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Welfare scheme of handloom weavers in India: an analysis

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Abstract

The handloom sector has a unique place in the Indian economy and plays a vital role in terms of providing employment, cloth production and value addition while at the same time preserves India's rich cultural heritage. The sector provides direct and indirect employment to more than 43 lakh weavers and allied workers, mostly from the SC/ST, backward and minority community. During 11th plan period the MGBBY scheme will cover 26.19 lakh weavers during the period 2012-13 to 2016-17 including maximum renewal cases each year. In the HIS scheme present, 1749452 weavers have been enrolled for the period 1.04.2013 to 31.03.2014. Total Rs. 741 crore has been released to NABARD under the RRR package. Under the M& EPS during the year 2013-14, 376 domestic marketing events have been sanctioned for organization by implementing agencies. The Govt. of India was spent for the development of handloom sector amount Rs. 324.44 crore for the welfare schemes of handloom weavers in all India during the year 2008-09. This expenditure has increased to Rs.740.72 crore in 2012-13, after it was declined accounting Rs.577.25 crore in 2013-14.

Keywords: Welfare Schemes, Handloom sector, India

1. Introduction

The handloom sector has a unique place in the Indian economy and plays a vital role in terms of providing employment, cloth production and value addition while at the same time preserves India's rich cultural heritage. The sector provides direct and indirect employment to more than 43 lakh weavers and allied workers, mostly from the SC/ST, backward and minority community. The sector has been sustained by transferring of skills from one generation to another. The sector accounts for approximately 15% of textile production and makes a significant contribution in export earnings. Because of the uniqueness and exclusivity of designs, capability to produce small batch sizes and being eco-friendly fabric, handloom products are in high demand in the international market besides the domestic market and discerning retailers look for reliable source for constant supply of authentic handloom products on regular basis. However, handloom weavers, being unorganised, face problems in supplying their products of large orders in absence of systemised production wherein they may cater to the stringent quality and timely delivery. Therefore, there is a need to bridge the gap through infrastructure development, skill up-gradation, design and product development as per the market demand so that weavers get better remuneration for their products and an assured market. Through sustained efforts of the Ministry of Textiles, there has been significant development of handloom sector which is now able to sustain the competition with machine made fabrics.

The Government of India has been following a policy of promoting and encouraging the handloom sector through a number of policies and programmes. Most of the schematic interventions of the Government of India in the Ninth, Tenth Plan and Eleven Plan period have been through the State Agencies and Cooperatives in the Handloom Sector. However, in the face of growing competitiveness in the textile industry both in the national and international markets and the free trade opportunities emerging in the post MFA environment, a growing need has been felt for adopting a focused yet flexible and holistic approach in the sector to facilitate handloom weavers to meet the challenges of a globalize environment. A need has also been felt to empower weavers to chart out a sustainable path for growth and diversification in line with the emerging market trends.

An All India Handloom Board was set up in 1952. The main functions of the Board were to advise on the problems of handloom industry and to examine schemes for the improvement of the industry. Based on the suggestions of the Board and several other committees, the

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Government from time to time implemented several policies and programmes for the rejuvenation of the industry. The powerloom and handloom sectors are jointly considered under the heading “*decentralized sector*”. Over the years, the Government has granted many concessions and incentives to the decentralized sector with the result that the share of this sector in total production has increased considerably. The share of the decentralized sector correspondingly rose from 24 per cent in 1950-51 to 95.2 per cent in 2010-11. Of the total output of 62,542 million 57 square meters in respect of fabrics in 2010-11, the share of the mill sector was only 2,205 million square meters; the rest 60,337 million square meters is being contributed by the decentralized sector.

During 11th plan & 2012-13, the Office of the Development Commissioner for Handlooms has been implementing six schemes which are

- Integrated Handloom Development Scheme (IHDS)
- Handloom Weavers Comprehensive Welfare Scheme;
- Marketing & Export Promotion Scheme (MEPS)
- Mill Gate Price Scheme;
- Diversified Handloom Development Scheme (DHDS), and
- Revival, Reform and Restructuring (RRR) Package for Handloom Sector.

Now, IHDS, MEPS and DHDS have been merged into Comprehensive Handloom Development Scheme (CHDS). Further, RRR package & CHDS have been merged into a single centrally sponsored scheme viz. National Handloom Development Programme (NHDP). Mill Gate Price scheme has also been renamed as Yarn Supply Scheme.

Scheme-wise Funds Allocated and Released for Development of Handloom Sector in India.

