since the majority of the weavers who belong to the Chaliya community and who are still keeping their caste identity, do not go for any other job, they have to live with their meagre earnings throughout the year. So it has to be presumed that the majority of the weavers in Kerala are living in abject poverty.

Capital-Output Ratio

The capital output ratio gives the relationship between the value of capital investment and the value of output. Normally, this ratio is expressed in terms of a certain unit of capital producing one unit of output. In this study however, the method followed is different, in that one unit of capital is taken as the measure for the output produced. The capital output ratio calculated in this study is not the incremental capital-output ratio, but the average capital-output ratio. The capital output ratio of various organisations is given in Table 4.10.

Table - 4.10 Capital-Output Ratio in Various Organisations,
1985

S1. No.	Name of Organisation.	No. of establishments covered	Total investments on active looms (Rs.)	Total Production (Rs.)	Capital output Ratio
1.	Co-operative sector	10	15,15,000	1,51,20,000	1:9.6
2.	Master Weaver sector	8	6,25,000	63,75,000	1:10.2
3.	Petty Master Weaver sector	6	45,000	3,82,500	1:8.5

Source : Computed from Survey results.

It can be seen from Table 4.10 that more capital is required to produce a unit of output in the petty-master-weaver-sector. This is because of the unutilised capacity of the looms. But capital requirement is lowest in the master-weaver sector. This is mainly due to increased capacity utilisation. Since the government is neglecting the unorganised private sector, capital requirement is higher in the unorganised private sector.

Labour-Output Ratio

The labour output ratio gives the average value of output produced by one unit of labour. Labour-output ratio of various organisations are given in Table 4.11.

Table - 4.11 Labour-Output Ratio in Various Organisations, 1985.

Sl. No.	Organisation	No. of establishment covered	Total employment (No.)	Total Production (Rs.)	Output/worker
1.	Co-operative sector	10	1500	1,51,20,000	1:10080
2.	Master Weaver sector	8	400	63,75,000	1:15937.5
3.	Petty Master Weaver sector	6	40	3,82,500	1:9562.50

Source : Computed from Survey results.

From Table 4.11 it is evident that labour-output ratio is highest in master weaver sector. They carry on production based on orders received from abroad. They employ weavers according to the prevailing market conditions. So in this sector idleness is lower than in other sectors. But in co-operative sector labour output ratio is 1:10080. Since majority of the societies in the State are either dormant or facing liquidation, the idleness and unemployment is higher in this sector. This ratio is lowest in petty master weaver sector. Majority of the petty master weavers are keeping their looms idle because of financial crisis and marketing problems.

CHAPTER - V

WORKING OF CO-OPERATIVE SOCIETIES

There is a widespread belief that the growth of handloom co-operative societies is a healthy sign of development. But experiences of co-operative societies belie this belief. The declining profitability and severe competition from various quarters compelled the master weavers and independent weavers to shut down their weaving establishments. It is seen that majority of the societies which are registered under Kerala Handloom Directorate are either dormant or facing liquidation. According to an estimate of the Handloom Directorate, there are 565 handloom co-operative societies in Kerala. But only 371 societies are registered under the Kerala State Handloom Weavers Co-operative Society (hereafter HANTEX). Out of 565 societies, 250 societies are running at loss (see Table 5.1). Only 185 societies are earning marginal profits. It is a known fact that the handloom industry in Kerala is a declining industry. The major causes leading to this state of affairs are :-

- 1) frequent price hikes of raw materials;
- 2) intensive competition from mill and powerloom sectors;
- 3) competition from Co-optex and other private selling agencies; and
- 4) consumer's preference for cheap mill made fabrics.

It is believed that the independent weaver working in his own cottage, buying raw materials from his own meagre resources, can produce the cloth at the cheapest rate. But when the price of raw materials escalate, his share in the price of the finished product becomes negligible. Inadequate institutional finance forces him to take recourse to the dealer or the moneylender. Our field investigation revealed that handloom units having less than 10 looms borrowed more than 90 per cent of their financial requirements from dealers, moneylenders, friends and relatives. It is also seen that nearly 75 per cent of the total produce is sold to local dealers. This results in financial losses to the producers as the local dealers pay only lower prices to them.

For the purpose of studying the working of handloom co-operative societies, 10 societies from various parts of the State were surveyed. To study the financial position of the societies their annual reports, balance sheets and profit and loss account are analysed. Of the

10 co-operative societies selected for the survey, 5 societies belong to the category of industrial co-operative societies. These societies have their own buildings, looms and accessories. Weavers come in the morning for doing work and are paid wages on the basis of the nature of work. Wages in the societies vary according to the financial soundness of societies. In Kerala, Minimum Wages Legislations were implemented from 1968.

In primary societies, weaver members come to the society, for yarn, dyes and chemicals. Weaver's receive the raw materials from societies and produce fabrics in their own houses. Weaver along with other members of his family including children produces the fabrics. So it is very difficult to calculate the actual labour time expended and wages received in producing the fabrics. Weavers start working on their looms from early morning. They take their produce to the society and receive wages. Since, majority of the societies are facing severe financial crisis, the societies do not provide employment throughout the year. So majority of the weavers in Kerala have to keep their looms idle for a long time.

Table - 5.1 Number of Societies and Working Results for the Year 1983-84

District	Working	Dormant	Liqui- dation	Total	On Pro- fit	on Loss	Deficit	Liqui- dation
Trivandrum	187	8	28	223	96	91	8	28
Quilon	42	3	30	75	5	37	3	30
Pathanamthitta	3	4	--	7	--	3	4	--
Alleppey	11	5	2	18	5	6	5	2
Kottayam	13	-	2	15	5	8	-	2
Idukki	2	2	3	4	1	1	2	--
Ernakulam	18	5	3	26	5	13	5	3
Trichur	24	2	3	29	8	16	2	3
Palghat	32	1	4	37	18	14	1	4
Malappuram	9	-	2	11	7	2	-	2
Kozhikode	32	3	4	39	11	21	3	4
Cannanore	53	5	12	70	19	34	5	12
Kasarkode	9	-	2	11	5	4	-	2
Total	435	38	92	565	185	250	38	92

Source : Kerala Handloom Directorate, 1985, Trivandrum.

Out of the total of 5,65 societies in the State, only 82 are factory type societies. Majority of the factory type societies are concentrated in Cannanore and Kozhikode districts. There are 223 societies in Trivandrum district. A recent report quoting official sources states that majority of the primary societies in Trivandrum district are fake societies.¹ Many malpractices are reported in running primary societies in Kerala. To get rebate and other governmental subsidies, corrupt officials and the director board of many primary societies manipulate the books of accounts. They also bring fabrics produced in Tamilnadu and on the basis of these fabrics they claim subsidies and rebate from government.

The increase in handloom production surpassed considerably the increase in sales. This resulted in accumulation of stocks. This problem of accumulation started during the last decade. It is true that the special rebate of 20 per cent allowed during January-February 1976 on sales of handloom cloth by co-operative societies enables them to dispose of goods worth Rs.195 lakhs.² But the stocks mount up again and handloom weavers position became

1. Mathrubhoomi, 12-3-1986.

2. Kerala Economic Review 1976, p.63.

precarious. In the first half of 1970s, there was substantial demand for crepe items. Cotton crepe items manufactured in Cannanore district in early 1970s have become the rage of fashion world in U.S.A and West European countries. Plain crepe items as well as crepe fabrics using fancy yarn in check designs were sought for till 1976 in those countries.³ Handloom weavers in Malabar area installed more looms to produce crepe items. The master weavers in Cannanore district accumulated super profits from their trade with foreign countries during the period. But since 1975, the demand for crepe items dwindled. When the demand dwindled, these master weavers shifted their place of activity to Selam, Erode and Madurai of Tamilnadu State where the minimum wages legislation has not yet been implemented.

Weavers who could not find employment under master weavers throughout the year joined the co-operative societies. They organised large number of co-operative societies in rural areas. But majority of the societies do not have land, buildings, looms and other accessories. They consider these societies as yarn supplying agencies. But frequent price hikes of yarn, dyes and chemicals made the economic position of these societies vulnerable.

3. Handbook on Handloom Exports, The Handloom Export Promotion Council, Madras, 1985, p.3.

Table - 5.2 Membership and Looms in Co-operative Societies

Sl.No.	Name of the Society	Membership	No. of looms	
			Working	Idle Total
1.	Velloor W.C.S.*, Payyannur	195	40	10 50
2.	Pinarayi W.I.C.S.**	212	51	19 70
3.	Kunhimangalam W.C.S	255	82	19 101
4.	The Sasi W.I.C.S., Karuvelloor	218	50	40 90
5.	The Nileswar W.I.C.S	279	165	103 268
6.	The Udma W.C.S	133	52	61 113
7.	The Payyannoor W.I.C.S	304	53	22 75
8.	The Chennamangalam W.I.C.S	451	120	239 359
9.	The Balamapuram W.C.S	213	30	70 100
10.	The Parur W.C.S	304	53	22 75
	Total	2564	696	605 1301

* W.C.S. denotes weavers co-operative society.

**W.I.C.S. denotes weaver's industrial co-operative society.

Source: Field Investigation.

From Table 5.2, it is evident that nearly 50 per cent of the looms installed are idle. The Chennamangalam Weaver's (Industrial) Co-operative Society has 451 members. But this society has only 359 looms. In this society, out of a total of 359 looms, 239 looms are idle. That comes nearly to 67 per cent. The Nileswar Weaver's (Industrial) Co-operative Society has 268 looms. But out of those 268 looms, 103 looms are idle. It can be seen that idleness of looms is higher in primary societies. Of the total of 1301 looms surveyed, only 696 are working. This comes only to 53.5 per cent.

Production in the handloom industry declined considerably in 1976 compared to the previous year. In the co-operative sector the production declined from 236 lakh metres in 1975-76 to 219 lakh metres in 1976-77.⁴ In value terms the decline was from Rs.902 lakhs to Rs.678 lakhs.⁵ The production in the private sector also declined. This is estimated to be of the order 656 lakh metres of cloth worth Rs.25 crores.⁶ The increase in the yarn price, difficulties in marketing owing to stiff competition from

4. Kerala Economic Review, 1977, p.63.

5. *ibid.*

6. *ibid.*

mill sector, and decline in foreign demand are the main factors for the shortfall in the production front. Besides, failure on the part of the industry to adjust itself to changing patterns, designs and tastes of the consumers are the other reasons for the decline of the industry.

Forty five firms in Kerala have got registered themselves with the Handloom Export Promotion Council, Madras. In addition many master weavers who migrated from Kerala to Tamilnadu after crepe boom also started exporting firms. Using the cheap labour available in Erode, Salem and Madurai, they are producing considerable quantities of fabrics and exporting them through export Promotion Council. Handloom cloth and garments worth Rs.268 lakhs were exported during 1976-77 by these 45 firms.⁷ Besides this, the export of handloom fabrics in the name of Kerala Handlooms produced in other states are expected to be much more.

The main source of crisis in the handloom industry which leads to underproduction and underemployment of workers is the accumulation of unsold stocks. It is revealed during field investigation that majority of the members in the co-operative societies are getting employment

7. *ibid.*

for less than 175 days. Rest of the days during the year they do not have employment. In majority of the societies production is going on with the help of financial assistance provided by RBI finance scheme and the state government rebate scheme. In fact this is becoming the weakness of the societies because it makes the societies depend more and more on institutional finances. So it restricts the independent character of the societies.

