# Handloom Industry in India: Problems and Prospects

**Bharat Singh**

Associate Professor in Economics, Satyawati College (Eve.), University of Delhi
*Email Id:* bharatsinghdu@yahoo.co.in

**Abstract**. The handloom sector in India has been a very important source of livelihood to a large number of people since ancient times which attained its peak during the Mughal period owing to the practice of flexible manufacturing system at that time. The sector saw its decline during the British period as a consequence of their unfavourable policy. In present times this sector again assumes special significance in the light of launching 'Make in India' campaign by our hon'ble Prime Minister Shri Narendra Modi. It is believed that handloom sector may significantly contribute to the generation of output, employment and export earnings in our economy by transforming this sector to create enough space for those seeking better and decent work opportunities in our economy. Using secondary sources of data an attempt has been made in this paper to present an overview of this sector and examine various problems faced by this sector and different programmes and policies of the government of India for encouraging and promoting this sector.

**Key Words:** Handloom Industry, Flexible Manufacturing System, Weavers, Decent Work, Work Force, Labour Intensive, Export promotion.

## 1 Introduction

Since ancient times, handloom industry in India was an important form of cottage industry in which producers and merchants had a strong interdependence in so far as the supply of input and output was concerned. This system of production and distribution of output is known as 'Traditional Manufacturing System' (Seth, 2014). The industry was an important source of livelihood for millions of people in the country till the decline of Mughal Empire and rise of British power in India. The use of fabrics, techniques created to make designer art pieces and expressing ethnicity through them has been an integral part of India's base. Its power is such that handloom industry constitutes around 14 percent of total pre industrial production and 30 percent of the total export business. It is also the second largest industry in India with important segments, such as independent power looms, modern textile mills, handlooms and garments. This made the handlooms popular in foreign markets also and raised their demand (Patil, 2012). This sector assumes special significance for a labour surplus economy like India because its technique of production are mainly labour intensive and it has the potential to absorb a very large size of our unemployed workforce. The employment structure of this sector is highly



**2394-3130 electronic ISSN**

heterogeneous and complex across different social groups. Out of the total workers employed10% are from scheduled castes, 18% belong to scheduled tribes, 45% belong to other backward classes and 27% are from other castes; thus providing employment opportunities to almost all sections of society. In terms of export earnings also this sector plays a significant role. The export of handloom items during 2012-13 was Rs. 2811.97 crore as compared to Rs.1252.79 crore during 2008-09 (Annual Report, Ministry of Textiles, GOI, 2013-14).

Using secondary sources of data an attempt has been made in this paper to present an overview of this sector and examine various programmes and policies of the government of India for encouraging and promoting this sector. The paper would also attempt to put forward some important suggestions which may significantly contribute to the generation of output, employment and export earnings in our economy and transforming this sector to create enough space for those seeking better and decent work opportunities in our economy. An in-depth study of handloom sector becomes all the more important and assumes greater significance in the light of the "make in India" campaign launched by our hon'ble Prime Minister Shri Narendra Modi on 25th September, 2014, inviting global manufacturers to come and manufacture in India itself.

## 2. Present Situation of Indian Handloom Industry:

Handloom weaving is one of the largest economic activities after agriculture providing direct and indirect employment to more than 43 lakh weavers and allied workers in India out of which 36.33 lakh workers stay in rural areas and 6.98 lakh workers stay in urban areas. The handloom sector contributes nearby 11% of the cloth production in the country and also contributes to the export earning of the country. 95% of the world's hand woven fabric comes from India (Annual Report, Ministry of Textiles, GOI, 2013-14). In India, nearly 27.83 lakh handloom households are engaged in weaving and allied activities, out of which 87 per cent are located in rural areas and remaining 13 per cent in urban areas (NCAER Report, 2010). So far as distribution of workforce in India is concerned, only 16% of the total workforce resides in the urban sector while rest of them is concentrated in the rural areas (Patil, 2012). The distribution of handloom workforce across different social groups has also some important message to convey. The representation of SCs and STs are far lower than those belonging to OBCs and others. Further, a more significant attribute of the industry is the highly skewed geographical distribution of the workforce in a few major states. In fact, more than half the workforce is concentrated in just two states. One state alone, namely Assam in the north-east, account for