Integrated Handlooms Development Scheme (IHDS) was introduced in 2007-08 for its implementation in 11th Plan as a centrally sponsored plan scheme for the development of handloom sector and welfare of handloom weavers. The scheme aims to focus on formation of weavers group as a visible entity, develop the handlooms weavers groups to become self-sustainable, inclusive approach to cover weavers both within and outside the cooperative fold, skill up-gradation of handlooms weavers/workers to produce diversified products with improved quality to meet the market requirements, provide suitable workplace to weavers to enable them to produce quality products with improved productivity etc. In the year 2008-09, the Govt. was allocated and released Rs.108.98 crore, this amount has increased during 2012-13. The Govt. has allocated Rs.156 crore, but released only Rs.138.96 crore. In 2013-14, this scheme was merged with Comprehensive Handlooms Development Scheme (CHDS).

Marketing & Export Promotion Scheme (M&EPS) was introduced 2007-08. The erstwhile Marketing & Export Promotion Scheme has been merged into CHDS and Handloom Marketing Assistance, as one of the components of Comprehensive Handloom Development Scheme has been introduced during the 12th Plan. The main objectives of the handloom marketing assistance are to provide marketing platform to the weavers and handloom organisations to sell their products directly to the consumers. During the year 2012-13, 438 domestic marketing events had been sanctioned

to State Governments and other implementing agencies. During the year 2013-14, 376 domestic marketing events have been sanctioned for organization by implementing agencies. In the year 2008-09, the Govt. was allocated Rs.46 crore, and released Rs. 45 crore, this amount has declined during 2012-13, the Govt. has allocated Rs.45 crore, but released only Rs.41.37 crore.

During 2013-14, budget provision under “Comprehensive Handlooms Development Scheme (CHDS)” was Rs.117.00 crore, out of which Rs.62.00 crore had been earmarked for clusters, group approach projects and marketing incentive, which was revisited to Rs.81.35 crore (Rs.56.36 crore General States and Rs.24.99 crore for NER). Out of Rs.81.35 crore, a sum of Rs.62.87 crore was sanctioned as committed liabilities of the projects sanctioned in 11th plan, consolidation of existing clusters and new clusters. Under marketing incentive component, a sum of Rs.34.61 crore was sanctioned to various State Governments/UTs.

Since 2005-06 and 2006-07 the Government of India was implementing two separate schemes namely the ‘*Health Insurance Scheme*’ for providing health care facilities to the handloom weavers in the country and the ‘*Mahatma Gandhi Bunkar Bima Yojana*’ for providing life insurance cover to handloom weavers in case of natural/accidental death, total/partial disability due to accident. During the 11th plan, both schemes have been amalgamated into one scheme namely *Handloom Weavers’ Comprehensive Welfare Scheme*. In the year 2008-09, the Govt. was allocated for this scheme Rs.125.17 crore, and released Rs. 124.87 crore, last seven years this amount has declining trend during 2013-14, the Govt. has allocated Rs.95 crore, but released only Rs.66 crore. In 2014-15, the Govt. has allocated Rs. 85 crore only.

Health Insurance Scheme (HIS) is implemented through ICICI Lombard General Insurance Company Ltd. The HIS covers not only the weaver but his wife and two children also. The ancillary handlooms workers like those engaged in warping, winding, dyeing, printing, finishing, sizing, Jhala making, jacquard cutting etc. are also eligible to be covered under the scheme. The scheme covers all pre-existing diseases as well as new diseases and a substantial provision has been kept for outdoor patients (OPD). The annual limit per family is Rs.15, 000/- out of which OPD cover will be Rs.7500/-. In this scheme present, 1749452 weavers (1223239 General and 526213 NER) have been enrolled for the period 1.04.2013 to 31.03.2014.

The basic objective of the **Mahatma Gandhi Bunkar Bima Yojana (MGBBY)** is to provide enhanced insurance cover to the handloom weavers in the case of natural as well as accidental death and in cases of total or partial disability. The scheme will be administered by the LIC of India. The authority in-charge of Handlooms in the State shall finalise insurance coverage of the weavers with the Life Insurance Corporation of India. During 2013-14, 574818 weavers (471026 General & 103792 in NER) have been covered under MGBBY. During the 11th Plan the Mahatma Gandhi Bunkar Yojana will continue to be implemented with the same benefits as were given in 11th plan period. The scheme will cover 26.19 lakh weavers during the period 2012-13 to 2016-17 including maximum renewal cases each year.