In 1976-77 the State government had taken special efforts to tide over the financial difficulties of the societies. As a short term measure an amount of Rs.40 lakhs was sanctioned to HANTEX and Rs.85 lakhs to Kerala State Handloom Development Corporation for the procurement of accumulated stocks.⁸ In addition to the usual 10 per cent rebate scheme for 45 days every year, a special rebate of 20 per cent was in operation during the months of March - April 1977. Fifty per cent of the expenditure towards the special rebate was met by the Government of India. As a long-term measure an amount of Rs.20 lakhs was sanctioned to the HANTEX by way of share participation in order to undertake various sales promotion schemes like the establishment of show rooms outside the State, renovation of

8. *ibid.*

existing depots, purchase of delivery vans etc.⁹

From Table 5.3, it is evident that in co-operative societies' sales fall short of production. This caused accumulation of stocks. The sales figures include total quantity of fabrics procured by HANTEX. In Balaramapuram society, 45 per cent of the fabrics were procured by HANTEX. Even then, this society could not dispose of the total fabrics produced. In Nileswar Weaver's (Industrial) Co-operative Society, total amount of accumulated stocks stood at Rs.12,83,212. Out of a total production in surveyed societies valued at Rs.57,50,033; only Rs.50,32,118 could be sold by these societies. But the closing stock figured at Rs.26,36,512. It includes unsold stocks of previous years. HANTEX is giving rebate only to the closing stocks of the societies.

In the Trivandrum district, majority of the societies are producing 'Neriaths', double veshties and 'thorthu'. But in the northern districts of Kerala, societies are producing so many varieties of fabrics using lower counts of yarn. These societies produce crepe items, bed spreads and shirtings which have worldwide

9. *ibid.*

Table - 5.3 Production, Sales and Closing Stock of the Societies for the year 1984

Sl. No.	Name of the Society	Production		Sales		Closing stock (Rs.)
		Quantity (metre)	Value (Rs.)	Quantity	Value (Rs.)	
1.	Velloor W.C.S., Payyannoor	55,004	5,19,896	40,518	4,22,512	1,82,212
2.	Pinarayi W.I.C.S	35,400	6,56,300	22,312	4,85,362	2,02,801
3.	Kunhimangalam W.C.S	27,146	2,39,161	20,136	1,09,898	1,02,313
4.	The Sasi W.I.C.S., Karivelloor	85,830	8,89,700	60,835	7,08,318	2,80,318
5.	The Nileswar W.I.C.S	1,49,727	19,71,889	1,20,725	15,01,829	12,83,212
6.	The Udma W.C.S	20,133	1,72,319	12,833	1,22,312	60,213
7.	The Payyannoor W.I.C.S	22,312	2,23,213	10,312	1,18,926	1,32,832
8.	The Chennamangalam W.I.C.S	48,512	5,96,518	30,512	4,01,833	1,17,532
9.	The Balaramapuram W.C.S	18,513	2,32,518	10,511	1,16,518	1,22,832
10.	The Parur W.C.S	21,416	2,48,519	10,436	1,24,500	1,22,313
	Total	5,26,499	57,50,033	4,04,310	50,32,118	26,36,512

Source : Field Investigation.

demand. So, any change in the international market can affect the handloom industry in Malabar area. From all these facts, it is reasonable to conclude that, Kerala Handloom Co-operative Societies are surviving because of the various incentives like rebate and governmental subsidies.

Apart from governmental measures, various other steps were being taken during 1976-77 for the development of handloom industry. The amount of cash credit sanctioned to primary weaver's societies under RBI scheme of handloom finance was increased to Rs.111 lakhs in 1976-77 as against Rs.104 lakhs in 1975-76.¹⁰ A working group constituted to go into the details of requirements etc., of funds to be made available from RBI, recommended the liberalisation of norms fixed for cash credit and raising of credit amount to Rs.405 lakhs for the year 1977-78.¹¹

In 1973-74 cash credit limit sanctioned to weaver's co-operative societies stood at Rs.85.97 lakhs (See Appendix 5.1). But in 1981-82, this limit has increased to Rs.581 lakhs. Corresponding figures for HANTEX came to Rs.65 lakhs and Rs.260 lakhs respectively.

10. Kerala Economic Review, 1977, p.64.

11. *ibid.*

Societies which badly need the working capital, take loans more than the limit sanctioned by the RBI. It is revealed during field investigation that majority of the societies are indebted to RBI scheme of handloom finance. (See Appendix 5.2). RBI is distributing their cash credit programme through State Co-operative Bank. In 1983-84, RBI sanctioned Rs.3,40,000 to Velloor Weaver's Co-operative Society. But this society had drawn an amount of Rs.7,49,692. But it made repayment only Rs.6,21,352, leaving an outstanding balance of Rs.1,28,340. Similar is the case with all other co-operative societies.

In 1978, the State Government sanctioned Rs.10 lakhs to 67 weaver's co-operative societies towards share participation so as to enable them to avail of more cash credit from the RBI towards working capital.¹² RBI sanction cash credit to the societies on the basis of total assets, looms and efficiency. Commercial banks were also giving aid to individual weavers for modernisation of looms etc., under differential rates of interest scheme. But it is negligible taking into account the demand for working capital.

12. Kerala Economic Review, 1978, p.69.

In 1976, there were 22,548 looms in the co-operative sector.¹³ The Sivaraman Committee* recommended that 60 per cent of the total number of looms should be brought under co-operative fold. On the basis of this recommendation which was accepted both by the Central and State Governments, effective steps were taken in Kerala for bringing 36,000 looms additionally into the co-operative fold by the end of 1979-80. Consequently, by the end of 1978, 11,560 looms were additionally brought under co-operative fold, thereby raising the total number of looms under the co-operative sector to 34,108.¹⁴ The State government sanctioned an amount of Rs.36.50 lakhs to the primary weaver's co-operative societies and Rs.20 lakhs to HANTEX towards share participation in 1978.¹⁵ This step has enhanced the credit worthiness of the societies, as also the cash credit limit sanctioned to them by the RBI. The cash credit limit of the primary societies rose from Rs.110.86 lakhs in 1976-77 to Rs.319.23 lakhs in 1978-79 while the corresponding RBI credit limit for the HANTEX increased from Rs.75 lakhs to Rs.125 lakhs.¹⁶ This position of the societies helped to boost their productive activities in the subsequent years.

13. Kerala Economic Review 1977, p.64.

14. Kerala Economic Review 1978, p.69.

15. *ibid.*

16. *ibid.*

*See Chapter VII for details of Sivaraman Committee Report and the implementation of its recommendations.

The production in the handloom sector declined considerably in 1977-78 compared to the previous year. In the co-operative sector production declined to 193 lakh metres in 1977-78 from 219 lakh metres in the previous year. (See Appendix 5.3). The main tendency in the handloom industry in the first half of 1980s is that the production in the unorganised sector was decreasing, while that in the co-operative sector was increasing. In the co-operative sector 27 million metres of cloth valued at Rs.8.83 crores produced in 1975-76 increased to 390.5 lakhs metres in 1983-84, whereas, the production in unorganised private sector was 320 lakhs metres at Rs.13.3 crores in 1975-76 which increased to 600 lakh metres in 1979-80 valued at Rs.30 crores. In 1983-84 production in the unorganised sector further went down to 380.1 lakh metres. It is evident from these figures that production in the unorganised private sector was declining when that of the co-operative sector was increasing steadily.

The export of handloom fabrics and readymade garments from Kerala also decreased considerably since 1977-78. Out of the 45 firms registered with the Handloom Export Promotion Council, Madras, only 11 firms exported during the year. They exported fabrics and readymade

garments worth Rs.204 lakhs in 1977-78 against Rs.268 lakhs during the previous year.¹⁷

The level of employment and income of individuals engaged in the industry are mostly determined by extraneous factors like changing fashions and tastes of the consumers, emergence of new competitors, trade policies of different nations and mechanised production of fabrics made of close substitutes. Hence in order to ensure stability in the industry, it is essential to build up a steady and expanding local market. The local market at present is built up with the aid of various incentives like rebate credit sales etc., for the sale of handloom goods. During the year 1977-78, the government spent about Rs.60.3 lakhs towards subsidy for rebate on sale of handloom cloth.¹⁸

Production of different varieties of cloths of different designs and patterns to suit the tastes and needs of different sections of consumers and checking the cost of production without adversely affecting the wages of weavers can enable the retention of the local market without special incentives. Modernisation of looms training to weavers, modern pre-loom and post-loom processing facilities, research organisation for evolving new designs,

17. Kerala Economic Review 1978, p.69.

18. *ibid.*

effective quality control and extension work to bring the traditional weavers to the new production line are certain measures which are to be taken to resettle the industry to the benefit of weavers as well as consumers.

It was observed during field investigation that the methods of production as well as level of technique do not show any variation among the independent weavers and the co-operative societies. It may be pointed out here that the weaver's societies are not compact economic units like the factory-type weaver's co-operative societies. Here the weavers obtain yarn from the society and are paid wages for converting yarn into fabrics on their own looms in their cottages. Therefore, the problem of scale of production, or the maximum utilisation of the indivisible factors of production does not arise in the primary societies as in the case of factory type societies.

The main tendency in the Kerala Handloom industry is that production in the co-operative sector was increasing steadily. But at the same time production in the unorganised private sector was declining. That means, master weavers and independent weavers could not survive in the face of competition of mill and powerloom sectors. None of the societies surveyed did make profit till 1984. At the same time, these societies made huge losses. Still

Table - 5.4 Accumulated net Profit of the Societies till 1984

(Unit Rs.)

Sl.No.	Name of the Society	1979-80	1980-81	1981-82	1982-83	1983-84
1.	Velloor W.C.S., Payyannoor	-138046	-92926	-104330	-109742	-152597
2.	Pinarayi W.I.C.S	-4649	-33110	-37947	-58190	-64227
3.	Kunhimangalam W.C.S	-96517	-60446	-51454	-59458	-70842
4.	The Sasi W.I.C.S., Karivellcor	-57403	-20124	-133657	-14899	-44418
5.	Nilleswar W.I.C.S	15245	11625	2359	-11092	-64057
6.	Udma W.C.S	-41297	-54242	-70324	-81311	-84584
7.	The Payyannoor W.I.C.S	-13175	-38442	-46709	-43865	-37124
8.	The Chennamangalam W.I.C.S	--	-733	-2247	-3360	-3978
9.	The Balaramapuram W.C.S	-284787	-320336	-335384	-334604	-341534
10.	The Parur W.C.S	-4919	-3428	-4603	-7950	-12075

Source : Field Investigation.

production is going on in these societies only because of cash credit facilities and rebate schemes. According to the report of HANTEX, majority of the societies are accumulating huge losses.

It can be seen from Table 5.4 the societies which are running on accumulate huge losses. Velloor Weavers Society which had incurred loss of Rs.1,38,046 in 1979-80 did not reduce its losses till 1983-84. It showed a net loss of Rs.1,52,597 in 1983-84. The Balaramapuram Weaver's Co-operative Society incurred loss of Rs.3,41,534 in 1983-84. Same tendency was visible with the other societies surveyed.

It is revealed during field investigation that societies which are working became mere bureaucratic organisations. These societies have to incur a lot of administrative expenses. It has to maintain so many office staff and keep books of account in order to record day-to-day transactions. Much of its profits is earmarked for maintaining reserves like Thrift Deposit, Employees Provident Fund, Labour Welfare Fund and Suspense Liability Account. Besides these reserves, it has to maintain a Building Fund and Common Reserve Fund. So lion's share of the profits is eaten away by these reserves. But weavers are not getting any additional benefits out of these reserves.

Government has taken steps to bring more looms under co-operative fold based on the recommendation of the Sivaraman Committee. As a result, by the end of March 1979, 39,000 looms have been brought under co-operative in 493 weaving societies. Though there was a decline in 1977-78, the production of handloom fabrics in the co-operative sector witnessed an increase in 1983-84. About 234 lakhs metres of cloth valued at Rs.9.6 crores was produced in co-operative sector during 1983-84.¹⁹ The production of handloom cloth outside the co-operative sector showed a decline in 1983-84. It was only 380 lakhs metres during 1983-84, compared to 440 lakhs metres during 1982-83. The increase in production in co-operative sector in 1983-84 could be attributed to increased availability of working capital to the societies, increase in foreign demand and co-operation of more looms. The year 1983-84 witnessed a better performance in the export market. Handloom fabrics and readymade garments worth Rs.298 lakhs were exported directly from Kerala in 1983-84, compared to Rs.204 lakhs in 1978-79.²⁰

19. Kerala Economic Review, 1984, p.72.

20. Kerala Economic Review, 1984, p.67.

In 1983-84, the government spent an amount of Rs.83.2 lakhs towards subsidy for the rebate.²¹ It is a well known fact that HANTEX owes several lakhs of rupees to co-operative societies (See Table 5.5). At present HANTEX is not in a position to pay all the arrears to co-operative societies, because the State Government owes more than Rs.4 crores to the HANTEX.²²

As table 5.5 reveals the Kunhimangalam Weaver's Society has to get rebate amounting to Rs.4,32,513. But it received only Rs.2,86,512 leaving a balance of Rs.1,46,001 as arrears. Velloor Weaver's Society has to get Rs.1,00,030 as arrears. Corresponding figures for Pinarayi Weaver's (Industrial) Society and Parur Weaver's Co-operative Society are Rs.92,020 and Rs.1,01,050 respectively. Same is the case with all other societies. This state of affairs affected the working capital position of the societies. It is a fact that the handloom co-operative societies cannot run without rebate scheme.

