

# A Study on Contribution of Handloom and Cotton Industry in Indian Economy

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## ABSTRACT

The wave of globalization and liberalization appeared in the India in 1991. With the concept of liberalization, privatization and globalization a new chapter has been opened up in the Indian economy and her billion plus population. The Hugli district and Nadia District in West Bengal are one of the most renowned names in the handloom and cotton industry of West Bengal and a good percentage of people are engaged in this heritage industry. The paper also suggests some strategies to make this ever challenging industry globally competitive, such as, the identification of modern trends, promotion of exports, market assessment so that this heritage industry can cope with the modern trends and utilise the benefits of globalization.

**KEYWORDS:** Globalization, Handloom and Cotton industry, Social and Economic Condition, Product Diversification and Co-operative Sector.

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## INTRODUCTION

Handloom and Cotton Industry is the epitome of rich culture and heritage of India. It is the only industry which has preserved and maintained the ancient craft even today. It is an extraordinary industry and stands out from other industries in multitude of ways. Its presence is imperative as it caters to, the livelihood of poor and down trodden, to the large share in Indian exports and the fact that it is a pioneer of Golden India. Handloom industry is unique in its own ways. It does not require any form of energy such as electrical, solar, coal or biomass. It works purely on mechanical energy of the skilled human hands.

## Literature Review

**SAHAI (1956)** in his study 'Handloom, Weaving Industry in North India', reported that the major problem of the handloom industry is the tough competition with the power loom and organized mill sector. He felt the need to adopt modern techniques of production by the handloom weavers. He also emphasized on the need for product diversification according to market demand. Government's intervention should be required.

**DAS & NAGEN (1986)** in his study 'Development of Handloom Industry' depicted the heritage, the skill and the historical background of the handloom industry of Assam. He mainly analysed the contribution of the handloom sector on the economic prosperity of the state.

**DIAGNOSTIC STUDY OF BURDWAN HANDLOOM CLUSTER OF WEST BENGAL UNDER I.H.C.D. SCHEME** is a report by the **National Handloom Development Corporation Ltd. (2010)**.

This report depicted the significance of the place of the Burdwan cluster in the Bengal handloom industry. The main problem of this cluster is the regular unavailability of raw materials. AVITHRI & SUJATHAMMA (2013) in their study 'Pros and Cons of Globalisation on Indian Sericulture Industry' analyzed various aspects and the authors concluded that the negative impact of globalization is overruled in sericulture. KATTA (1997), MITRA ET AL. (2009), DUTTA (2013), KAUSHIK & JAIN (2015), ANUMALA & ACHARYULU (2015), SARKAR (2016), SULTANA & NISA (2016), SAWHANEY (2016) and many other authors analysed various problems related to the handloom industry in their studies.

### Objectives of the Study

- To examine the recent trends in the handloom and cotton industry in India.
- To analyse the strategies of the governments to cope with the trends of globalization.
- To investigate the problems and to formulate strategies for the future development of the industry.

### Research Methodology

The study is mainly based on secondary data. The relevant data and information has been collected from website of Government of India, academic journals and books. The data is organised, classified, tabulated, analysed by representing table, chart and diagram.

### Collection of Data

The following data have been collected from national and international journals, websites, ministry of commerce & industry, handloom export promotion councils (HEPC), the cotton export councils and different reputed books.

