

# ✓ S.S.e.6. MATHEW GEORGE—Price, Profitability and Employment in the Handloom Industry in Kerala—1987—

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## **1. 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.

## **2. Statement of the Problem**

The present study is on the nature and problems of handloom industry in Kerala. The problems of the industry are mostly in the nature of low earnings of the workers, under utilisation 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 pitifully 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 Tamilnadu for higher counts of yarns. They create artificial scarcity and increase the prices exorbitantly. 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.

### **3. Importance of the Study**

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.

### **4. 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 State Government and individual researchers. However, no empirical study has been made on price and profitability 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.

### **5. Methodology**

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

- 1) Primary 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 the Kerala State Handloom Development Corporation and 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.

### **6. 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. Finally, research findings

and recommendations are given in Chapter VII.

## **7. Conclusions**

1. In ancient times a specific mode of production prevailed in India which provided full employment to the people. Indian handloom fabrics had worldwide demand in those days. This industry started to decline since the industrial revolution and subsequent technological changes. In addition the introduction of money economy, free play of market forces and dominance of finance capital gave mortal blow to this industry. When handlooms started consuming mill made yarn, the net effect was the dependency of this traditional industry on the organised capitalist cotton mill industry.
2. The ruling classes which protect the interests of capitalists in cotton textile industry, controls and restricts the development of handloom industry. Yet this industry survived only because of the consumers preference to handloom fabrics.
3. Propagation of Khadi and Village industries is the crux of Gandhian economics. If the people boycott the millmade cloths, handloom industry can be revived. Being a traditional industry, it protects the ecology and ensures full employment of human resources. This industry can solve the unemployment problem in India to a great extent.
4. Majority of the handloom co-operative societies in Kerala are facing severe financial crisis due to marketing difficulties. Frequent price fluctuations of raw materials increase the cost of production and reduce the profitability of the industry.
5. Since the wage rates prevailing in Kerala is higher than that in Tamil Nadu, rich master weavers are migrating to Tamil Nadu and exporting fabrics in the label, "Kerala Handlooms". So an all India wage policy should be introduced so as to control the migration.
6. Government efforts to revive the industry by way of rebates and subsidies are found to be futile.
7. 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 with handloom fabrics.