21. *ibid.*, p.68.

22. Mathrubhoomi, 12-3-1986.

Table - 5.5 Details regarding Rebate allowed, Received and Arrears from HANTEX as

on 30-6-1984 (in Rupees)

Sl. No.	Name of the Society	Rebate allowed by HANTEX	Rebate received from HANTEX	Total amount of rebate in arrears
1.	Velloor W.C.S	223083	123053	100030
2.	Pinarayi W.I.C.S	323051	231031	92020
3.	Kunhimangalam W.C.S	432513	286512	146001
4.	Sasi W.I.C.S	386567	213513	173054
5.	Nileswar W.I.C.S	312513	208253	104250
6.	Udma W.C.S	451657	295167	156490
7.	Payyannoor W.I.C.S	392567	219587	172980
8.	Chennamangalam W.I.C.S	387967	232191	155776
9.	Balarapuram W.C.S	267952	198912	69040
10.	Parur W.C.S	397967	296917	101050

Source : Field Investigation.

Now, there are so many private agencies in Kerala selling handloom fabrics which are produced in other states. They sell these commodities in the name of "Haryana Handlooms" and "Maharashtra Handlooms" etc. Even though the fabrics they sell are qualitatively sub-standard, their managerial skill and efficiency place them in a better position. This is a serious threat to Kerala Handlooms. In addition to this, the Co-optex, The Tamilnadu Weaver's Apex Society is selling fabrics massively through their show rooms in major towns of Kerala. Kerala Handlooms are not in a position to compete with them. All these factors made the position of Kerala Handlooms vulnerable rather than competitive.

CHAPTER - VI

WORKING OF INTENSIVE HANDLOOM DEVELOPMENT PROJECTS

The Government of India sanctioned, as part of an all-India policy of assisting handloom industry, two Intensive Handloom Development Projects for Kerala. The projects are under a centrally sponsored scheme with an outlay of Rs.410 lakhs. The State Government has located one of the projects at Trivandrum and the other at Cannanore. The projects were started in 1977-78 and it was proposed that they be completed in five years. The Kerala State Handloom Development Corporation had been entrusted with the responsibility of implementing those projects. The following paragraphs give an overview of the working of both the Intensive Handloom Development Projects.

Out of the 31 new 100 loom factory type societies proposed under the two projects, it was possible to organise only 15 societies by the end of the project period. Others included three societies which were to be organised and registered shortly and the remaining

13 societies which were at various stages of organisation. Thus the physical achievement in respect of organisation of new factory type societies was only 48 per cent. Out of the total 3100 looms proposed under the projects, only 1432 looms (46 per cent) were installed.¹ The physical achievement in this regard was only 29 per cent of the target in Cannanore project and 66 per cent in the Trivandrum project.² But all the installed looms were not always functioning. The average number of looms worked during 1983-84 was 149 in the Cannanore project and 546 in the Trivandrum project.³ As a percentage of the installed looms it was respectively 37 and 70. This meant that only 54 per cent of the installed looms were working during 1983-84 which constituted nearly 25 per cent of the total looms proposed to be installed under the Intensive Handloom Development Projects.

As desired by the Government of India, the implementation of the projects was entrusted to the Kerala State Handloom Development Corporation. These projects

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1. Intensive Handloom Development Projects, An Evaluation Study, State Planning Board, Kerala 1985, p.6.
 2. *ibid.*
 3. *ibid.*

laid emphasis on the upliftment of individual weavers who were outside the co-operative fold. While similar projects in other states were intended for the development of the unorganised weaving community through various components of the programme, in Kerala emphasis was given to organise and develop co-operative sector by the establishment of factory type societies.

Co-operativisation

Great emphasis was laid on the co-operativisation of handloom industry under these projects. The societies have been overburdened with large loan commitments for the purchase of land, construction of worksheds, office and godowns. The structures were constructed by the project authorities in the name of the societies and the amount, spent were transformed as loans in the name of the societies concerned. The loan amount availed of for building purposes alone amounted to Rs.43.52 lakhs. According to the stipulated terms and conditions, the loans were supposed to be repaid in 10 equal instalments with 5½ per cent interest. The societies were unable to honour their repayment commitments since none of them were producing any surplus. If the Handloom Development Corporation

4. *ibid.*

insists on prompt repayment and unilaterally deducts the amount from the cost of cloth procured, then the societies will find it difficult even to carry on their present limited operations and will be forced to wind up. Thus the two projects have failed in their objectives of organising the targetted number of societies. Even in the case of societies which have been organised and have started production, none of them was found to function successfully with the heavy loan burden on the sponsoring societies. They felt as if they were forced to enter into a veritable debt-trap from which they could not easily escape.

The projects deviated from the guidelines by overspending in the case of the construction of buildings and on administration and by underutilisation of funds for modernisation of the industry. As a result, production was far below the optimum level to be expected under normal conditions. The weavers under the project did not benefit by any improvement either in the matter of wages or in the generation of continuous employment as expected.

The various schemes under the projects were scheduled to be implemented within a period of five years. But even after the project period of five years and its extension by three years, the various schemes have only

been partially implemented. A detailed review of the physical achievement is given below to focus attention on the inadequate progress of implementation.

Table - 6.1 Capacity Utilisation of the Societies
Under the Projects

Sl.No.	Schemes	Achievements
1.	Organisation of factory-type societies	48%
2.	Installation of looms	46%
3.	Looms working	25%
4.	Supply of improved implements	16%
5.	Expansion of existing societies	100%
6.	Opening of Common Facility Service Centre	50%

Source : Kerala State Handloom Development Corporation, 1985.

This piecemeal and delayed implementation of projects along with the inherent limitations of certain schemes reveal that the major objective, i.e., upliftment of the economic status of the weaving community could not be achieved to any significant extent. Hence any

further extension granted for implementing the remaining part of the schemes will be a drain on the state finance, without adequate benefits either social or economic. So it is suggested to terminate further implementation of the projects at this stage. The Handloom Development Corporation may be instructed to supervise all the institutions aided under the projects until the loan liabilities are cleared in full.

Looms Installed and Operated

For the purpose of studying the working of co-operative societies, 6 societies under the projects are taken and studied. According to the scheme, hundred looms are to be installed in each of the six societies which started production. But the number of looms installed was far below this. Altogether 408 looms were installed in all the six working societies as against the target of 600 looms. The average number of looms worked during 1984-85 was only 151 constituting 37 per cent of the installed number of looms (See Table 6.2).

Table - 6.2 Looms Installed and Worked During 1984-85

Sl.No.	Society	No. of looms installed	Average No. of looms worked	No. of idle looms
1.	Chittur	80	22	58
2.	Kommeri	86	43	43
3.	Kannadiparambu	83	36	47
4.	Kolathuvayal	14	10	4
5.	Eramala	85	24	61
6.	Cheruvannoor	60	16	44
Total		408	151	257

Source : Field Investigation.

It can be seen that more than 62 per cent of the looms installed are kept idle. Out of 408 looms installed 257 looms are kept idle. In Chittur society out of 80 looms, 58 looms are kept idle. In Cheruvannoor society out of a total of 60 looms, 44 looms are idle. The major portion of the looms installed are kept idle for various reasons like shortage of working capital, delayed availability of cash credit from RBI, accumulation of stocks, non-availability of weavers etc.

Table - 6.3 Intensive Handloom Development Projects Quarterly Production of Cloth During

1983-84

Sl. No.	Society	I Quarter		II Quarter		III Quarter		IV Quarter		Total	
		Q	V	Q	V	Q	V	Q	V	Q	V
1.	Chittur	3224	0.27	3412	0.28	1825	0.15	1657	0.13	10119	0.83
2.	Kommeri	8825	1.83	10888	2.23	6589	1.43	7821	1.60	34123	7.09
3.	Kannadi-parambhu	5458	0.43	15760	1.71	2386	0.31	7858	0.65	31462	3.15
4.	Kolathuvayal	1520	0.39	2009	0.56	1443	0.44	1400	0.41	6372	1.80
5.	Eramala	--	--	2557	0.42	5139	0.84	4360	0.80	12056	2.06
6.	Cheruvannoor	--	--	--	--	2031	0.20	2893	0.27	4924	0.47
	Total	19027	2.97	34626	5.2	19413	3.37	25989	3.86	99055	15.40

Q = Quantity in metres.

V = Value in Rs. lakhs.

Source : Field Investigation.

Production of Cloth

An analysis of the details of cloth production during 1984 revealed that there was no uniformity in quarterly production. There were wide fluctuations from quarter to quarter even after taking into account the non-production of two societies in the first quarter and one society in the second quarter. (See Table 6.3)

Production was at the peak level of 34626 metres in the second quarter, though only 5 societies accounted for this production. In the third quarter of the same year, though all societies reported production, the production has dwindled to 19,413 metres. The value of production ranged from Rs.2.97 lakhs in the first quarter to Rs.5.2 lakhs in the second quarter. On the whole 99,055 metres of cloth valued at Rs.15.40 lakhs were produced in 1984.

Loomwise and Month-wise Production

A further analysis of production linking it with loom, month and day was done in order to find out the extent of utilisation of looms and the average production of cloth by each weaver in terms of quality and value. The average production per month in a loom varied from 38.5 metres to 75 metres. (See Table 6.4). The average

Table - 6.4 Society-wise Average Production and Value of Production during 1983-84

Sl.No.	Society	Average Production in metres per loom	Month	Day*	Average value of production in rupees per loom	Month	Day*
1.	Chittur	38.50		1.54	316		12.22
2.	Kommerl	67.00		2.64	1378		55.12
3.	Kannadiparambhu	75.00		3.00	746		29.84
4.	Kolathuvayal	56.00		2.23	1600		64.00
5.	Eramala	56.00		2.23	955		38.20
6.	Cheruvannoor	57.00		2.28	543		21.72

* Reckoned on the basis of 25 working days per month.

Source : Field Investigation.

production for all societies taken together was 58.25 metres per loom per month. The average daily production was found to be 2.32 metres per loom.

The quality of cloth produced by the societies varied very much. Even in a particular society, there may be looms which produce cloths of different value depending on their quality. So production in terms of mere metres will not be an indicator of performance and the value of production has also to be taken into account. The value of production of Rs.1600 in Kolathuvayal society was the highest figure obtained during a month in a loom. The average value of production of all societies taken together was Rs.923 per month. On the basis of 25 working days per month it worked out to only Rs.37 per day. Once the cost of inputs and other incidental expenses are deducted from this amount the balance amount in the form of wages will be meagre.

Wages Received by Weavers

An analysis of the actual wages received by weavers during 1984 revealed that low level of wages are received under the project. The average wage obtained by a weaver was Rs.164 in the first quarter of 1984. It rose

Table - 6.5 Society-wise Details of Wages Received by Weavers, 1984 (in Rs.)