Table-2: An analysis of Scheme-wise Funds allocated and released for Development of Handloom Sector in India (2008-2009 to 2014-2015 as on 07.07.2014) (Rs. in Crore)

Schemes	Allocated Funds						
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15**
IHDS	108.98	125	172.05	236.5	156	Merged with CHDS	-
M & EPS	46	50	61	55	45	Merged with CHDS	-
HWCWS: HIS & MGBBY	125.17	120	170	141.05	150	95	85
MGPS	29.59	30.6	65	55.6	133	100	130
DHDS	16.24	15.78	20	24.1	25	-	-
RRR Package	-	-	-	200	600	271	Merged with NHDP
CHDS	-	-	-	-	-	142	Merged with NHDP
NHDP	-	-	-	-	-	-	292
CHCDS- Handloom Mega Cluster	-	-	-	30	30	30	30
Total	325.98	341.38	488.05	742.25	1139	638	537
Schemes	Released Funds						
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15**
IHDS	108.98	115.57	168	219.49	138.96	Merged with CHDS	-
M & EPS	45	49.6	58.59	53.59	41.37	Merged with CHDS	-
HWCWS: HIS & MGBBY	124.87	119.8	116.14	68.22	127.03	66	8.58
MGPS	29.59	30.6	65	54.27	122.91	96.86	21.7
DHDS	16	13.72	17.78	13.34	17.08	-	-
RRR Package	-	-	-	200	291.03	269.79	Merged with NHDP
CHDS	-	-	-	-	-	117.35	Merged with NHDP
NHDP	-	-	-	-	-	-	12.22
CHCDS- Handloom Mega Cluster	-	-	-	15.38	2.34	27.25	7.11
Total	324.44	329.29	425.51	624.29	740.72	577.25	49.61

** : As on 07.07.2014.

Source: Lok Sabha Starred Question No. 285, dated on 14.03.2012, Rajya Sabha Unstarred Question No. 1983, dated on 29.08.2012, Lok Sabha Unstarred Question No. 3938, dated on 18.2.2014, Lok Sabha Unstarred Question No. 1187, dated on 17.07.2014.

The Mill Gate Price Scheme (MGPS) was introduced during 1992-93 with the objective of providing all types of yarn to the eligible handloom weavers at Mill Gate Price. National Handloom Development Corporation (NHDC), a Government of India undertaking, is the implementing agency of the scheme. Under the scheme, the Government of India reimburses the transportation expenses involved in the supply of yarn. There is also a provision for supply of yarn through yarn depots. 788 yarn depots are functioning throughout the country at present. In the year 2008-09, the Govt. was allocated and released Rs.29.59 crore, this amount was increased highly in 2012-13, allocated Rs. 133 crore and released only Rs.122.91 crore and next two years amount has declined during 2013-14, the Govt. has allocated Rs.100 crore, but released Rs.96.86 crore. In 2014-15, the Govt. has allocated Rs. 130 crore.

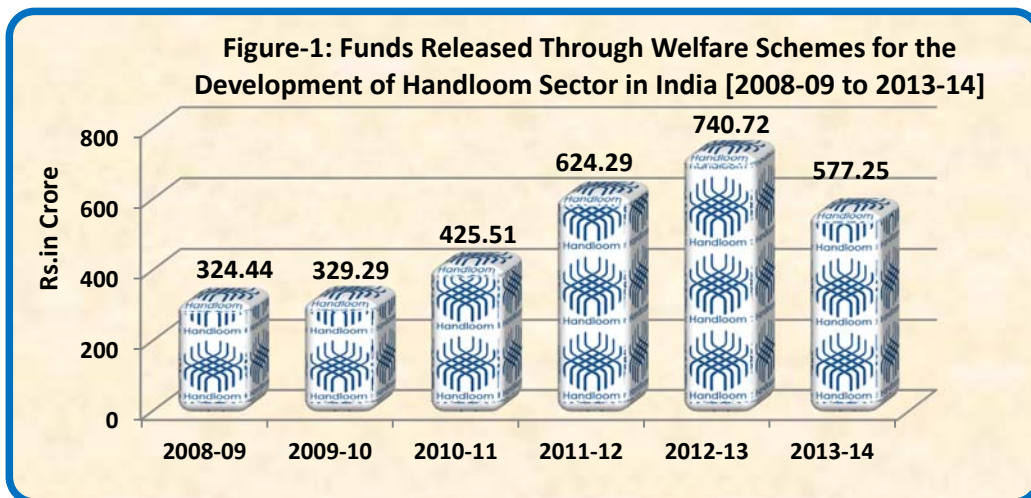
The Central Sector **Diversified Handloom Development Scheme (DHDS)** which was one of the Scheme in operation during 11th Plan, aimed at providing technical and institutional

support to the handloom sector for skill up-gradation, capacity building and dissemination of technological interventions to the handloom weavers. Main component of the scheme were 'Strengthening of Weavers Service Centres (WSCs)/Indian Institutes of Handloom Technology (IIHTs), setting up of new WSCs/IIHTs, National Centre for Textile Design (NCTD), Research & Development (R&D) and conducting Handloom Census etc.'. Against the approved outlay of Rs.20.00 crore, a sum of Rs.17.08 crore has been incurred under the DHDS during 2012-13. During 2013-14, an amount of Rs. 11.84 crore has been incurred against the approved outlay Rs.15.00 crore.

