



United Nations
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Promoting livelihoods for poor communities

Linking weaver's cooperatives with global markets: a case study of the Handloom Export Zone in Nagercoil, India.

Most handloom weavers in Nagercoil (Tamil Nadu, India) produce low-quality materials for the local market, and receive low wages. At the same time, exporters face supply constraints to serve the demand of Indian handloom products from US and European markets. This project introduced some simple technical improvements, trained 250 weavers and established links between the cooperatives and the exporters, increasing earnings for the weavers and ensuring the supply for the exporters. The project was fully funded by the donor, but given the returns for both producers and exporters, a commercial replication could be viable.

This case study was documented by Ms. Santha K. Erinjiyal, consultant for ESCAP under the project "Building community resilience to disasters through partnerships".

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SECTION 1: BACKGROUND

1.1. Introduction

The project **Handloom Export Zone** at Nagercoil was initiated by Handloom Export Promotion council, the Government of India and the Ministry of Handlooms and Textiles, Government of Tamil Nadu for developing handloom exports and increasing the income of handloom weavers. This project was supported by Asian Development Bank-TEAP programme. The project was sanctioned in March 2007 and the implementation began in June 2007 with **6 weavers' Cooperative Societies and 250 weavers**: 130 weavers from one Primary Society (home based weavers) and 120 weavers from 5 Industrial Cooperative Societies. This was a one year pilot project and was completed in March 2008. The project was implemented in Nagercoil, Kanyakumari district of Tamil Nadu.

The Main Objectives of the project were:

To improve/restore/rehabilitate the traditional livelihood of the weavers by providing additional assistance towards:

- ⇒ To upgrade clusters of skilled weavers to prepare them for exporting.
- ⇒ To significantly increase the productivity of the weavers from current levels
- ⇒ To diversify manufacture of product range
- ⇒ To up grade the looms to suit the export market as against the present condition restricting production to limited products
- ⇒ To provide direct access to exporters
- ⇒ To reap the benefit of net working with exporters as against their current style of working in isolation and losing out opportunities to expand the scope of having year round employment and increase their earnings
- ⇒ Enable the weavers to lead a better quality life

The major activities undertaken were:

- [1] Loom up gradation
- [2] Skill up gradation; and
- [3] Infrastructure development.

The cost of the project: Rs.4,506,341/¹ (US\$ 112,659)²

¹ The project amount released was 6,000,000/ (US\$ 150000). The cost of the project: Rs.4506341. Left over money was used for the renovation of common facility centers (CFCs) proposed for the second phase

² Exchange rate is Rs.40 = US\$ 1

1.2 Socioeconomic environment

Kanyakumari

Kanyakumari is the southern most among the districts of Tamil Nadu. The District has 62 km of coast on the western side (Arabian Sea coast) and 6 km of coast on the eastern side (Gulf of Mannar/Bay of Bengal coast).

Population- 1,676,034

Urban- 272,544

Rural- 1,403,490

Number of families below poverty line (BLP): 39,574³

There are 9,416 handloom weaver families in the district.

Nagercoil

Nagercoil is the administrative headquarters of Kanyakumari district with a population of 208,149. Nagercoil literacy rate higher than the national average of 59.5%; male literacy is 87%, and female literacy is 83%.

Main crops – Paddy, rubber, cardamom

Small scales industries: coir-making, floral trade, handloom-weaving, rubber products, fish-net manufacturing (exported on a large scale), food-processing units, lace-making (export-oriented), etc.

Language – Tamil & Malayalam

Nagercoil was a known handloom centre for traditional items like dhotis, sarees and towels. These products are mainly marketed in Tamil Nadu, Kerala and the neighbouring domestic markets. Traditionally, weaving was done by men and the pre loom activities were looked after by women. In 1970's, there were around one lakh (100,000) weavers in Nagercoil. During the 1970's the power looms overtook the handloom market with their larger production and low priced products, leading to a crisis in the sector. The weavers began to shift to other jobs such as construction or agricultural labour. A large number of them migrated to other places looking for better options.

At present, there are around 6,700 weavers and 1,200 pre-loom workers in and around Nagercoil and more than 80% of them are women. These weavers are organized into Cooperative Societies under the Cooperative Society Act as Primary Society and Industrial Societies. The Primary Societies – members engage in home based weaving- are the oldest

³ Source: Annual Employment report of Kanyakumari District in the State of Tamil Nadu for the year 2006-07, Government of Tamil Nadu

ones, beginning in the early 1950s. The Industrial Societies came into existence in the 1980s.