38.6% of the total workforce. The second heaviest concentration is in West Bengal in eastern region. This has 17.3% of the total workforce. The next two important handloom hubs are in the southern states of Tamil Nadu and Andhra Pradesh; each has a little more than 8% of the total handloom workers. The biggest concentration of handloom workers in north India is Uttar Pradesh with 5.6% of the total workforce in handloom sector. These five States account for almost four-fifths of the workforce or 77.8% of the total. One consequence of the concentration of the handloom workers in five states is that it severely restricted the employment potential of the industry to these few areas and reduced the significance of the industry in large parts of the country. If the handloom sector is promoted to develop and spread across different regions of the country it would create huge potential of income, output and employment.

However, the geographic spread of the industry in the rural and urban sectors differs substantially. In the rural sector, the workforce in the handloom industry is concentrated in Assam 45.1%, West Bengal 16.8%, and Andhra Pradesh 5.9%, Tamil Nadu 5.7%, and Manipur 5.3% and the five states account for 78.9% of the handloom workforce nationwide.

**Table – 1: Distribution of Handloom Workers by Employment Status in different states (% Share of Total)**

| State | Independent Workers | Under Master Weavers | Under SHDC Society | Under KVIC Owners | Under Cooperative | Under Private Owners |
|---|---|---|---|---|---|---|
| Assam | 96.2 | 1.2 | 0.0 | 0.0 | 0.2 | 2.4 |
| West Bengal | 14.0 | 59.5 | 0.1 | 0.2 | 1.4 | 24.7 |
| Tamil Nadu | 31.6 | 38.5 | 1.0 | 0.2 | 21.1 | 7.6 |
| Andhra Pradesh | 16.8 | 73.9 | 0.2 | 0.1 | 7.8 | 1.2 |
| Uttar Pradesh | 25.5 | 73.4 | 0.4 | 0.1 | 0.2 | 0.4 |
| Manipur | 96.9 | 2.0 | 0.0 | 0.0 | 0.0 | 1.1 |
| Tripura | 98.8 | 0.7 | 0.0 | 0.0 | 0.2 | 0.2 |
| Orissa | 54.8 | 27.3 | 0.0 | 0.1 | 13.1 | 4.8 |
| Karnataka | 45.4 | 15.9 | 15.0 | 3.2 | 12.2 | 8.3 |
| Nagaland | 93.4 | 2.4 | 0.0 | 0.1 | 0.1 | 5.0 |
| Mizoram | 96.8 | 2.4 | 0.0 | 0.0 | 0.0 | 0.7 |
| India | 61.1 | 27.0 | 0.5 | 0.7 | 3.9 | 6.8 |

*Source*: Patil (2012)

The highest concentration of the urban handloom workforce is in Tamil Nadu 21.65%, followed by West Bengal 19.9%, Andhra Pradesh 19%, Uttar Pradesh 16.6% and Manipur 8.2%. These five States account for a marginally higher 82.4% of the total urban workforce in the handloom industry. The skewed nature of the handloom industry is not just reflected in its location but also in terms of employment patterns (Patil, 2012).

The handloom industry is largely dominated by independent weavers, who themselves procure the raw materials and market the finished products as contrary to the flexible manufacturing system prevailing during the Mughal and early British period. Independent weavers constitute about 60% of the total employment in this sector which is indicative of the fact that there is ample scope of generating self employment in this sector. Besides, this sector has ample scope and potential for infusion of modern technology, introduction and development of different kinds of skill and entrepreneurial and managerial ability among the self employed weavers thereby transforming this activity to be more gainful and decent. The modernization of this sector would attract the youth of our nation towards this profession on a large scale with better dignity thereby adding to the output and employment in a labour surplus economy like ours.

