



## HANDLOOM INDUSTRY IN KERALA: A STUDY OF THE MARKETING ISSUES

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### Abstract

Handloom sector is a major traditional industry in Kerala. A large number of looms were in existence in Kerala from the time immemorial and even during the early 19<sup>th</sup> century the factory system of handloom production existed here. Today this industry faces a large number of problems including those relating to marketing of products. So, in spite of its glorious past, huge potential for employment generation and contributing to the GDP, it is striving hard for survival. In this context this paper makes a study of the marketing problems of this industry and offers strategies for effective marketing of handloom products.

**Key Words:** Handloom Sector, Power Looms, Competition, Marketing Problems.

### 1. INTRODUCTION

Handloom industry plays a vital role in the Indian economy. This industry helps in the creation of ample opportunities of employment especially for the labour class. It helps in earning considerable sum of foreign exchange to the country thus strengthening the national economy. The handloom industry has developed a lot over a period of time. It is spread throughout the country. Most of the handloom units are run either as sole-proprietors or else they work under master weavers (Bansal, Gaur, 2008) [9]. In respect of Kerala state in particular, handloom industry carries a vital role in the state's economy as well as in employment generation. A very large number of looms are located even in rural areas of the state. The rhythm of handloom can be heard in almost every village in Kerala. There are men and women weavers for whom weaving is a way of life. In early days majority of handloom weavers followed the hereditary line. The main communities engaged in weaving were Saliyas and Devangas. In spite of a glorious past of this industry, it is now facing a large number of problems and the handloom units are being closed one after the other. The number of workers employed by this industry is drastically on the decline, and is less than 1.75 lakhs as of 2015 as against over 5 lakhs in 1995. The industry is dominated by the co-operative sector which accounts for 94 percent of the looms.

### 2. SIGNIFICANCE AND RELEVANCE OF THE STUDY

The handloom sector plays a vital role in India's economy. It is one of the largest economic activities providing direct employment to over 65 lakhs persons engaged in weaving and allied activities. In spite of Government intervention through financial assistance and implementation of various developmental and welfare schemes, this sector has not been able to withstand competition from the power loom and mill sectors. This sector contributes nearly 19 percent of the total cloth produced in the country and adds substantially to export earnings. Of the many problems faced by this industry marketing is a crucial one. Effective marketing is of utmost significance for the survival of this sector and so there is vital significance for this aspect.

### 3. OBJECTIVES OF THE STUDY AND METHODOLOGY

In view of the crucial significance of maintaining conducive industrial relations in the handloom sector, issues relating to human rights need to be properly addressed. Thus, this study seeks to (i) study the significance of handloom industry in Kerala; (ii) study the marketing problems associated with handloom industry in Kerala; and (iii) suggest suitable remedial strategies for the healthy growth of this sector through effective management of marketing and allied problems.

The study is descriptive-analytical and is based primarily on the secondary data, and also on primary data collected through interviews with the major stakeholders. The study is also exploratory as it is of ongoing nature and without presuming any ready-made solutions in hand for the anticipated issues and challenges.

### 4. PREVIOUS STUDIES AND RESEARCH GAP

Asha Krishnakumar (2003) [1] has pointed out the fast declining performance of Indian handloom industry particularly in the reforms era initiated in the early 1990s. The utmost need for developing market, both domestic and international, for the handloom industry in India has been highlighted in her paper. The national textile policy (2000) has proposed a major policy shift for the textile industry comprising of the handlooms, power looms and mills. The significance of the handloom sector in the Indian economy is that it is the major employer next only to agriculture and it experienced severe crisis during the last decade and half. The report of the Satyam committee is crucial to the formulation of the Textile Policy, 2000. One of its principal objectives is coping with the competition in the international market. It stated that handloom weavers need market.