There are many schemes implemented by the government for the welfare of the weavers and to save the handloom industry from a natural death. The important schemes are given below:

1. Handloom Weavers Savings and security schemes
2. Mahatma Gandhi bunker Bima yojana Scheme
3. Shiksha Sahayog Yojna (for the children of weaver)
4. Old Age Pension Scheme
5. Cooperative Handloom weavers Family pension Scheme
6. Health Insurance scheme
7. Free Power Supply to the Handloom/ Power loom Weavers
8. Work shed scheme
9. Integrated handloom training Project
10. Special Project Under SGSY

State Government schemes:

1. Rebate subsidy scheme (See Section 4)

Despite the number of welfare schemes by the Government, the handloom textile industry is in crisis. The domestic market, on which the handloom industry was mainly thriving on, was falling apart due to the power loom textiles and also changes in the dress patterns. Unfortunately, the weavers do not have many opportunities to up-date their skills according to the market requirements. This resulted in unemployment and under employment.

The wages also were low in the industry. A normal day of a weaver begins at 7.30 AM and end at 6 PM and the wage per day was anything between Rs. 50 to 60 (US\$-1.25 to 1.5) for the dhoti weaving and Rs. 60 to 70 (US\$ 1.5 to 1.75) for the terry towel weaving. It is a strenuous job with low remuneration. The pre loom activities provide even lower wages.

1.3 Key partners

Weavers' Cooperative Society: there are 6 weavers' Cooperative Societies- 1 Primary Society and 5 industrial societies- and 250 members were partners of this project. Out of this 86% were women. The Primary Society has larger membership: 832 members. Membership in the Industrial Societies varies from 25 to 150. HEPC along with the Cooperatives identified the beneficiaries of the project, assessed the requirements of skill and loom up gradation and ensured the smooth implementation of the project. The Cooperative Societies are run by the Managers (employee of the Society) and a government officer (Special Officer) from Directorate of handloom and Textile. There is no Board of Directors since there was no election took place in the Cooperatives for many years.

Handloom Export Promotion Council: The HEPC is the Nodal Agency under the Ministry of Textiles, Government of India. The department was established in 1965 with the purpose of promoting export of hand woven textiles from India. They have 2000 registered exporters with them from all over India. The HEPC is engaged in organisation & participation in International trade fair, liaison between the trade and the government for policy matters and dissemination of trade related information. In this project, HEPC was the main facilitator and their role extended to: identification of the potential exporters and establishment of linkages between partners, liaison with the weavers cooperative to ensure the smooth implementation of the project, organizing skill up gradation training, loom up gradation, infrastructure development, and liaison with various stakeholders in the project.

Exporters: The lead exporters are from Madurai and Tirupur, mostly exporting home textile products. The main markets are Europe and USA (for leading store chains like Wal-mart, Bennys etc). They have registered with the HEPC. In this project, they took active participation by providing details of export market requirements and they also took part in the skill up gradation training programme. However, they do not procure the products from the Cooperatives directly: they engaged a deemed exporter from Nagercoil, who is also a registered member of HEPC, as the link between themselves and the cooperative Societies. This deemed exporter, Mr. Ragunathan, is originally a master weaver. His role is to provide raw material (yarn) to the cooperatives and collect the finished products to be sent to the exporters in Madurai and Tirupur. The design, colours, quantity and quality of the product is decided by the exporters according to the export market requirements.

Directorate of Handloom & Textiles- this department functions under the Ministry of Handlooms and Textiles, Government of Tamil Nadu. Nagercoil has an AD office, headed by Assistant Director for the welfare of the weavers. They implement the welfare schemes for the weavers. The entire Weavers' Cooperatives in the district come under the AD office. There are three officers – Handloom Officer Savings & Security System, Handloom Officer Personnel & Administration and Handloom Officer Liquidation and Law work under the Assistant Director to deal with the Cooperatives and individual weavers. Their main role in this project was coordination of the execution of the work (act as a spot coordination agency).

