

Contract ID: ONG-PVD/2007/133-499

**Project Title: Improved Livelihood for Cotton Farmers, Weavers and Garment Makers in South India**

**Briefing Paper**

**Background**

Handloom sector is a \$60 billion industry in India. Market demand for handloom sector has not diminished, even though handloom weavers are facing phenomenal problems, and is estimated at \$100 billion. The contribution of handloom sector to national GDP and export earnings is substantial. According to the Ministry of Textiles, export earnings have reached Rs.4,000 crores. (1 crore = 10 million)

The last authentic census by the government on handloom sector mentions an employment of 12.5 million people. India has more than 38,00,000 handlooms. There are more than 15,00,000 domestic handlooms in north-eastern States.

There are about 3,20,000 handlooms in Andhra Pradesh, on which directly 5,00,000 families and indirectly 20,00,000 families are dependent. In Nalgonda district, there are more than 15,000 families working on handlooms.

An unrecognized positive feature of handloom sector is its self-sustaining mechanism. Continuation of skills, resources and capacities was ensured through inheritance. Handloom profession was also open for all types of communities.

This is the most eco-friendly production method. There is no demand for electricity and thus there are no energy impacts. The instrument of handloom is an independent, simple and autonomous technology. This sector should be the obvious choice for policy makers interested in reduction of negative impacts on environment and ecology and concept of sustainable development.

**What ails handlooms?**

1. Low incomes for handloom weaver families
2. Asymmetry in information access
3. Raw Material access – supply and prices
4. Design improvements – patents, etc.
5. Inadequate Market development
6. Gender issues
7. Gaps in Cooperative system
8. Decreasing Budget allocations
9. Problems with Intermediaries (individuals/institutions)
10. Unfair competition from mills and power looms
11. Taxes and subsidies to competitors
12. Withdrawal of Welfare schemes
13. No improvements in technology

## **Project Basics**

1. Awareness, motivation and Collectivisation
2. Capacity building – skills, management and knowledge resources
3. Institution building for sustainability
4. Focussed growth of women
5. Policy advocacy

## **Project Progress**

- More than 50 percent of participation in project processes – meetings, trainings, institutional management – is constituted by women
- Collectivisation of weavers into 44 Handloom Production Groups (about 400 families) with 800 membership (men and women)
- Establishment and consolidation of institutions – HPGs, Mutually aided cooperatives, marketing company
- More than Rs.3.2 million turnover in production and marketing
- More than 600 individuals trained in different aspects
- Higher awareness on markets and market trends
- Attitudinal change towards market-oriented production
- Decreased dependence on market intermediaries for finance
- Increased incomes for 40 families, through participation in production
- HS classification for handloom products

## **Project Vision**

- Increased incomes for all project participants (nee, handloom weaver families)
- Independent management of project-created institutions
- Independent production management processes – raw material procurement, market-oriented production, financial management, etc.
- Acknowledgement and appropriate position for women in all stages
- Positive government policies

## **Threats**

1. Fiscal, trade and textile policies (esp. National Fibre Policy)
2. Rising costs of living
3. Detrimental changes

## **Requirements**

1. Working capital support of Rs.30 million
2. Continuous capacity building
3. Positive government policies (esp. rational National Fibre Policy)