Sl.No.	Society	Average Wage during the month				Average wage of a weaver	
		I Quarter	II Quarter	III Quarter	IV Quarter		
					Month	Day	
1.	Chittur	87	88	71	56	75.5	3.2
2.	Kommerl	244	269	178	282	243	9.7
3.	Kannadiparambhu	78	396	98	155	132	5.2
4.	Kolathuvayal	246	373	286	314	305	12.2
5.	Eramala	---	150	196	271	206	8.2
6.	Cheruvannoor	---	---	---	150	150	6.0
	Average	164	255	166	205	185.2	7.4

Source : Field Investigation.

to Rs.255 in the subsequent quarter, but again came down to Rs.166 in the third quarter. During the fourth quarter it showed signs of increase and stood at Rs.205. Thus there were wide fluctuations in the wages received by weavers from quarter to quarter. The average wage received by a weaver was Rs.185 per month in 1984. On the basis of 25 working days per month it comes to only Rs.7.40 per day. A societywise analysis revealed that the daily wage of a weaver ranged from Rs.3.20 of Chittur society to Rs.12.20 of Kolathuvayal society. Table 6.5 gives society-wise details.

Supply of Improved Implements

The project supplied reeds, healds, shuttles etc., to 1,726 looms of individual weavers and jacquard looms to 25 societies. The cost of implements provided to individual weavers was Rs.3.18 lakhs, which worked out to an average of Rs.184.40 per loom and the cost of jacquard looms supplied to 25 societies was Rs.1.23 lakhs, making an average of Rs.4,922 per loom.⁵ The original scheme envisaged the modernisation of 9,000 looms held by collective weaving centres and individual weavers within the project area at an estimated outlay of Rs.46 lakhs. The

5. *ibid.*

works were to be completed within three years. It was modified in February 1982 and a revised target of modernising 8,800 looms at a cost of Rs.22 lakhs was fixed. But the project could modernise only 1,751 looms at a cost of Rs.4.41 lakhs.⁶ The expenditure upto 1983-84 reached about 20 per cent of the revised target, and physical achievement represented only 22 per cent.

Qualitative Improvement

The qualitative improvements in handloom products were sought to be achieved by the establishment of a Common Facility Service Centre where dyeing of yarn and cloth printing, polishing and finishing of cloth will be undertaken. The project envisaged the establishment of the Common Facility Centre at Cannanore within a period of three years. The centre were commissioned in 1981 at a cost of Rs.42 lakhs of which an amount of Rs.13.5 lakhs was for land and buildings and the rest (Rs.28.5 lakhs) for machinery and equipments.⁷ The centre has a capacity of dyeing 2,500 metres of cloth, 400 kg. of yarn and 500 metres printing per shift. The present capacity of yarn

6. *ibid.*

7. As revealed by the officials of Kerala State Handloom Development Corporation, 1985.

dyeing in the centre was found to be insufficient and additional machinery is being installed to increase the capacity. The other activities like cloth dyeing, printing, polishing etc., there is surplus capacity even after undertaking the work of the Handloom Development Corporation. The centre is now undertaking job works of Kerala Sarvodaya Sangam and Kerala Khadi & Village Industries Board. The private weavers for whom the service centre is mainly intended are not taking advantage of the facilities available and still follow unscientific and uneconomic methods for textile processing.

The latest techniques in textile processing have not been incorporated in the present centre due to financial limitations. For example, at present only manually operated screen printing is available here instead of the latest techniques of rotary printing. Due to technological improvement, polyester fabrics were produced in greater quantities in the handloom sector. But in the absence of post-loom processing, they are now sent to Bombay for processing. The cost of transportation to Bombay and back along with other incidental expenses connected with it inflates the cost of production and consequent hike in prices, making them difficult to compete with mill-made polyester fabrics. Hence it is of utmost

importance to expand the centre with the installation of additional machinery to cater the expanding needs of the industry. At the same time it is also necessary to educate the weavers regarding the benefits they derive by availing the facilities provided by the centre.

Clusters and Procurement Centres

To tide over the difficulties for marketing faced by individual weavers and co-operative societies, the project envisaged certain measures and set apart a considerable amount as a revolving fund. This fund along with the working capital finance available from the RBI through the State Co-operative Bank under the differential rate of interest scheme were utilised by the project for the purchase and distribution of raw materials to the weavers and also for the procurement of cloth from them.

For the smooth implementation of this programme, the project identified concentration of weavers and organised them into clusters and provided them with the yarn and other weaving materials. Twenty clusters covering 1464 looms and twenty procurement centres are at present functioning. The average monthly production in all these clusters ranged between 12,000 to 15,000 metres

of cloth valued at Rs.1.25 lakhs to Rs.175 lakhs.⁸ Cloth produced by the weavers of these clusters was procured after paying the weaving charges. This arrangement enables the weavers to concentrate their activities on weaving alone and relieve them of the difficulties of marketing their products. This arrangement also provided ample mobility and freedom to the weavers as the actual weaving was done in their own looms at their own houses.

8. *ibid.*

CHAPTER - VII

PROBLEM EVALUATION OF POLICY EXECUTION AND PROGRAMMES IMPLEMENTATION

Introduction

There was a time when Travancore was able to produce all the cloths she required and even more.¹ Weavers in rural areas who had no easy accessibility to urban markets wove coarse cloths for meeting local demand. The master weavers and handloom factories were engaged in producing high quality fabrics meant for internal as well as external markets. They were very enthusiastic in introducing improved looms and in changing patterns and designs of the fabrics according to the changing demand in the market.

With the industrial revolution the advanced capitalist countries were able to produce textiles on a massive scale using the capital-intensive modern technology. In the absence of unemployment, there was no need for them to revive their traditional industries. Moreover, the new technology products were relatively cheaper.

1. Travancore State Manual, 1940, p.442.

Further through colonisation or through international trade they were able to capture the third world market, with their cheap textile products of the modern technology. It adversely affected the traditional handicraft and textile industries of the third world in general and India in particular, especially during the colonial period.

Besides, increased population pressure in the villages and the absence of remunerative occupations other than agriculture compelled the weavers to stick on to handweaving for subsistence. Most of the weavers who had landed property considered weaving as a subsidiary occupation during the slack season. This aberration deteriorated the artistic talents of the weavers besides the locking up of capital in land. But gradually, the division, subdivision and fragmentation of landholdings caused by population growth, especially in the weaving castes resulted in the possession of economically unviable plots. The weavers had to be content with subsistence livelihood.

Sivaraman Committee Report

The rapid growth of cotton mills and powerlooms and the government policy of encouraging the cotton mills eroded the base of the handloom industry and had farreaching consequences on the socio-economic conditions of the weavers.

Even then the handloom industry employed more than 30 million weavers all over India. The rapidly declining economic condition of the weavers all over the country compelled the central government to study the problems of the industry and to take ameliorative measures. Accordingly, the Government of India appointed a High Powered Study Team under the chairmanship of B.Sivaraman in 1973. The major recommendation of the study team as per its report submitted in 1974 are the following² :-

1. The All India Handloom Board should be once again brought back to its premier position as the eyes and ears of the Government of India in the matter of handloom development. In the central sector financing should be with the advice of the body.
2. A separate Directorate should be created under Development Commissioner for handlooms in the Ministry of Commerce charged with the responsibility for dealing with handloom alone. It must be assisted by technical personnel wellversed in handloom technology.
3. The coverage of the weavers in active co-operative societies should be 60 per cent of the total by the end of Fifth Plan Period.

2. The Report of the High Powered Study Team on the Problems of Handloom Industry, Government of India, Ministry of Commerce, July 1974, p.1.

4. The supply of yarn to the co-operative sector can be ensured by promoting co-operative spinning mills. In respect of the handlooms outside the co-operative fold the NTC mills could be linked with the handloom sector.
5. It has also to be ensured that yarn manufactured by a co-operative mill in a mainly handloom area is supplied in full to the handlooms. In addition the yarn availability of the NTC mills should be reasonably linked with the handloom requirements outside the co-operative sector.
6. The Textile Commissioner should ensure that straight hank yarn will be utilised only by the handlooms and the objective should be to see that 300 million Kg. straight hank yarn is produced every year for the handloom sector.
7. The Reserve Bank should give facilities for medium term financing to weavers in order to enable them to contribute to the share capital of the co-operatives. However, it is in the best interest of the co-operative societies to observe the financial discipline laid down by the RBI and to improve their own operating efficiency within the framework of the RBI schemes.
8. The Apex Societies must take responsibility for supply of yarn for a reasonable percentage of weavers requirements and arrange to market at least 50 per cent of the production of the primary weaver's societies through a central organisation. The Apex Marketing Societies

should immediately strengthen their organisation and take over this responsibility in a phased manner in each state.

9. If rebate system is accepted by the State Governments, they should make it a point to reimburse promptly the legitimate rebate to the societies.
10. Design, colour and fabric quality changes are continuously taking place in the consuming markets of the world and continuous research support will be necessary for export promotion.
11. Organise 25 units of 5000 to 10000 handlooms each outside the co-operative sector, but comprising of individual weavers now at the mercy of the money-lenders and petty dealers for their livelihood should be organised during the Fifth Plan.
12. Maintain a raw material bank with adequate stocks of yarn, dyes and chemicals and spare parts for the looms so that a continuous supply of these inputs to the weavers in the unit could be maintained, if necessary to organise a suitable dyeing unit to support the production programme of the unit.
13. The government may work out an arrangement under which the manufactures make available the required quantities of dyes and chemicals to a few specified institutions etc., in each state for final distribution to the handloom weavers.

14. The Institute of Handloom Technology should run courses for training managers. There should be a system of further training in production organisations which may be selected from practical co-operative societies and/ or organisations in the non-co-operative sector. The candidates for these courses should invariably be sponsored by co-operative institutions and private entrepreneurs who could give a suitable undertaking and guarantee that these trainees will be employed by them in the handloom sector.

Review of Implementation

The recommendations of Sivaraman Committee were aimed at an effective co-ordination of the various activities in different sectors of the handloom industry in the country. The committee had recommended for bringing the major part of the industry into the co-operative fold in a phased manner. It further proposed various measures for implementation for the easy accessibility of inputs, cheap credit and financing, skill formation and training and marketing facilities. In this context it is appropriate to make an evaluation of the implementation of the recommendations in the State of Kerala.

Co-operativisation

A separate Directorate was created under a Development Commissioner for handlooms in the State of

Kerala even before the submission of the Sivaraman Committee Report. It has been assuming its assigned duty of co-ordinating the functioning of the various sectors of the industry in principle. But, in fact, the Directorate could only partially fulfil this objective due to excess bureaucratisation and absence of imagination and initiative.

The basic policy followed by the Government during the last three decades for the development of the industry was one of bringing more and more looms into the co-operative fold and strengthening the co-operative structure of the industry. The primary societies and the Apex Society are being given financial assistance for the construction of the buildings and for the creation of necessary infrastructure for production and marketing of handloom goods.

The total number of handlooms and societies remained stagnant at 95,000 and 578 respectively in 1983-84 and 1984-85.³ But the number of looms in the co-operative sector increased from 49,000 in 1983-84 to 54,000 in 1984-85. (See Appendix 7.1). But the State Government could not mobilise 60 per cent of the looms in the State into the co-operative fold based on the recommendation of Sivaraman Committee. It could only mobilise

3. Kerala Economic Review, 1985, p.48.

56.8 per cent of the total looms. The production of the handloom cloth in the co-operative sector and the unorganised sector increased to 42.5 million metres and 40 million metres respectively during the year 1984-85. However, the productivity was very high in unorganised sector, that is 975 metre/loom compared to 787 metre/loom in the co-operative sector, probably due to higher capacity utilisation. The total value of production in the co-operative sector during 1984-85 was Rs.26.5 crores, while it was Rs.25 crores in the unorganised sector.

The Sivaraman Committee Report was based on a false impression that through co-operativisation all evils haunting the industry could be exorcized. But in the context of Kerala's socio-political conditions co-operative societies serve a drainage of resources through misappropriation into the pockets of the politicians and a vehicle of corruption by bureaucracy. More often new societies were formed only because the weavers outside the system had no other go but to come to the co-operative fold for their subsistence. However, Sivaraman Committee wanted rebate subsidy scheme to be scrapped as corruption and malpractices had caused irreparable damage to the co-operative system itself. It

suggested that the huge sums given by way of rebate could be utilised for improving the production and marketing techniques. However, it may be pointed out that the rebate subsidy scheme continues as earlier.