There is variety of products made in handloom sector of our country to be demanded and consumed both in the domestic as well as global market. Main Handloom Products in India are Saris, Suits, Kutras, Shawls, Skirts, Lehangacholi, Dhotis, Sherwanis, Kurta, Pajamas, Jackets, Caps, Slippers, Bed Linens, Table Linen, Cushion Covers, Curtain, Bags and Purses, Carpets, Mats and File Covers.etc. The main handloom printing styles in India are block printing, resist printing, tie and dye printing, batik printing and spray printing (Patil, 2012).

**Table – 2: Cloth Production by Handloom Sector (Mn. Sq. Mtrs)**

| **Year** | **Cloth Production by Handloom Sector** | **Share of Handloom in the Total Cloth Production** | **Ratio of Handloom to Power loom (in terms of cloth)** | **Total Cloth Production*** |
|---|---|---|---|---|
| 2008-09 | 6677 | 15.9 | 1:5.04 | 42121 |
| 2009-10 | 6806 | 14.9 | 1:5.41 | 45819 |
| 2010-11 | 6900 | 14.6 | 1:5.59 | 47083 |
| 2011-12 | 6901 | 14.8 | 1:5.42 | 46600 |
| 2012-13 | 6952 | 14.6 | 1:5.47 | 47408 |
| 2013-14 | 7116 (P) | 15.01 | 1:5.29 | 47388 |

*Source:* Annul Report (2013-14), Ministry of Textiles, GOI

Table – 2 shows the share of cloth produced by the handloom sector in India from 2008-09 to 2013-14. It is evident from the above table that during a period of almost five years the share of cloth production by handloom sector and its ratio to power loom sector has hovered around 15-16 percent and 1:5 respectively.

**Table – 3: Export Targets and Achievements:**

| Year | Target | Achievement | | % growth |
|---|---|---|---|---|
| | | In Rs. Crores | In US $ (mn) | |
| 2009-10 | NA | 252.79 | 278 | |
| 2010-11 | 1350.00 (US $ 300 mn.) | 1574.96 | 350 | 116.59 |
| 2011-12 | 2250.00 (US $ 500 mn.) | 2623.98 | 535 | 116.62 |
| 2012-13 | 2200.00 (US $ 400 mn.) | 2811.97 | 520 | 127.82 |

*Source*: Annual Report (2013-14), Ministry of Textiles, GOI.

For the year 2013-14, Govt. of India has fixed a target of US $ 602 million for handloom exports.

## 3. Problems/Constraints faced by Handloom Sector:

The element of art and craft present in Indian handlooms makes it a potential sector for the upper segments of market both domestic as well as global despite the fact that the skills which weavers had preserved and perfected over centuries lost its sheen due to the event of de-industrialization and mass deskilling during colonial regime (Seth, 2014).

However, this sector suffers from manifold problems such as:

- Comparatively low level of technology used.
- Unorganized production system
- Low level of productivity
- Shortage of capital
- Conventional product range
- Weak and underdeveloped marketing network
- Tough competition from power loom and mill sector

## 4. Government Measures:

The Government of India, since independence, has been following a policy of promoting and encouraging the handloom sector through a number of programmes and schemes. Due to various policy initiatives and scheme interventions like cluster approach, aggressive marketing initiative and social welfare measures, the handloom sector has shown positive growth and the income level of weavers has improved. The handloom fabric production has been very impressive and growth has been at the rate of 6% to 7% in the beginning of the 11th Plan. The subsequent economic downturn has affected all the sectors in India and handloom sector was no exception. The production had declined nominally in 2008-09. Now, there is a positive sign and production has shown upward growth. In order to promote the handloom sector the government of India has initiated the following measures: During 11th plan & 2012-13, six schemes have been implemented for the growth of this sector viz.