Rural Development and Panchayat Raj Department in Tamil Nadu: Scrutiny and approval of the proposal, issuing instructions to District Industrial Units (DIUs) and District Rural Development Agency (DRDA) and monitoring of work progress

District Administration Nagercoil: To facilitate infrastructure such as power connection, water supply and drainage to the project units, supporting the HEPC and industry representatives in the implementation of the project and logistics support and cooperation

Asian Development Bank (ADB) - Tsunami Emergency Assistance Project (TEAP) - ADB had assisted the Governments of Tamil Nadu and Kerala to help restoration of livelihoods of Tsunami-affected people in these states through Tsunami Emergency Assistance Project (TEAP). The total assistance for Livelihood Restoration in Tamil Nadu is US\$49.9 million: this project was fully funded under this facility. ADB established an

Extended Mission in Tamil Nadu (EMTK) to assist the State, NGOs, CBOs, etc. to implement sustainable interventions under the livelihood restoration component. EMTK played a crucial role in resolving general and project specific financial and disbursement problems and speeding up project implementation. Further, it also played a key role aligning various stakeholders to partner with Government to ensure continuity and ownership of the various activities implemented.

1.4 Needs addressed

A baseline survey was conducted by the HEPC among the 250 beneficiaries of this project during the project implementation, showing their economic condition. Some indicators such as daily earnings, the number of days work available, marketing of products and status of skill up gradation trainings are given below:

Table-1

Earning per day	No. of weavers	%
Rs.50/-	108	43.2
Rs.60/-	95	38
Rs.70/-	34	13.6
Rs.80 – 90/-	13	5.2

Source: baseline survey- HEPC

This table shows the financial background of the weavers- majority (43%) of them earned only Rs. 50 per day and that too were irregular. During the rainy seasons, they were unable to undertake weaving. Another 38% have got Rs. 60 per day. While 14 percent earned Rs. 70 per day, 5.2% earned Rs. 80 to 90. The income of a weaver depends on how many hours she puts in the loom as well as the energy level of the weaver. Normal working hours are 7.30 AM to 6 PM. We do not have disaggregated data to categorize the type of weavers – [1] Dalit weavers, [2] weavers who own looms and: [3] weavers who work in the industrial loom--in terms of their earnings. However, interviews with beneficiaries show that the home based (primary society) weavers earned more than industrial weavers which may be due to longer hours of work they put up and also the help rendered by other family members.

Table- 2

Working days/year	Respondents	%
31-60	6	2.4
61-90	52	20.8
91-120	89	35.6
121-150	81	32.4

Source: baseline survey- HEPC

The table shows that about 2.4% of weavers are employed only for 31 to 60 days a year, 20.8% of weavers are unemployed for 61 to 90 days. While 35.6% of weavers get 121 to 150days of employment a year, only 8.8% weavers get regular employment. During the

lean period they work as agricultural laborers, construction workers or other odd jobs. Most weavers are women.

Majority of the weaving products (80%) is for domestic markets and only about 20% was exported before the implementation of the project. The weavers lack training in market oriented products. The survey found that 96% of weavers did not get any formal training.

In brief: No regular employment -- Low wages -- Old type looms-- No trainings-- Lack of motivation – shifting to other jobs -- migration

SECTION 2: PRACTICE DEVELOPMENT AND OPERATIONS

2.1 Initiation, Planning and Design

This project was initiated by HEPC in order to bridge the gap between the weavers and the exporters. The project started as a result of a proposal from the exporters, who demanded specific products (terry products-handloom) in large scale for the export markets in European and US. Centralized and timely procurement and quality control were major problems faced by the exporters. At the same time, due to unemployment, under employment and low wages, the weavers were shifting to other jobs and migrating. In this context, HEPC took the initiative to link both of them. Rather than another welfare scheme for the weavers, this was an export oriented programme to increase the income of the weavers.

HEPC arranged a joint meeting of Directorate of Handlooms and few leading exporters (M/s. Selevarajtex, Madurai, M/s. JVS Export, Madurai, M/s Trident Exports, Chennai and M/s Ambal Trading company, Tirupur) to discuss the requirements of the exporters and identify the weaving clusters which can fulfil them. Five clusters were identified on the basis of the status of the looms, varieties produced and willingness of weavers to produce export varieties. Nagercoil was selected as the area for pilot project, among other reasons because TEAP assistance was restricted only to tsunami affected areas/districts and Nagercoil was one of the affected areas. This was followed by a visit of exporters and representatives of the concerned departments to Nagercoil and their interaction with the weavers to work out a strategy for the effective implementation of the project.

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