### Data Analysis

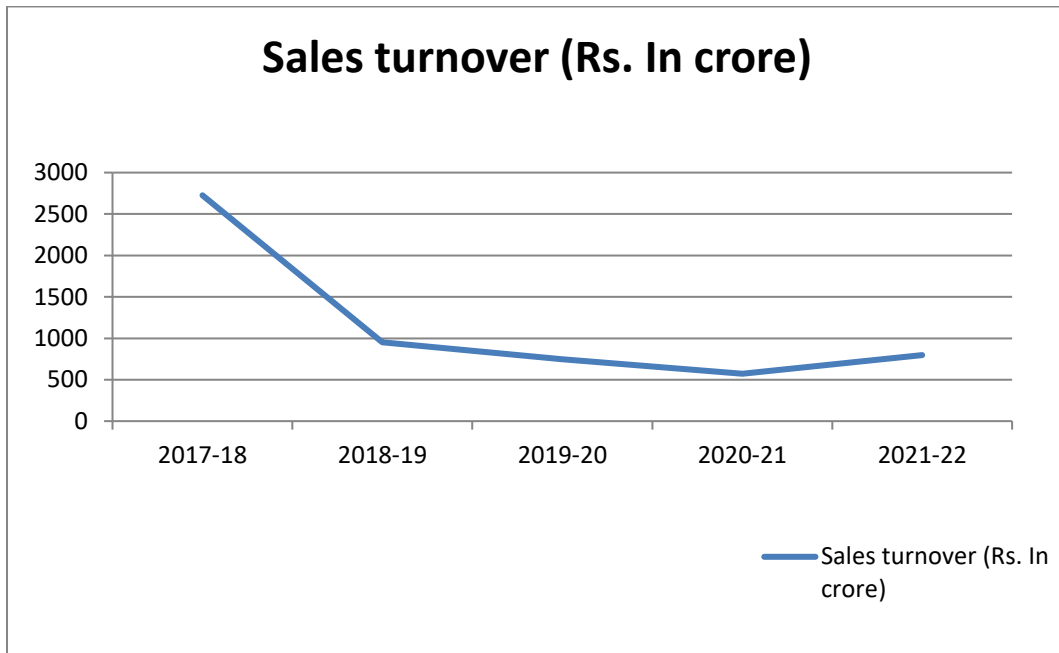
This paper explores that contribution of handloom and cotton industry in Indian Economy during the last five years from 2017-18 to 2021-22. Sales turnover, export revenue and export share of cotton and handloom industry has been discussed below.

**Table 1 Sales Turnover of Hand loom industry**

Year	Sales turnover (Rs. In crore)
2017-18	2726.15
2018-19	950.94
2019-20	748.67
2020-21	572.04
2021-22	798.56

Source: Handloom Export Promotion Council (HEPC)

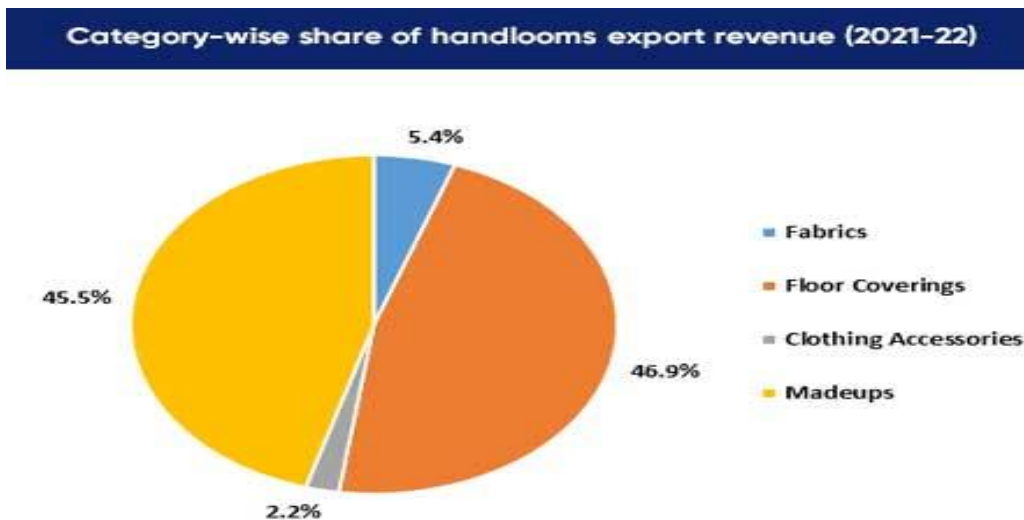
Chart -1



Source: self-generated

In table no.1 represents the data of sales turnover of handloom industry during the last five years from 2017-18 to 2021-22. In 2017-18 the sales turnover was maximum where in 2018-19, it is minimum. From 2021-22, it is increasing that shows in line chart no.-1