It suggested the government to support the weavers by devising special schemes. The committee also recommend the scrapping of the Reservation Act and Hank Yarn Obligation which despite their ineffective implementation. These legal measures were meant to protect the interests of the handloom weavers. (K.Srinivasulu, 2010) [2]. The handloom weavers are classified on the basis of organization of production into cooperative, master-weaver and independent weaver segments. It is a well-accepted method to analyze the internal differentiation in the handloom sector and to appreciate the problems of the weavers therein. Deviating from this, the report differentiates the weavers into three tiers on the basis of the 'quality' of cloth produced. In the first tier are group of weavers producing unique, exclusive, high value added items. In the second tier producers of medium priced fabrics and made up articles from not-so-fine counts of yarn and in the third tier those producing plains and low cost textile items. The committee had not been made any attempt to estimate the proportion of weavers in each tier either in terms of production of fabric or the volume of employment. For this the committee acknowledges that there is a poor and inadequate database on handlooms and it has not deterred it from making far-reaching recommendations. One of the major assumptions of the committee is that the weavers in the third tier are not only unskilled but also ones who produce cloth that has no market demand. On this basis, the committee recommended to shift the weavers of the third tier to other tiers of handlooms, power looms and other occupations. It is requested that the Government should take steps in the above direction and provide the weavers with semi-automatic looms and requisite training. (K. Srinivasulu, 2010) [2].

Dr. Manoj P K and Rajesh S (2013) [3] have studied the quality of work life (QWL) and such other variables relating to industrial relations scenario in textile units in Kannur district of North Kerala. Suggestions for improving the QWL are made based on the findings of the study. In another study by the same authors Dr. Manoj P K and Rajesh S (2015) [4] the case of unorganized sector workers in the textile industry in northern Kerala has been studied in detail with a focus on the challenges to industrial relations. The need for putting in place more stringent legislations for ensuring the welfare of the informal (unorganized) sector employees in textile and other sectors for bringing in cordial industrial relations has been highlighted in this paper. In yet another study by the above authors Dr. Manoj P K and Rajesh S (2015) [5] the work life in respect of women employees and their job satisfaction have been studied, with reference to textile units in Malabar region (Northern part) of Kerala. Accordingly 300 workers in various units in the unorganized sector were studied. Kannur district of North Kerala. Issues relating to social security, legal protection etc. of women workers of textile units were covered in this study. Suggestions for improving the QWL are made based on the findings of the study.

In spite of a number of studies on textile sector in India including those in Kerala and also macro level studies and reports on the handloom sector, studies that focus on the problems of handloom sector in Kerala are very scarce in the recent past. Still scarce are the studies on marketing problems of this sector. Hence this study focuses on this research gap by focusing on the problems, particularly marketing problems, of the handloom industry in Kerala.

##### **5. HANDLOOM SECTOR IN KERALA – A BRIEF PROFILE**

The handloom industry is a traditional industry of Kerala. Till 1995, about 500,000 people were engaged in the sector despite facing serious problems like low productivity, inadequate working capital, weak marketing line and competition from the mill sector. But today the number has come down drastically to about 1,75,000 with more than 50 per cent of the cooperative societies closing down in the last decade. Still, this sector stands second only to the coir sector in terms of employment generation among the traditional industries in Kerala. There are 2 types of units viz. (i) Factory units, and (ii) Cottage units, in the handloom sector. Those working in factories were enjoying all kinds of benefits like Provident Fund and ESI. But 'weavers in cottage units get less than Rs 100 a day and struggle to meet both the ends, and they are leaving the cottage type to take up other suitable jobs. Not long before, handloom industry occupied a prominent place in the Indian economy and was next only to agriculture. Being one of the largest producers of handloom, Kerala was next only to Andhra Pradesh, Tamil Nadu and Uttar Pradesh with exports reaching countries including Norway, France, Britain and several European nations. Kerala handloom products having geographical indication tags are Chennamangalam sarees, Kuthampully sarees and Kannur sarees. The fabrics are coloured with lasting quality materials certified by geographical indications registry. The weavers follow the traditional methods in the early days to produce Indian clothing like Kasavu, Double dhoti, Veshti and Settumundu.

The handloom industry in the state is clustered in Thiruvananthapuram, Kannur, Kozhikode, Palakkad, Ernakulam, Thrissur, Kollam and Kasargode Districts. The Kerala Kasavusarees are praised by women all over India for their fineness of count and natural colours, texture and golden borders. Kerala is also known for the manufacture of cotton handloom fabrics in Kannur, Vadamangalam and Kozhikode and has captured an export market. Balaramapuram in Thiruvananthapuram district is the most historically important and one of the oldest handloom centers in Kerala. The weavers belonging to Chaliyas community migrated from Nagarcoil and Thirunelveli in Tamilnadu during the period of Balaramavarma, ruler of Travancore about 250 years back. Kuthampully in Thrissur District is also well known for handloom fabrics. In KuthampullyDevangas migrated



from Karnataka are engaged in weaving. It is believed that this community of traditional weavers was brought by the Kochi Royal family about 500 years back to make dress exclusively for the palace. Chennamangalam in Ernakulam District is also an important handloom centre in Kerala. Here, the weavers produce the Double dhoti and Mundu and Neriyaathu. Once a major source of employment in the industry-starved Kerala, the handloom textile sector is in doldrums because of various factors forcing weavers to shift to other jobs to earn a living.