Table - 7.1 Procurement and Sales of HANTEX

Year	Value of Cloth procured (Rs. lakhs)	Value of Cloth sold (Rs. lakhs)
1976-77	273.00	320.84
1977-78	291.00	267.40
1978-79	351.00	390.97
1979-80	518.73	515.00
1980-81	622.92	672.28
1981-82	749.58	791.61
1982-83	776.14	866.80
1983-84	650.93	823.15
1984-85	657.39	776.00
	(Tentative)	

Source : HANTEX, Trivandrum, 1985.

It can be seen from Table 7.1 that procurement and sale of handloom goods has increased considerably from 1976-77 to 1984-85. In 1976-77 total procurement of

fabrics was valued at Rs.273 lakhs which is increased to Rs.657.39 lakhs in 1984-85. Even then it could not lift 50 per cent of the fabrics produced in primary societies according to the recommendation of Sivaraman Committee. In the case of sales, it was increased from Rs.320.84 lakhs in 1976-77 to Rs.776 lakhs in 1984-85. Even then stocks valued more than Rs.6 crores stock piled in the various godowns of HANTEX.⁴

Table - 7.2 Details Regarding Rebates of HANTEX

Year	Given (Rs. lakhs)	Received (Rs. lakhs)	Balance (Rs. lakhs)
1980-81	78.61	58.61	33.52
1981-82	93.46	70.05	56.93
1982-83	123.42	69.03	111.32
1983-84	122.66	91.24	142.74
1984-85	120.12	76.48	186.38

Source : HANTEX, Trivandrum, 1985.

In order to dispose of the accumulated stocks, the Central and State Governments are allowing rebates to the HANTEX and primary societies. The amount of rebate

4. The Hindu, April 24, 1985.

allowed by the Government of HANTEX in 1980-81 was valued at Rs. 78.61 lakhs in 1980-81 (See Table 7.2). It is increased to Rs.120.12 lakhs in 1984-85. But the total amount to be reimbursed from Government to the HANTEX stood at Rs.186.38 lakhs. The working capital of HANTEX, the Central institution for the co-operative sector is Rs.400 lakhs but the Government owed Rs.454 lakhs to this institution under different items of due.⁵ As a result 371 primary societies are facing acute financial stringency.

Table - 7.3 Credit Sales to Government Servants

Year	Given (Rs. lakhs)	Received (Rs. lakhs)	Balance (Rs. lakhs)
1980-81	84.70	71.81	88.10
1981-82	94.78	60.00	122.88
1982-83	120.68	60.00	183.56
1983-84	107.02	86.33	204.25
1984-85	110.52	100.00	214.77

Source : HANTEX, Trivandrum, 1985.

5. *ibid.*

As a part of sales promotion HANTEX has introduced a scheme of credit sales to Government servants. In 1984-85, HANTEX sold Rs.110.52 lakhs worth of fabrics on credit basis (See Table 7.3). But Government owed Rs.214.77 lakhs to HANTEX as in 1984-85. This has adversely affected the working capital position of HANTEX to a great extent.

The sales turnover of HANTEX during 1984-85 amounted to only Rs.10.13 crores against Rs.10.28 crores in 1983-84.⁶ It distributed yarn worth Rs.2.28 crores to primary societies in 1984-85.⁷ The Apex Society has 232 trade outlets including 28 retail outlets all over India of which 12 are located outside the State. It proposes to construct a fullfledged regional central godown attached to each of Regional Office in the district headquarters. Four showrooms have already been opened. A pre-loom and post-loom unit with capacity of 800 Kg. yarn/day and 9000 metre/day respectively are working at Balaramapuram.

There are certain problems in implementing some of the recommendations of Sivaraman Committee Report because of certain factors beyond the control of State

6. Kerala Economic Review, 1985, p.142.

7. *ibid.*

Government. In the case of supply of inputs, the basic policy of the Central Government assisting organised cotton mill sector, the State Government is helpless in controlling the cotton mills which are supplying the raw materials.

The Sivaraman Committee Report does not say anything about the implementation of all-India wage policy in the industry. If all-India wage policy is implemented, it would increase the cost of production of fabrics in other states where wage and cost of living are lower. Fear of losing export market, the Central Government is reluctant to implement all-India wage policy. Besides, the capitalist class in the textile industry is in a dominant position to determine the textile policy of the country. It is always against the interest of handloom industry since the horizontal development of these two sectors are contradictory.

Supply of Inputs

Timely availability of adequate quantity of yarn of requisite quality at reasonable prices has been a continuing problem of the industry. In spite of regulations making it obligatory for the spinning mills to produce and supply a percentage of hank yarn. All the hank

yarn required by the weaver is not always available. There has also been fluctuations in the price of yarn not reflected in a similar fluctuation of the price of cloth. The existing regulations for the production of hank yarn should be more vigorously enforced. In the setting up of new spinning mills priorities should be given to Weaver's Co-operative Spinning Mills and necessary credit for setting up of these mills may be made available from the All-India financial institutions. The Handloom Apex Societies and Handloom Development Corporation should be entrusted with the task of proper and timely distribution of yarn to the weavers. More Common Service Centres should be started to facilitate dyeing and processing yarn by weavers.

The handloom establishments small and big, were having their own dyeing facilities and firewood was used in large quantities for the purpose. But the recent exorbitant rise in the cost of firewood and scarcity of the materials had caused immense hardships to the producers. Added to this, lack of emphasis on supply and marketing has continued the system of exploitation which exists in the yarn supply market. So too the cloth marketing system exploits the weavers most.

The provision of inputs in time is of great importance especially to export-oriented units as foreign buyers are keen on exporters keeping to schedules.

What the societies need is coarse yarn and finance at concessional rates of interest to meet the working costs till their products are marketed. In this context, what the Tamil Nadu Government did was worth emulating. It subsidised cotton purchases by the mills on the condition that they would not hike yarn prices. This helped the cotton cultivators, the mills as well as the weavers. Since there is no cotton cultivation in Kerala this procedure is out of question but the State Government could very well introduce a large system by which the spinning mills could be asked to reserve part of the yarn produced by them for handlooms in the State. There are 24 spinning mills in Kerala employing about 18000 workers. On an average the daily yarn production is about 600 bales which would meet at least 50 per cent of the demand in the State.⁸

Finance and Credit

Both the Central and State Governments provide finance for the development of the handloom sector and the RBI provides concessional credit to the weaver's societies.

8. The Hindu, May 16, 1986.

Those outside the co-operative fold however, have to mobilise their own resources. Financial aid to the co-operatives is also deemed to be inadequate.

The scheme-wise expenditure under Handloom industry in Kerala from the Fourth Five Year Plan onwards is given in Appendix 7.2. The schemes have been grouped under six headings viz; (1) assistance to co-operative societies, (2) assistance to Handloom Development Corporation, (3) rebate on sale of handloom fabrics, (4) other marketing assistance, (5) welfare measures and (6) other schemes. The percentage of share of each group in the total outlay for the 14 years 1969-83 has also been provided (See Appendix 7.2). It can be seen that rebate and marketing assistance together accounted for about 41 per cent (Rs.709.07 lakhs) of the total outlay. 36 per cent (Rs.626.89 lakhs) of the total outlay has been spent for the development of handloom co-operative societies and 20 per cent (Rs.342.08 lakhs) for Intensive Handloom Development Projects and other schemes implemented by the Handloom Development Corporation. The share of the outlay for the unorganised sector of the industry is negligible. State spends only 1 per cent for the welfare measures of the weavers.

Credit facilities to the co-operative sector are taken care of by the RBI's scheme for handloom finance. The credit requirements, of Intensive Handloom Development Projects and Export Promotion Project are looked after by Handloom Development Corporation. But a majority of weavers are outside the purview of these schemes. Weavers under the jurisdiction of dormant and defunct societies do not get credit facilities. Most of the weavers in the unorganised sector continue to depend on the master weavers as their forfathers did and they continue to be exploited by these master weavers. After the nationalisation of banks, the State is in a position to come to the assistance of these unfortunate weavers and get them out of the clutches of master weavers. Large number of families with one or two looms not covered by co-operative and development projects may be assisted with looms and grants under the Integrated Rural Development Programme (IRDP).

Marketing Problems

The HANTEX is responsible for marketing the products of its member societies only and hence the primary societies which are not members of the Apex body are exposed to inevitable competition from the master

weavers. Sometimes such non-member societies are forced to sell the bulk of their stock at a reduced rate in the absence of a proper market. The experience of non-member weaver's societies shows that any large scale attempt to give regular work and wages to their members cannot be based on a marketing system run exclusively by a primary co-operative without the support of a well-organised central body.

On many occasions a sudden reduction in procurement price of finished goods by the Apex society makes its member societies reluctant to channelise their products through this central body. The structure of the weaver's societies at the primary and Apex levels is interdependent and one cannot function efficiently without the support of the other. The system of procurement of finished products by the Apex society only at its central receiving centre in various district headquarters discourages response from primary member societies which are located far away.

The co-operatives are not able to enter the export market in a big way as they are not suitably equipped to undertake risk. An official said that there was difficulty in executing bulk orders ensuring uniform quality as the fabrics had to be woven by weavers at different centres,

unlike the master weavers who engaged weavers in one area to ensure uniform quality. The co-operative sector also lacks a well equipped market intelligence set-up to give guidance on exports whereas the private trade has a more dependable system of market intelligence provided by their contacts abroad and the extensive tours undertaken by their men in foreign countries frequently. In the matter of gathering market intelligence and keeping itself informed of the changing requirements in the foreign markets, the Export Promotion wing will have to appoint experts. It would also have to establish constant interaction with its buyer groups. Handloom export promotion work should be entrusted to persons with sufficient initiative, imagination and knowledge of the requirements of the foreign markets. The exporters are sore over the frequent changes in the import and export policies besides the cumbersome procedures to be followed for exporting. In the matter of issue of quotas for handloom garments in quota countries they contend, there is ocorruption and favouritism, the genuine trader often being denied his legitimate share.

Exact figures of the quantity and value of handloom goods exported from Kerala are not available since

the bulk of the exports are made by exporters based in cities like Bombay, Delhi, Madras, Bangalore etc. However, it is estimated that Kerala handloom goods worth Rs.25 crores to Rs.30 crores are exported annually.⁹ The direct export of handloom products by exporters of Kerala registered with the Handloom Export Promotion Council, Madras amounted to only Rs.3.82 crores during 1980-81.¹⁰ Cannanore which used to be an important centre for export of handlooms in the last decade has lost its place. Attracted by lower wages and better industrial relations Cannanore type of handloom products are manufactured in Tamil Nadu and exported under old generic names and sometimes with old trade marks.

It is revealed that prospects for export of fabrics and garments were bright and that there had not been any case of rejection on the grounds of quality by foreign buyer.¹¹ The trouble arose only when the goods were not supplied in time. Quota restrictions hampered the growth of export of readymade garments. Information on the market situation in far off lands, official relations

9. Report of the High Level Committee on Industry, Trade and Power, Volume,11, State Planning Board, Trivandrum, 1984, p.284.

10. *ibid.*

11. In discussion with officials of Handloom Export Promotion Council, Madras, 1985.

with importing countries, trade negotiations at high levels and visits of trade delegations to other countries for promotion of exports are needed.

The handloom sector can meet the competition from powerlooms only through Changeover to new designs and processes. Diversification has already started by way of the introduction of polyester cotton sarees and crease-resistant varieties of shirtings, novelty fabrics, furnishings and mul-mul varieties. The resistance to change emanates from the unwillingness of weavers to take risks, despite their awareness that production of the same traditional varieties would lead to stagnation and accumulation of stocks. Similarly there has also been resistance to introduction of new technology as weavers feel sophistication would mean more work. This problem is quite serious in the co-operative sector where the weavers own the loom while the master weavers in the private sector have been able to bring out changes without much difficulty.