Revival, Reform & Restructuring (RRR) package for the handloom sector, RRR package covers waiver of overdue loan (100% principal and 25% of interest) as on 31/3/2010 and recapitalization assistance to eligible apex and primary weaver's cooperative societies & individual weavers and also provides fresh loan at 6% interest rate along with credit guarantee for 3 years. The scheme has been implemented upto 28.02.2014. Acknowledging the financial distress faced by handloom weaver and cooperatives due to their inability to repay debts, the Finance Minister had announced the financial package of Rs.3000 crore for the handloom sector on 28.2.2011. To give effect to the announcement, the scheme named 'Revival, Reform and Restructuring Package for Handloom Sector' was approved by the Government on 24.11.2011 to be implemented by 31st December, 2012

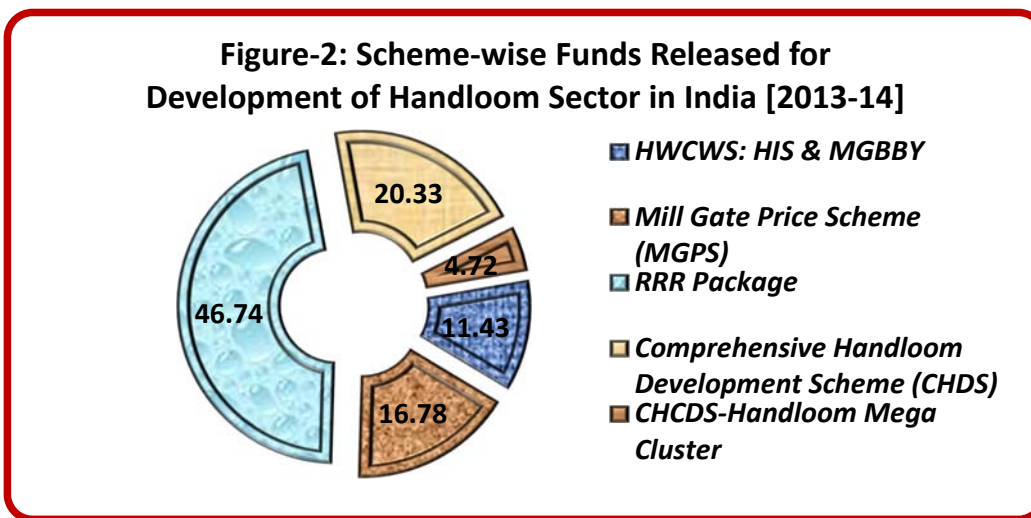
through NABARD. Altogether 44 Apex and 15926 primary weavers Cooperative (PWC) societies, which were functional, were considered under the package. In 2011-12, an amount of Rs.200 crore, and this increased Rs. 291.03 crore released to NABARD during 2012-13 & Rs.269.69 crore during 2013-14 respectively for implementing RRR package. Total Rs 761 crore has been released to NABARD under the RRR package. During 2012-13, Govt. was allocated for this scheme Rs.600 crore but released funds only Rs.291.03 crore. In 2014-15, this RRR Package scheme was merged in National Handloom Development Programme (NHDP). In 2014-15, the scheme of NHDP was allocated Rs.292 crore.

The Govt. of India was spent amount for the development of handloom sector Rs.324.44 crore for the welfare schemes of handloom weavers in all India during the year 2008-09. This expenditure has increased to Rs.740.72 crore in 2012-13, after it was declined accounting Rs.577.25 crore in 2013-14. Figure-1 clearly shows the Govt. of India funds released to welfare schemes for the development of handloom sector in India during 2008-09 to 2013-14. As on 07.07.14, the Govt. of India funds allocated for the development of handloom sector Rs.537 crores.



From the figure-2, clearly noted that in the year 2013-14, RRR package scheme occupied high share/amount noted Rs. 269.79 crore in terms of share recorded 46.74 per cent,

followed by Comprehensive Handloom Development Scheme (CHDS), Rs.117.35, in share noted 20.33 per cent, Mill Gate Price Scheme



Conclusions

The Government of India has been following a policy of promoting and encouraging the handloom sector through a number of policies and programmes. Most of the schematic interventions of the Government of India in the Ninth, Tenth Plan and Eleven Plan period have been through the State Agencies and Cooperatives in the Handloom Sector. The Govt. of India was spent amount for the development of handloom sector Rs.324.44 crore for the welfare schemes of handloom weavers in all India during the year 2008-09. This

expenditure has increased to Rs.740.72 crore in 2012-13, after it was declined accounting Rs.577.25 crore in 2013-14. RRR package scheme occupied high share/amount noted Rs. 269.79 crore, in terms of share recorded 46.74 per cent, followed by Comprehensive Handloom Development Scheme (CHDS), Rs.117.35, and in share noted 20.33 per cent, Mill Gate Price Scheme.

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