## **6. PROBLEMS OF HANDLOOM INDUSTRY IN KERALA – AN OVERVIEW**

Today, Kerala's handloom industry faces many problems. One such chronic problem is its financial problem. Irregular payment of dues of the products supplied, lack of rebate assistance to weaving accessories and charging of high interest rates by financial institutions are some of these financial problems. Another major problem faced is lack of assistance from the government in the form of subsidies to purchase weaving accessories. The banks are not ready to pay loans to the handloom sectors. Some scheduled banks are giving loans by charging high rates of interest.

The weavers were facing a stiff challenge from the power loom sector, though people like to purchase handloom material, there was no proper encouragement to them. Power loom goods are offered at cheaper rates and handloom products are not able to compete with them as we need better manpower. The power looms, by nature of their organization for production are able to offer products at a lower price. It is possible due to the difference in technology. Power loom production requires less number of laborers and less time. Most of the people prefer power loom products due to its low price which in turn affect the demand for the handloom products.

Despite the government introducing several welfare measures, there were no short-term measures that would provide immediate relief. The societies were also overburdened having availed huge loans from the banks and the government should consider writing them off if the industry had to survive in the coming days.

There was a huge demand for handloom goods across the state and the government had also proposed to promote handloom clothes as uniform for school children. In jails, hospitals and several government offices, handloom cloth is used as common uniform. The government has come forward to incur all the expenses to hold handloom meals which the societies had to bear earlier. While there was good market for the product, the workers were not so keen to continue for want of better wages. On an average, a handloom weaver earns around Rs 100 a day which in present day's condition cannot help to meet a family's requirement even to the bare minimum.

Competition from Tamilnadu handloom sector is another problem faced by the handloom sector in Kerala. This also affects the market of the Kerala handloom products.

For the efficient use of all the resources the employment of a suitable human force is essential. The need for capable working force is ever increasing more and better trained employees are constantly needed in all enterprises. Manpower planning plays a vital role in the achievement of the common goals of the enterprise. One of the major problems relating to labour in the handloom sector is training to the labours. The basic requirement for the development of the industry is constant technical improvement. Due to lack of adequate and properly trained workers, the handloom sector is unable to pay constant attention to the technical improvement that makes the handloom cloth more durable and more attractive to the consumers.

Technical and management problem also affect the performance of handloom weavers society. Generally persons with no background of managerial knowledge are appointed to manage the affairs of the co-operative societies. Among the managerial problem the most important is the lack of efficient managing committee. Often retired officers from the industries department with no business ability are inducted into the society.

## **7. MARKETING PROBLEMS OF HANDLOOM INDUSTRY IN KERALA: FEEDBACK FROM FIELD STUDY**

In the ongoing reforms era, particularly in the post-2000 period, there has been constant decline in the performance of the handloom industry in Kerala. Kerala's performance has been generally poorer than that of India as a whole. Both production and marketing declined a lot during the period. So, the state's export earnings from handlooms have been dwindling over the years.

As already noted economic reforms have had adverse impact on the handloom industry of Kerala which in turn is dominated by the co-operative sector (about 95 per cent). This decline is reflected in the official statistics of Hantex – the apex co-operative society and Handveev – the apex promotional agency. The exact nature and extent of the problems of the sector,

particularly the marketing problems, are studied using samples from three major geographical areas viz. Thiruvananthapuram, Ernakulam, and Kannur representing respectively the southern, central and northern regions of the state. For the purpose of pilot study 20 outlets each were selected from each of these three district through random sampling method. The major findings are as follows:

- Mounting arrears from Hantex (apex co-operative society for handlooms) and Government of Kerala over the years in respect of rebates and other payments have seriously affected the functioning of primary co-operative societies. As of 2014-15 the arrears in rebates is about Rs.8 Crores and the total arrears is about Rs.14 Crores. During the period 2011-12 to 2014-15 not a single paisa has been paid to handloom co-operatives as rebates. Arrears of Rs.57 lakhs is still pending for the period 2009-10 to 2011-12. Every sale for Rs.100 is made at a loss of Rs.20 by the handloom co-operatives. The co-operatives are finding it difficult to make payments even for their workers. The payment of incentives at the rate of 10 per cent of the sales is also pending for the last two years.
- The percentage of rebate has been cut-short from the earlier 30 per cent to 20 percent. However, the rebate in respect of Khadi products is still maintained at 30 percent itself. This has resulted in unhealthy competition between handloom products and Khadi products – the main competitors of the former. The competitiveness of handloom products is thus adversely affected because of this difference in the rebate.
- Latest setback in this regard is that the number of days for which rebate is provided by the Government has been cut short from the earlier 116 days to just 56 days.
- Competition from the power loom sector is a major problem for the handloom sector. The power looms, by nature of their production architecture are able to offer products of better quality and that too at a lower price. This is possible because of the superior technology adopted in respect of power loom production. Hence, it requires lesser number of workers and lesser operating time. Naturally, superior products produced out of power looms could be sold at a lower price and are preferred by majority of customers as against the higher priced and lower quality handloom products.
- Competition from Tamil Nadu handloom sector is another problem faced by the handloom industry in Kerala. Handloom products from Tamil Nadu are available in Kerala at very reasonable prices, and these are of comparable quality too.
- Political interference is adversely affecting the smooth operation of handloom co-operatives and adds up to the inefficiency of the sector.
- It is noted that the unorganized private handloom sector (which accounts for about 5 percent of the total market) has performed much better than the majority comprising of the co-operative sector, in terms of production, productivity, and employment generation. But, the Government schemes are always in favour of the co-operative sector which is much less efficient and also politicized.
- It is noted that tourism products like Eco tourism, Ayurveda tourism etc. could be linked to the handloom sector. The demand for herbal clothes (eg. Tulasi cloth, Sandal cloth etc.) are on the rise. These products are all of high demand among the foreign tourists. Handloom sector can provide such services.

## 8. SUGGESTIONS AND CONCLUDING REMARKS

In view of the foregoing discussions, in order to improve the performance of this industry, the following steps are suggested by the authors:

1. Advanced technology should be adopted by the handloom mills in order to catch up with that of the power looms. Workers should be trained in the use of modern technology.
2. Apart from the focus on advanced technologies as noted above, thrust is required on cost effectiveness in operations by means of adoption of ICT, effective use of Governmental facilities (eg. Godowns, warehouses, supplies to Government-owned enterprises etc.).
3. Modern management techniques should be suitably adopted for better promotion of the products like, market segmentation, targeting and positioning etc.
4. Special thrust on quality of the products, especially for the exports segment. Cost and quality competitiveness is an imperative for maintaining and improving the exports.



5. Pollicisation should be discouraged or curbed to the extent possible, because it promotes inefficiency, nepotism, corruption etc. Membership in the societies be granted only to the actual and regular workers (weavers) and not to external clients or adhoc/temporary staff.
6. Effective steps to collect the huge arrears from the Government and Hantex should be initiated by the primary co-operative societies with immediate effect. This is essential for their survival and growth.
7. Excessive dependence on Hantex (apex co-operative society) should be avoided. Rather, standalone approach in respect of production and distribution should be adopted to the extent possible. This in turn obviates the problems from huge and accumulating arrears.
8. Attempts should be made to leverage the linkage of the handloom sector with tourism sector (eg. Eco tourism, ayurveda tourism etc.), herbal cloths (eg. Tulasi cloth, sandal cloth etc.) so as to augment the income from the primary business viz. handloom sales.

Given the vast potential of handloom products and the trend of constantly growing demand, especially in markets abroad, the future of Kerala's handloom sector lies in how effectively it takes advantage of the market scenario. Competitiveness of handloom products vis-à-vis khadi products or those produced using power looms is of utmost significance to survive and prosper. Naturally adoption of modern technologies and marketing practices, ensuring higher customer service, reduced dependence on Hantex or the state Government etc. are imperatives for this sector for its survival and growth, rather than simply options. Just to tide over the current difficult time and to collect the huge arrears the sector has to struggle a lot in the above direction.

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