CHAPTER - VIII

SOCIO-ECONOMIC CONDITION OF THE WEAVERS

The division, subdivision and fragmentation of landholding caused by population growth especially in the weaving castes resulted in the possession of economically unviable plots. As the survey results show, out of a total of 200 households, nearly 45 per cent of the households hold less than 10 cents plots. (See Table 8.1) The number of households with landholding of the size of more than 50 cents comes to 20 which is 10 per cent of the total households. A considerably proportion (10.5 per cent) of the households are located at 'Theruvu' with zero holdings. Households with less than 20 cents are nearly 65 per cent who have only negligible income from landed property. To put clearly, most of the households at present do not receive any income from agriculture or animal husbandry and have to depend upon weaving as the major source of income, that too, hardly enough for subsistence.

As per table 8.2 the average monthly income of the weaving households amounts to nearly Rs.175. All this

income does not come from weaving alone, nor is it regularly received every month. During busy season income from weaving may be high and during slack season almost nil. Then it has become the practice among the weaving castes to search for petty jobs as headload workers and manual labourers. As the Table 8.2 shows more than 60 per cent of the weaving households receive average monthly income of Rs.175 or so. Less than 15 per centage of the households earn an average income above Rs.200 per month. And perhaps very few of them has a monthly income above Rs.250. With this meagre income there is hardly anything left with them as savings. However, they are not generally indebted. It is not because of non-availability of loans but due to their low creditworthiness. It is found that even nationalised banks are unwilling to give them credit. Fortunately the dominant weaving caste - the Chaliyas - do not have the traditional social practice of dowry system. They are not in the habit of borrowing for the purpose of celebrations and ceremonies during festivals, marriage and funeral. When the Government stopped the share capital contribution on behalf of weavers, at present the individual weavers are required to contribute fully towards the share capital of the co-operative societies of which they are the members. Since most of the societies are running at loss, the member weavers do not get any dividend. But some of the co-operative

societies pay them bonus (8.33 per cent) out of the working capital which has further dwindled the working capital of the societies.

Table - 8.1 Landholdings of the Weaving Households

Size Group (Cents)	Number of Households
- 0	21
0 - 5	29
0 - 10	42
10 - 15	28
15 - 20	9
20 - 30	11
30 - 40	24
40 - 50	16
More than 50	20
Total	200

Source : Computed from Survey results.

Some of the trade union leaders interviewed were of unanimous opinion that the delay in introducing a national wage policy or at least uniform wage rates for southern States of India in the handloom sector hinders the working of co-operative societies in the State. The

Table - 8.2 Monthly Income of the Weaving Households

Size Group (Rs.)	Number of Households			
	Trivan- drum	Ernakulam	Canna- nore	Total
Less than Rs.100	--	--	--	--
100 - 125	6	--	5	11
125 - 150	12	5	13	30
150 - 175	28	10	26	64
175 - 200	20	21	22	63
200 - 225	6	9	8	23
225 - 250	2	5	1	8
250 - 275	1	--	--	1
275 - 300	--	--	--	--
	75	50	75	200

Source : Computed from Survey results.

State Government already issued orders fixing minimum wages for the workers in the handloom industry in kerala. This legislation envisages the payment of variable Dearness Allowance linked with cost of living

index. The co-operative societies are bound to offer the wages, according to this legislation and it will tend to increase the cost of production. It is found that in the absence of such legislation in neighbouring states, there is a flow of cheap quality fabrics from these states to Kerala. This has adversely affected the marketing of handloom goods produced in the State.

Till 1977, the industry did not have any serious problem. The slump began with a sudden spurt in yarn price, especially of crepe, and fall in imports. Around this time polyester came on the scene causing a blow to handlooms. Further, the popular varieties are produced on powerlooms which copy the designs from handloom units. In this sphere Tamil Nadu still poses competition to Kerala. Their exporters, who are not manufacturers and who with albums of the samples from Kerala obtain export orders. They buy 400 to 500 metres of cloth from the handloom units and send it to Tamil Nadu and Karnataka where these are copied to perfection.

Some of the powerloom units also hire the services of masterweavers and printers from Kerala for a limited period - and then export the finished cloth.

This practice is resorted to because of the higher cost of production in Kerala. The price difference between Kerala and Tamil Nadu for the same variety of cloth is around Rs.3 per metre, which is quite substantial when making bulk orders.¹

Polyester, though costlier is preferred because of its lasting quality and the coloured and printed lungies are well received by the working community. For an industry which subsists in India mainly on exports, it is surprising that Kerala has not yet conducted a market survey abroad. There is no worthwhile advertisement campaign either in the foreign markets.

In the international market the competition from China is becoming fierce. The price difference for a printed shirt is around Rs.12.² No price preference is granted to products from India by the European Economic Community, which on the contrary resorts to restrictive trade practices. Italy was one of the major purchasers of Indian handloom, but now there is a stipulation that textile importers should open a letter of credit covering

1. The Hindu, September 29, 1981.

2. *ibid.*

30 per cent of the total value of imports. This means blocking of money which the Italian importer is not prepared to risk when he can get supplies of almost same material from Spain or other countries where the above stipulation is not binding. The manufacturer-exporter as well as the manufacturer believe that to overcome the competition on the price front, the government can provide some help in the form of subsidy. The question as they see it is one of retrieving lost ground.

All the schemes of handloom development have so far integrated only the credit aspect of co-operation with very little emphasis on the supply and marketing aspects of the situation. Further, though it is a rural industry requiring a large amount of supervised credit, no special resources have been earmarked for the co-operative credit system as has been done for agricultural credit in the rural sector. As a result, many difficulties in reaching credit in sufficient quantities to the weavers have arisen because of certain inherent weaknesses in the co-operative credit structure.³

3. Report of the High Powered Study Team, op.cit., p.7.

Enforcement of a regional wage policy may be one of the solutions to present handloom shifting from Kerala to Tamil Nadu, but this will take time and Kerala will have to face this problem in the meanwhile. It seems that the Central Government is reluctant to implement a uniform wage policy in the handloom sector for different states. Perhaps it fears that the cost of production of handloom products in some of the states, notably in Tamil Nadu where the wage rate as well as the cost of living are low, would increase thereby adversely affecting the overall export of handloom products. It is true that a wage rise in Tamil Nadu at par with that of Kerala will enable the handloom industry in Kerala to prosper but may not be advantageous to the industry's prosperity elsewhere. It is because the wage rate in different regions of the country are supposed to be linked with many factors, particularly the cost of living of the people.

It may be suggested that the Central Government may waive sales tax on yarn used by the handloom industry in the State so that the industry can keep the price of the finished cloth at least on a par with products from other states where the industry is more broadbased and production cheaper than in Kerala.

As per the recommendations of the Sivaraman Committee the Central Government has reserved 22 items for production exclusively in the handloom sector through the Act of the Parliament. But this reservation is often violated by other textile sectors.

The Government has apparently protected the handloom sector from the invasion of powerlooms by restricting the number of powerlooms that can be introduced during a period. In spite of this it has been reported with substantial evidence that powerlooms have flouted the licensing laws and a large number of unlicensed powerlooms are in operation in the country competing for the yarn which should have rightly gone to the handloom sector.⁴ There is also substantial evidence that powerlooms are making a number of varieties which have been reserved exclusively for handlooms. It has also been reported that powerloom cloth is camouflaged in the shape of handloom varieties in order to capture the market which is open only to handlooms.⁵ Whatever be the position we have to note that a powerloom today uses in a year 900 kg. of yarn which is equivalent to what is required by 6 handlooms. It means that a new powerloom thus puts out of action 6 handlooms in the country.⁶

4. *ibid.*, p.7.

5. *ibid.*,

6. *id.*

Even varieties which hitherto considered the exclusive preserve of handlooms could now be produced in sophisticated machines. The uneconomic working of the industry has driven away the youths of the weaver's families to other occupations. The gradual dwindling of the number of handloom units and weavers explain the stagnation in its growth during the last few years.

Kerala has lost its monopoly over design, while Tamil Nadu has scored over Kerala in the production of sarees.⁷ The domestic market for the handloom sari is quite lucrative and Tamil Nadu weaver sells a sari for Rs.20 to Rs.25 which is uneconomic for a Kerala weaver.⁸ Apart from wages, yarn, dyeing, warping and sizing are also costlier in Kerala.

Independent sources had a different explanation for the poor performance of the co-operative sector. In most places, notably Balaramapuram, the societies have only nominal existence. The State Handloom Development Corporation is the agency which purchases the products from the societies and which gives the subsidies. What the fictitious co-operator does is to obtain supplies at lower price from Tamil Nadu and sell the same to the

7. In discussion with Mr. P.P. Lakshmanan, President, All Kerala Handloom Manufacturer's Association.

8. *ibid.*

Corporation at a higher price. When subsidy is added to it, he gets a 'double profit'. The government directive to the Corporation is that it should lift at least 50 per cent of the stocks with the societies. The Corporation sends out circulars to the societies announcing that the stock will be lifted on particular date, but this enables the unscrupulous co-operator to obtain supplies on the sly method from neighbouring states. The co-operative movement in Cannanore is well-groomed. While the larger societies somehow manage to remain active, those with less than 20 looms are in direct straits.

In fact, the State Handloom Finance and Trading Corporation was set up to assist the industry in procuring raw materials such as yarn and chemicals and also to produce samples to be manufactured on a large scale by the private and co-operative sector. This corporation was later converted into the Handloom Development Corporation which turned out to be a competitor to the private sector. This according to Mr. Lakshmanan⁹ was an injurious move. Instead of setting up new factories, he pointed out, the corporation could have taken over some of the well-equipped but defunct private units. One such unit

9. *ibid.*

was the Umayal Weaving Factory which was once reputed for its bedspreads. This factory which used to supply bedspreads to the British Royalty is now under liquidation.

The private sector, which calls itself the much neglected sector has an edge over the co-operative sector because it is still dynamic, enterprising and businesslike. The co-operative sector, like a pampered child has become sluggish and unenterprising and is crumbling under its own weight of protectionism, politicisation, bureaucratic delays, absence of committed leadership and lack of firm Government policy to ensure its sustained growth. In Kerala, the sickness of the societies set in with the induction of politicians into the co-operative system especially under the ruling Governments and the same policy of nominating politicians who have no knowledge, commitment or concern for the industry.

CHAPTER - IX

SUMMARY AND CONCLUSIONS

Handloom industry was a traditional source of occupation for certain castes in ancient India. In Kerala, the main caste engaged in this industry are Chaliyans. They produced excellent fabrics and marketed them all over India. They organised under caste guilds. Fabrics produced by them were superior and had external markets.

This industry began to decline with the advent of British East India Company. Formerly the yarn requirements were met by handspinning. But when the British colonialists penetrated into our economy they made radical changes in the industry as part of their surplus appropriation. Till the first half of the 19th century British East India Company exported handloom fabrics massively to Europe. After the industrial revolution certain technological changes took place in the handloom industry. Britain could produce cheap mill-made yarn and export it to colonial countries.

India too began to import mill-made yarn on a massive scale. As a result handspinning declined and handlooms started consuming mill-made yarn. British colonialists and indigenous capitalists had started so many cotton mills in the major ports of India. All such changes had far reaching impact on the handloom industry. It lost its independence and subsequently became an appendage to cotton mills. The organised cotton mills gradually captured the traditional markets of handlooms all over the country.

Handloom industry in Kerala is organised in diverse forms. They may be classified as organised under the following sectors.

1. Master weavers
2. Petty master weavers
3. Independent weavers
4. Co-operative societies
5. Kerala State Handloom Development Corporation.

The master weaver sector consists of highly efficient individual entrepreneurs capable of changing designs, opening new markets and evolving suitable bargaining techniques. They are rapidly responsive to changing tastes and preferences of the customers. This sector is unlike

the lethargic co-operative sector which lacks any personal initiative in the absence of any personal gain. However, the pattern of development through expanding this sector cannot be recommended on ideological grounds as their activities are based on exploitation of labour and concealing rather than revealing nature of their activities.

Petty master weaver sector consists of those who organise their business with less than 10 looms. This is the distinguishing character of this sector, at least conceptually. In practice it is mostly they who became the part of co-operative sector as their base eroded with the decline of the industry. Independent weavers differ from this sector mainly on account of their operation with only one loom, perhaps with the help of hired labour who work in any of the above mentioned sectors.