(i) Integrated Handloom Development Scheme
(ii) Handloom Weavers Comprehensive Welfare Scheme
(iii) Marketing & Export Promotion Scheme
(iv) Mill Gate Price Scheme
(v) Diversified Handloom Development Scheme
(vi) Revival, Reform and Restructuring (RRR) Package for Handloom Sector.
(vii) The government (Ministry of textiles) has signed an MoU with on line retailer Flipkart to provide an on line marketing platform to handloom weavers to sell their products. This step would also go a long way in empowering the handloom weavers and boosting the handloom sector as a whole.
(viii) 'Handmade in India' initiative to create single brand to sell products of handloom, handicrafts and khadi to the foreign buyers. This initiative is supposed to leverage the synergy between handloom, handicrafts and khadi and village industries.
(ix) Plan to open up new markets abroad for handloom sector by opening new stores and exploring the franchisee model. The government is already in the process of pooling up various artisans to work on contemporary and export oriented designs to cater to the needs of the foreign buyers.
(x) The textile ministry is working on a proposal to include handloom sector workers under MNREGA so that they can be entitled to the higher wages.
(xi) Establishment of Handloom Export Promotion Council (HEPC).

Now, IHDS, MEPS and DHDS have been merged into Comprehensive Handloom.

Handloom Export Promotion Council (HEPC) being the nodal agency set up by Ministry of Textiles, Government of India to promote exports of all handloom products like fabrics, home furnishings, carpets and floor coverings, etc. HEPC was set up in the year of 1965 with 96 members and its present membership is around 1300 spread all over the country. The primary objective of HEPC is to provide all support and guidance to Indian handloom exporters and international buyers for trade promotion and international marketing. The major handloom clusters of exports are Karur & Madurai in Tamilnadu, Kannur in Kerala and Panipat in Haryana. While the exportable handloom products like tablemats, placemats, embroidered textile materials, curtains, floor mats, kitchenwares etc are produced in Karur, Madurai & Kannur, Panipat is famous for durries and other heavy varieties where handspun yarn are increasingly used. Besides this, other centres like Kekra, Varasani, Bhagalpur, Shantipur, Jaipur, Ahmedabad, Warrangal, Chirala, Poochampally, and Sampalpur also contribute significantly to the handloom exports. Chennai, Delhi, Mumbai and Kolkata are having large number of merchant exporters who source their products from these centres.

In the cluster approach, efforts have been made to cover 300 to 25000 handlooms through different cluster sizes for their integrated and holistic development. The yarn supply under mill gate price scheme (MGPS) has also increased. Aggressive marketing initiative through marketing events has helped weavers and their cooperative societies to understand the market trend and consumer choice, besides selling products directly to the customers. For a focused attention on the sector, the Ministry has started celebrating 'Handloom week' every year.

## 5. Concluding Remarks:

The handloom sector assumes special significance for a labour surplus economy like India because its technique of production are mainly labour intensive and it has the potential to absorb a very large size of our unemployed workforce. However, this sector suffers from myriad of problems related to technology, supply of inputs, shortage of capital and weak marketing network etc. As a result of effective government intervention through financial assistance and implementation of various developmental and welfare schemes, the handloom sector, to some extent, has been able to tide over these problems/constraints. If proper attention is paid for the development of this sector it may contribute significantly to the generation of income, output, employment and foreign exchange earnings.

## 6. References

Annnual Report (2013-14: Minstry of Textiles, Govt. of India

Emmaniel, R. (2012): "A Profile of Handloom Industry in India", *Journal of Exclusive Management Science*, Volume 1, Issue 7, pp. 1-8

National Council of Applied Economic Research (2009-10): “Handloom Census in India”, pp. 1-146.

Patil, Usha N. (2012): “Role of Handloom Industry in India”, *Shodh, Samiksha aur Mulyankan*, Vol. IV, Issue 39, pp. 1-2.

Seth, Vijay K. (2014): “Debate on De-industrialization Revisited: The Process of Decline of Traditional Flexible Manufacturing”, *Global Business Review*, 15(3), pp.