

“Financial Practices in Handloom Industry”

By
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Our handloom industry is the oldest traditional small scale industry. The history of mankind itself tell the story of its origen. It has been novel source of fulfilling the clothing requirements of both, the poor masses and the ruling elites since the time immemorial. It had been a point of pride on the horizon of our national economy for its export potentials even during those days, when the world was not aware of the trend and techniques of export trade.

It has been my endeavour to present agonies, sufferings and frustrations prevailing in handloom industry in relation to financial practices. For this purpose, it is important to note that the industry is mostly concentrated in the rural areas with the exception of a few important urban centres. Handloom weaver is a self employed artisan or a handloom labourer working for some master weavers. Our weaver belongs to a vast and diversified Community of over 2.5 Crores of people who directly depend for their bread and butter on about 50 lakh handlooms with an additional equal number of people also getting employment from allied works related to it.

Unfortunately, during the period of 1947-70, there have been brutal and Consistent stabbings of handloom industry not by alien hands but by its own brethren, which wiped out the entire potentials of this small industry. The encouragement given at Centre and State levels to the growth of unauthorised powerloom to their regularisation with the aim of bringing then into the fold of licenced category of powerloom, damaged the industry. The basic

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requirement in the context of finance is to earmark a sufficient outlay of financial support for providing solid base of infra-structure for handloom industry. The miserable condition of the industry can be easily assessed with the fact that the planned budget allocation of Central Government is around Rs. 30 Crores for the entire handloom industry. While the non-planned budget allocation amounting to around Rs. 80 crores has nothing to do with the actual assistance to the industry, as the major chunk of the fund goes for subsidies and rebates. Thus, the 30 crores plan budget allocation for 50 lakhs of handlooms comes to an average of Rs. 60 per loom per year, which is nothing but a mockery of our declarations of developmental scheme regarding this industry. The Export Committee headed by Mr. Rahmatullah Ansari of All India Handloom fabrics Marketing Co-op. Society Ltd., Bombay has estimated the actual need at a minimum provision of Rs. 250 crores to be earmarked for the annual planned development with equal amount of State participation for laying a solid base of necessary infra-structure. It comes to an investment of Rs. 1,000 against loom. Thus an equal share by centre & state should be annually yearmarked for proper development of handloom industry. Putting the total amount of development fund at Rs. 500 crores so as to ensure sustained employment of about 5 crores of people directly or indirectly engaged in the industry which is not easily possible by any other industry of the country. The main thrust of development of handloom industry should be to strengthen its infra structure in the following manner :

1. Setting up of spinning mills for Hank yarn.
2. Setting up of yarn Bank of Cotton, silk etc by National Handloom Development Corporation.
3. Creation of a wide net work of sales outlets.
4. Setting up of dye houses for cotton yarn, silk yarn and wool at all handloom producing centres.
5. Setting up of facility centres of handlooms.
6. Setting up of Institute of handloom technology in each state.
7. Setting up of Processing plants according to the local requirement.
8. Setting up of weavers colonies with common facility centres, for dyeing processing research and development wings.

In relation to financial practices, it is very interesting to analyse the rebate policy which is infact a great agony in the name of protection. It has been a sad experience that

whatever measures had been undertaken by the government for marketing support have proved to be fatal to the industry. The present rebate policy is the notable one among them. Initially, the rebate concept was introduced to remove the handloom stocks from the marketing organisations. A 5% general rebate on the cotton varieties throughout the year to neutralise the cost difference between handloom and power loom and 10% rebate for 15 days in a year for removing the accumulation of stocks, were in vogue. About 8 years back the Government showed its enthusiasm in making efforts for the development of the handloom industry and announced 20% rebate scheme first for 30 days and then extended it to 60 days, though the steps were resented by the disciplined organisation of the industry. The additional step in the form of organising National Handloom Expos was also taken by the Government of India two to three times in a year with 20% rebate. All these financial measures were meant for protecting and supporting the marketing of handloom industry. Consequently, the natural growth of the marketing trend suddenly took an artificial rise giving a serious set-back to the natural marketing growth which made the infra-structure built during the last 20 years useless in one stroke. All the showrooms were made to remain idle for the remaining days of the year because of brisk sales during the rebate period. Thus the concept of using the rebate scheme for removing the accumulation of stock took the shape of permanent marketing subsidy. The same result happened with the National Handloom Expos, which forced the private handloom dealers and merchants to leave the handloom industry and to enter the other trade.

Rebate, in deed, is a benefit to consumers and not to weavers, it is genuine and when it is misused by fraudulent means, it is a full gain to marketing organisations but still of no benefit to weavers. That is why the continuation of rebate is advocated by the lobby confined to mostly officially controlled marketing organisation for the sake of their survival. It should not be forgotten here that out of about 500 crores worth of handloom goods produced in the country hardly 5% is covered by the sales marketing organisations selling goods on rebate, while 95% of handloom are still sold in the market by hundreds of thousands handloom dealers. So far as the general production and marketing conditions are concerned the handloom weavers don't have proper and adequate financial facility for procuring raw materials for production and for marketing their produce in profitable way. Our weavers are forced to borrow money from the big handloom dealers, to fulfill their domestic requirements and sometimes they take yarn from these capitalists dealing in handloom business for manufacturing purposes.

Ultimately the weavers are put in the cruel clutches of these money masters and in return, they sell their produce to them on the dictated terms. Due to which most of the weavers have been reduced to bare wage earner working for their masters.

Keeping in view the above fact, it can be said that primary level Co-operative Society is the actual need of the time. These societies should be assigned the job to concentrate for production and works capital facilities should be made available to them at 4% concessional

rate of interest. The weavers outside the Co-operative fold should be encouraged to become the member of the society.

But the Co-operative movement in our country has not been very effectively successful due to over all deterioration in the moral values, too much Government interference, political vested interest and conflicts etc.

In the last it can be safely suggested that Government should come forward with the specific Banking scheme for protecting the interest of our poor weavers who are the real destiny makers of the handloom industry and for providing financial assistance to foster the growth of the industry in a rational way, as the scheme of Regional Rural Bank was started for ameliorating the living and lot of poor rural folk and cultivators by providing short term, midterm and long term loan facilities and other necessary amenities. Such banking organisations based on the pattern of the Regional Rural Bank should be setup at all important handloom producing Centres with the aim of bringing the weavers into the fold of the scheme.

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