The co-operative sector of this industry in fact, does not have an evolutionary history. It stands as a superimposed system by the Government in her attempt to save this industry from total collapse. Naturally, the co-operative sector does not stand on its own feet, but always leaning on the rebate pillars established by the Government. Further, however great the intentions of the

Government behind organising co-operative sector, it stands as a living testimony of rearing a white elephant in the hands of corrupt politicians and bureaucrats.

When the co-operative societies were organised and eventually their operations were co-ordinated under HANTEX, there was the need for a separate institution to co-ordinate the activities of the remaining unorganised segments of the industry. For this purpose Kerala State Handloom Trading Corporation came into being in 1968 which was later to continue its function under the name "Kerala State Handloom Development Corporation". Though this corporation exhibits better organisation and functional efficiency than those of co-operative societies taken individually or HANTEX taken collectively, the effectiveness of its policies are not very much pronounced due to its public sector nature and in its bureaucratic mess.

This study focuses its attention on various problems and prospects of the handloom industry in Kerala with special reference to price, profitability and employment in the industry. This is followed by certain concluding observations.

The handloom industry is part of the textile industry. It is fundamentally different from the mill sector and does not resemble the powerloom sector. So it has to be studied as a separate entity and this is what has been attempted in this work. In the analysis of the development of an industry, one has to take into account the availability of the different factors of production. India has an abundance of human resources with a relative shortage of capital. Western developed economies have always experienced shortage of labour and so, in its development process they tried to substitute capital for labour. India in its process of growth has to make a choice for the use of more labour except wherever this is not feasible. The handloom industry presents a great opportunity for the utilisation of human resources on a large scale. It is an industry which can solve the unemployment problem of India to a great extent.

It is difficult to define this industry in strict economic terms. For instance, it cannot be classified strictly under any of the sectors according to the economies of scale. Some operations manifest the features of a large scale industry whereas others of small scale, cottage or household sectors. The established and rich master weavers

run relatively larger factories. Even then the general features of the industry are closely akin to those of the small scale sectors. Since the total capital requirements are considerably very low, often handloom is considered as a cottage industry. At the same time, considering the features of independent weaver sector, it is a household industry.

Each sector of the industry functions in its own way, though there is considerable interdependence among sectors. The weaver in the co-operative sector who gets yarn from the co-operatives for weaving may also get yarn from the master weavers and do similar works in his loom. Similarly the independent weaver who produces dhoties and towels may sell his finished products to master weavers or petty master weavers. This kind of mutual relationship is a very interesting feature of the handloom industry under study. In this kind of functioning the industry has a source of strength and not weakness.

Handloom industry in Kerala has survived as a traditional industry having its rise before industrial revolution and continuing still as an important sector in the overall economic set up. The reason for this long

period of survival can be seen in the nature of the industry and its workers. The products noted for their quality, workmanship, designs and competitiveness have earned a special niche in the hearts of consumers and this has provided a market which has lasted over centuries. This has not diminished the demand and, as a matter of fact, there has been an increase in the demand for such products within the country and abroad.

It may be seen that price fluctuations of yarns, dyes and chemicals have decreased the profitability in the industry. Along with price hikes the scarcity of raw materials further created problems in the production front. Moreover, the monopolistic position of cotton mills which control production and distribution of yarns restricted the growth of handloom industry.

Under normal conditions, the weavers are able to get at least 5 per cent profit when they market their entire products. Though this percentage of profit is quite satisfactory the weavers are often not able to sell the fabrics due to stiff competition from the mill and powerloom sectors. In this context, co-operative societies and master weavers are compelled to undersell the fabrics below the

normal profit. This state of affairs also cause massive accumulation of stocks in the godowns.

In the State of Kerala, the wage rates are higher than that prevailing in Tamilnadu. So some of the rich master weavers have recently shifted their place of activity to Salem and Erode of Tamilnadu State. From there they are sometimes exporting fabrics to external markets under the label of "Kerala Handlooms".

The majority of the weavers in Kerala Handloom industry are getting an average monthly income between Rs.175 and Rs.200. This low level of income does not enable the weavers to make both ends meet satisfactorily. Poverty is wide spread among the major weaving castes. The average period of employment in this industry varies from 175 days to 200 days during an year. For the remaining period of the year they are unemployed. The low income and employment levels have badly hit the Chaliya caste more than others. It is because they still keep their caste identity and are unwilling to go for any other job.

Declining profitability and income in the industry often compel the petty master weavers and independent weavers to close down their establishments. When they have

no other means to eke out their living, the only path open before them is joining co-operative societies. It is not the economic security offered by the societies but the subsistence assured to weavers which prompted them to join massively the co-operative societies during the recent past.

The handloom industry studied is multifaceted in organisation and diverse in its working and results. This is one of the industries where the Government has intervened on a large scale to create a co-operative sector. In spite of this active intervention and encouragement by the Government spread over several decades, the co-operative sector accounts for only nearly 50 per cent of the looms. In Kerala, majority of the societies are either dormant or facing liquidation. Only factory-type societies are functioning satisfactorily. But these societies are accumulating huge stocks in the godowns. Governmental rebates and subsidies are found to be futile. Majority of the working societies are functioning like bureaucratic organisations. They do not have managerial efficiency and marketing skills.

The State Government owes many a crore of rupees to the HANTEX by way of rebate and the HANTEX in turn has to distribute this amount to various co-operative societies.

This has affected the working capital position of the co-operative societies and the level of employment. The politicians who man the top of the societies manage the affairs often to fulfill their vested interests. Misappropriated funds are sometimes routed to illegal channels like black marketing, money lending (blade in the local slang) etc. The misappropriators sometimes make stop gap arrangements to earn an income for the corrupt by using the society's funds in such activities. This is always done under cover.

Based on this study the following recommendations are made :-

1. Labour has the feeling of exploitation and insecurity. The weavers are at the mercy of master weavers and co-operative societies who can stop providing yarn which may force them to seek employment elsewhere. Unfortunately there do not exist any social security schemes to protect their income and employment. Government should initiate appropriate social security schemes for the purpose.
2. Since the wage rates prevailing in Kerala is higher than that in Tamilnadu, rich master weavers are migrating to Tamilnadu and exporting fabrics in the

label "Kerala Handlooms". An all India wage policy should be introduced as early as possible in order to control the migration of the industry from one State to another.

3. Many of the master weavers complained that they are not getting sufficient quantity of yarn in right time. Private yarn dealers are creating artificial scarcity and increasing the prices exorbitantly. So, Government should intervene in the yarn market and should introduce "yarn quota system" to handloom sector at concessional rates.
4. Handloom production, marketing and employment can be considerably expanded, as may be suggested, if we introduce the system of uniforms to school children and employees concerned made of handloom fabrics.
5. The export business in respect of handloom goods is mainly done by private bodies and organisations like the All India Handloom Fabrics Association. The Handloom Development Corporation and the H-NTEx are not getting sufficient orders from the Handloom Export Promotion Council. In this circumstance, it is desirable to set up a joint export promotion wing by

the Handloom Development Corporation and the HANTEX which can devote its attention exclusively to canvassing for foreign orders. It will be necessary to provide adequate financial backing for such a joint export promotion wing to make it functionally competent.

6. Publicity, salesmanship and advertisement on modern lines require urgent attention in order to capture market for this industry within the country and abroad. The vernacular newspaper, Vivith Bharathi and every media should be fully utilised for popularising handlooms.
7. Being a traditional industry, it protects ecology and ensures full employment of human resources. It is in conformity with the emerging idea of creating and protecting self-contained villages keeping everything in check and balance of the nature's order.
8. Propagation of Khadi and Village industries is the crux of Gandhian economics. If the people boycott the mill-made cloths, handloom industry can be revived and employment to millions ensured.

APPENDIX - 2.1Statement Showing the Value of Imports of Threads Cotton
and Piecegoods to Travancore State

Year	Threads (Rs.)	Cotton and Piecegoods (Rs.)
1896-97	4,71,376	16,40,773
1897-98	2,20,255	16,65,802
1899-1900	8,33,932	12,66,417
1906-07	9,38,523	12,16,111
1907-08	2,90,135	8,75,260
1924-25	18,47,458	81,61,316
1925-26	12,90,656	72,89,602
1926-27	13,06,157	1,56,66,173
1927-28	12,86,217	1,38,15,703
1928-29	10,99,572	1,49,82,273
1929-30	11,63,472	75,58,356
1930-31	12,65,205	74,31,937
1931-32	4,02,082	89,99,002
1932-33	2,79,250	72,25,890
1933-34	6,78,195	55,46,900

- Source : 1. Travancore Administration Report 1897-98.
2. Travancore Administration Report 1899-1900.
3. Travancore Administration Report 1907-08.
4. Travancore State Manual 1940, p.636.

APPENDIX - 3.1

Handloom Weavers Co-operative Societies in Kerala as on 31st March

1981

District	Working Societies (nos.)			Dormant Societies (Nos.)			Societies under Liquidation (Nos.)			Total (Nos.)		
	Primary	Factory	Total	Primary	Factory	Total	Primary	Factory	Total	Primary	Factory	Total
	(type)	(type)	(type)	(type)	(type)	(type)	(type)	(type)	(type)	(type)	(type)	(type)
Trivandrum	125	14	139	16	--	16	51	--	51	192	14	206
Quilon	33	14	47	2	--	2	28	--	28	63	14	77
Alleppey	9	2	11	8	1	9	2	--	2	19	3	22
Kottayam	10	1	11	2	--	2	1	--	1	13	1	14
Idukki	3	--	3	--	--	--	--	--	--	3	--	3
Ernakulam	15	2	17	5	--	5	3	--	3	23	2	25
Trichur	19	2	21	3	--	3	3	--	3	25	2	27
Palghat	30	2	32	--	--	--	4	--	4	34	2	36
Malappuram	7	1	8	--	1	1	2	--	2	9	2	11
Kozhikode	25	8	33	1	--	1	3	1	4	29	9	38
Cannanore	33	27	60	2	--	2	13	1	14	48	28	76
Total	309	73	382	39	2	41	110	2	112	458	77	535

Source : Statistical Handbook on Handloom Industry in Kerala, 1981, p.11.

APPENDIX - 3.2Districtwise Production of Handloom Cloth in Co-operative
Sector, 1979-80

Production during 1979-80		
District	Quantity (Metres in lakhs)	Value (Rs. in lakhs)

Trivandrum	70.50	324.64
Quilon	25.75	134.30
Alleppey	2.25	5.56
Kottayam	7.75	21.46
Idukki	0.25	0.66
Ernakulam	25.25	126.46
Trichur	10.00	33.78
Palghat	50.25	128.27
Malappuram	3.50	11.26
Kozhikode	25.00	131.74
Cannanore	68.50	361.38

Total	289.00	1,279.51

Source : Statistical Handbook on Handloom Industry in Kerala, 1981, p.9.

APPENDIX - 3.3Procurement of Handloom Cloth from the Primary Societies
and Sales by Hantex

Year	Value of cloth procured (Rs. in lakhs)	Value of cloth sold (Rs. in lakhs)
1976-77	273.00	320.84
1977-78	291.00	267.00
1978-79	351.00	390.00
1979-80	518.73	515.00
1980-81	622.92	672.28
1981-82	650.12	713.13
1982-83	678.00	761.12
1983-84	699.12	798.18

Source : 1. Statistical Handbook on Handloom Industry in Kerala, 1981, p.15.
2. Kerala Economic Review 1984, p212.

APPENDIX - 3.4Direct Export of Handloom Cloth from Kerala

Year	Value of Export (Rs. in lakhs)
1975-76	209.29
1976-77	268.48
1977-78	204.37
1978-79	273.20
1979-80	371.47

Source : Handloom Export Promotion Council,
Madras, 1980.

APPENDIX - 3.5

Workers in Handloom Industry - Sexwise

District	Household Units			Non-household Units			Total					
	Men	Women	Children	Men	Women	Children	Men	Women	Children			
Trivandrum	7787	9287	4960	22034	616	1021	414	2051	8403	10303	5374	24085
Quilon	2016	1712	885	4613	871	639	213	1723	2887	2351	1098	6336
Alleppey	308	246	58	612	113	165	32	310	421	411	90	922
Kottayam	496	360	147	1003	29	42	9	80	525	402	156	1083
Idukki	1	1	2	4	31	67	--	98	32	68	2	102
Ernakulam	1020	1569	750	3339	197	111	320	828	1217	1880	1070	4167
Trichur	1045	1353	324	2722	6	121	15	142	1051	1474	339	2864
Palghat	4109	3584	1123	8816	76	49	13	138	4185	3633	1136	8954
Malappuram	1151	1028	76	2255	96	68	10	174	1247	1096	86	2429
Kozhikode	9848	6411	996	17225	2733	1075	69	3877	12581	7486	1065	21132
Cannanore	17449	8233	650	26332	16556	3900	290	20746	34005	12133	940	47078
Total	45230	33784	9971	88985	21324	7458	1385	30167	66554	41242	11356	119152

Source : Handloom Census, 1976.

APPENDIX - 3.6The Percentage of Male, Female and Children to the Total Male, Female and Children of the Weaving Households :

Sl. No.	Category	Household Members	Household members engaged in the industry	Percentage of Column (4) to Column (3)
	(1)	(2)	(3)	(4)
1.	Adult Male	45504	33091	72.72
2.	Adult Female	45603	30280	66.40
3.	Children	55581	7656	13.77
	Total	146688	71027	48.42

Source : Report on Handloom Census 1976, p.28.

APPENDIX - 5.1Amount of Credit Limit Sanctioned to the Primary Societies
HANTEX under the RBIScheme of Handloom Finance

Year	Credit Limit Sanction to	
	Primary Societies (Rs. in lakhs)	HANTEX (Rs. in lakhs)
1973-74	85.97	65.00
1974-75	99.00	65.00
1975-76	103.80	65.00
1976-77	110.86	75.00
1977-78	290.31	120.00
1978-79	319.36	155.00
1979-80	410.49	155.00
1980-81	460.71	160.00
1981-82	581.41	260.00

Source : Statistical Handbook on Handloom Industry
in Kerala, 1981; p.12.

APPENDIX - 5.2

Cash, Credit and Overdraft by the Societies during 1983-84 under the RBI Scheme

Sl. No.	Name of the Society	Limit sanctioned by RBI cash credit	Drawals	Gross Repayment	Total outstanding debt
1.	Velloor W.C.S	3,40,000	7,49,692	6,21,352	1,28,340
2.	Pinarayi W.I.C.S	1,34,000	2,92,497	2,88,956	48,810
3.	Kunhimangalam W.C.S	2,44,000	4,56,458	3,90,256	1,44,556
4.	Sasi W.I.C.S	3,33,000	5,85,278	4,89,556	2,55,545
5.	Nileswar W.I.C.S	2,45,000	5,10,258	4,10,256	2,44,546
6.	Udma W.C.S	3,45,000	6,75,028	5,75,257	2,82,156
7.	Payyannoor W.I.C.S	3,86,540	6,78,546	5,72,548	3,31,157
8.	Chennamangalam W.I.C.S	4,50,000	7,58,754	6,58,546	3,81,546
9.	Balarapuram W.C.S	2,75,000	4,54,548	3,94,205	2,75,458
10.	Parur W.C.S	3,70,000	7,05,254	6,75,028	3,54,544

Source : Field Investigation.

APPENDIX - 5.3Total Production of Fabrics in Co-operative and Private Sector

Year	Total Production in Co-operative Sector		Total Production in Private Sector	
	Million Metres	Value (Rs. crores)	Million Metres	Value (Rs. crores)
1975-76	27	8.83	32	13.3
1976-77	21.9	6.78	65	25.0
1977-78	19.3	N.A	59.4	N.A
1978-79	23.4	9.60	58.0	N.A
1979-80	29.4	12.00	60.0	30.0
1980-81	30.5	15.25	59.5	29.75
1981-82	33.0	22.00	44.0	19.0
1982-83	37.4	22.00	N.A	N.A
1983-84	39.05	N.A	38.01	N.A.

Source : Computed from Kerala Economic Review
1976 to 1984.

APPENDIX - 7.1Production and Productivity under Handloom Industries1984 - '85

Sl.No.	Item	1983-84	1984-85
1.	Estimated number of looms	95000	95000
2.	No. of looms in the Co-operative sector	49000	54000
3.	Percentage of (2) to (1)	51	56.8
4.	No. of Co-operative Societies	578	578
5.	Co-operative Sector		
	i) Production of cloth (million metres)	39.05	42.5
	ii) Value of production (Rs. crores)	24.00	26.5
	iii) Productivity (Metre/loom)	797	787
6.	Unorganised Sector		
	i) Production of cloth (million metres)	38.01	40.0
	ii) Value of production (Rs. crores)	19.03	25.0
	iii) Productivity (Metre/loom)	826	975
7.	Total (Co-operative and Unorganised Sector)		
	i) Production (million metres)	77.06	82.5
	ii) Value (Rs. crores)	43.03	51.5
	iii) Productivity	811	868

Source : Kerala Economic Review 1985, p.142.

APPENDIX - 7.2

Plan-wise Expenditure Under Handloom Industry, Kerala (Rs. Lakhs)

Sl. No.	Scheme	Sixth Plan 1985-86		1981-82 Revised Estimate	1982-83 Budget Estimate	Total		
		Fourth Plan (1969-74) Accounts	Fifth Plan (1974-78) Accounts					
1	2	3	4	5	6	7	8	9
1.	Assistance (Loan & Grant) to Primary and Apex Societies	84.77	214.84	124.48	66.10	70.54	66.154	626.884 (36.20)
2.	KSHDC & Intensive Handloom Development Projects	9.50	53.19	149.90	35.49	47.0	47.0	342.08 (19.75)
3.	Rebate on sale of cloth	120.09	164.97	117.83	65.78	90.0	90.0	648.67 (37.46)
4.	Other Marketing Assistance	13.29	9.20	4.74	5.30	13.27	14.6	60.4 (3.49)
5.	Welfare Measures	1.0	2.01	3.24	4.01	3.42	3.75	17.43 (1.01)
6.	Other Schemes	10.22	0.74	4.19	5.42	7.15	8.501	36.221 (2.09)
Total Expenditure on Handloom Industry		238.87	444.95	404.38	182.10	231.38	230.005	1731.685 (100.00)

Note :: Figures in brackets in column (9) indicate percentage total.

Source :: Report of the High Level Committee on Industry, Trade and Power, Volume-II, State Planning Board, Trivandrum, Government of Kerala, May 1984.

ANNEXURE - I

QUESTIONNAIRE FOR SURVEYING HANDLOOM CO-OPERATIVE
SOCIETIES IN KERALA

- A. 1. Name of the Society :
2. District :
3. Taluk :
4. Whether it is Primary
Co-operative Society or
Factory-type Society :
5. Total number of members :
6. Paid-up Capital :
7. Value of Share :
8. Whether an activity
Society or Dormant
Society :
9. If it is a Factory-type
Society
- a) Estimated value of
land and buildings :
- b) Estimated value of
looms and accessories :
10. Total amount of liabilities upto 31st March
1983 :

B. Details regarding total production, procurement and sales.

Year	Total production (in Rupees)	Total procurement by Hantex (in Rupees)	Total local sales (in Rs.)	Total amount of unsold stock (in Rs.)
1970				
1971				
1972				
1973				
1974				
1975				
1976				
1977				
1978				
1979				
1980				
1981				
1982				
1983				

C. Details regarding profit or loss (in Rupees)

Year	Profit	Loss	Dividend issued
1970			
1971			
1972			
1973			
1974			
1975			
1976			
1977			
1978			
1979			
1980			
1981			
1982			
1983			

**D. Details regarding price of yarn dyes and chemicals
(in Rs.)**

Year	Price of yarn supplied by Hantex	Price of yarn pur- chased from open market	Price of dyes and chemicals supplied by Hantex	Price of dyes and chemicals purchased from open market
1970				
1971				
1972				
1973				
1974				
1975				
1976				
1977				
1978				
1979				
1980				
1981				
1982				
1983				

E. Details regarding Rebate received from Hantex
(in Rupees)

Year	Rebate allowed by Hantex	Rebate Received from Hantex	Total amount of rebate in arrears
1970			
1971			
1972			
1973			
1974			
1975			
1976			
1977			
1978			
1979			
1980			
1981			
1982			
1983			

F. Cost of Production of Certain Selected Varieties of Fabrics.

Particulars	Dhoties						Lungis						Shirts					
	20s	40s	60s	80s	100s	120s	20s	40s	60s	80s	100s	120s	20s	40s	60s	80s	100s	120s
Yarn																		
Dyes and Chemicals																		
Winding																		
Warping																		
Sizing																		
Weaving																		
Stationary																		
Sundry Expenses																		
Depreciation																		
Salaries																		
Total Cost																		
Market Price																		

G. Price of Certain Selected Varieties of Fabrics.

Year	Dhoties					Lungis					Shirtings							
	20s	40s	60s	80s	100s	120s	20s	40s	60s	80s	100s	120s	20s	40s	60s	80s	100s	120s
1970																		
1971																		
1972																		
1973																		
1974																		
1975																		
1976																		
1977																		
1978																		
1979																		
1980																		
1981																		
1982																		
1983																		

's' denotes counts.

H. Details regarding wage rates.

Type of Fabrics Produced	Winding	Warping	Sizing	Weaving
--------------------------	---------	---------	--------	---------

1. Dhothies

20s

40s

60s

80s

100s

120s

2. Lungis

20s

40s

60s

80s

100s

120s

3. Shirtings

20s

40s

60s

80s

100s

120s

I. Source of Finance

Years	Source of Finance			
	State Govt.	R.B.I.	Hantex	District Co-operative Bank
1970				
1971				
1972				
1973				
1974				
1975				
1976				
1977				
1978				
1979				
1980				
1981				
1982				
1983				

J. Details Regarding Marketing Opportunities

K. Details Regarding the Policy of the State Government

L. Details Regarding Policy of HANTEX

M. Additional Informations

8. Whether you are member in a
Co-operative Society or not :

a) If yes, total amount
invested by way of shares:

b) If dividend received,
total amount received
in 1982-83 :

c) Whether received any
subsidy in purchasing
shares or not :

d) If yes, total amount
received :

e) Whether received any
subsidy in purchasing
looms :

f) If yes, total amount
received :

9. Total family income from weaving in an year

Members	Daily income	Effective working days in a month	Effective working days in an year	Annual income
---------	-----------------	--	--	------------------

1. Weaver

2. Wife

Children

1.

2.

3.

4.

Total
income

10. If you have looms and accessories,

- a) Year of purchasing :
- b) Its purchase price :
- c) Estimated life :
- d) Its present market value :

11. Price of yarn and dyes and chemicals purchased from the open market.

Yarn	Yarn of various counts						Dyes and Chemicals
	20s	40s	60s	80s	100s	120s	

1970

1971

1972

1973

1974

1975

1976

1977

1978

1979

1980

1981

1982

1983

12. Have you taken loans from banks or money lenders :

a) If yes, total amount :

b) Total amount of debt outstanding :

13. Income from different sources :

Source	Monthly income	Annual income
1. Government Service		
2. Industrial labour		
3. Agricultural labour		
4. Own land		
5. Livestock		
6. Any other source		

15. Price of Certain Selected Varieties of Fabrics

Year	Dhoties					Lungis					Shirts							
	20s	40s	60s	80s	100s	120s	20s	40s	60s	80s	100s	120s	20s	40s	60s	80s	100s	120s
1970																		
1971																		
1972																		
1973																		
1974																		
1975																		
1976																		
1977																		
1978																		
1979																		
1980																		
1981																		
1982																		
1983																		

16. Total monthly expenditure :
17. Total yearly expenditure :
18. Details regarding health conditions
19. Details regarding mode of marketing
20. Details regarding child labour
21. Additional informations

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