Chart-2

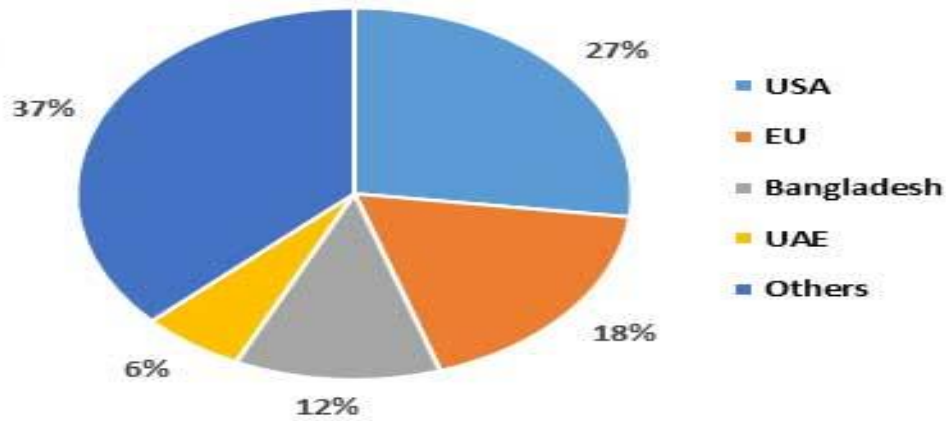


Source: The Handloom Export Promotion Council (HEPC)

Pie Chart no.2, represents that maximum export has been done of handloom products in floor covering, then made-up. Export in fabrics and clothing Accessories is very nominal in share.

**Chart-3**

**Country-wise exports share (2021-22)**

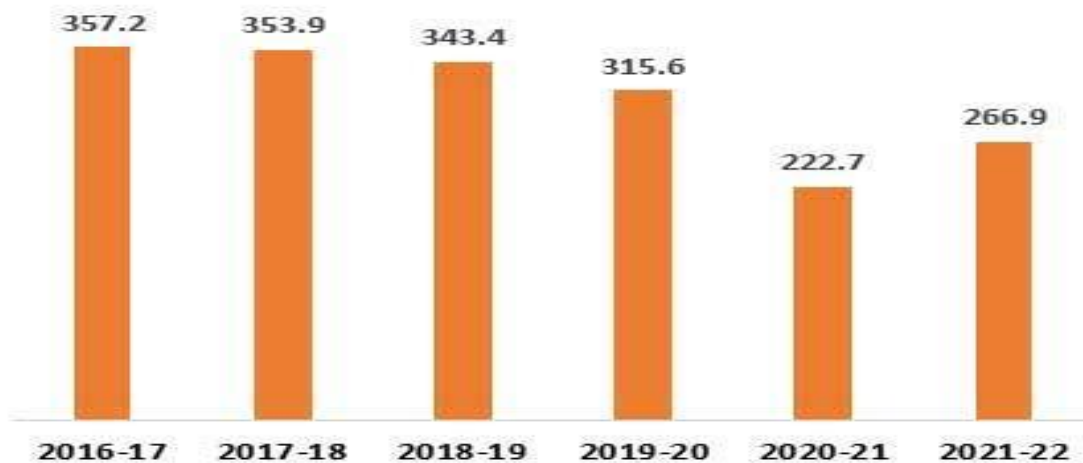


Source: The Handloom Export Promotion Council (HEPC)

Pie Chart No.3 shows that India export maximum handloom products in USA in 2021-22. Then European Union (EU) is 18% and then Bangladesh and UAE respectively.

**Chart-4**

**India's handloom export trend (US\$ million)**

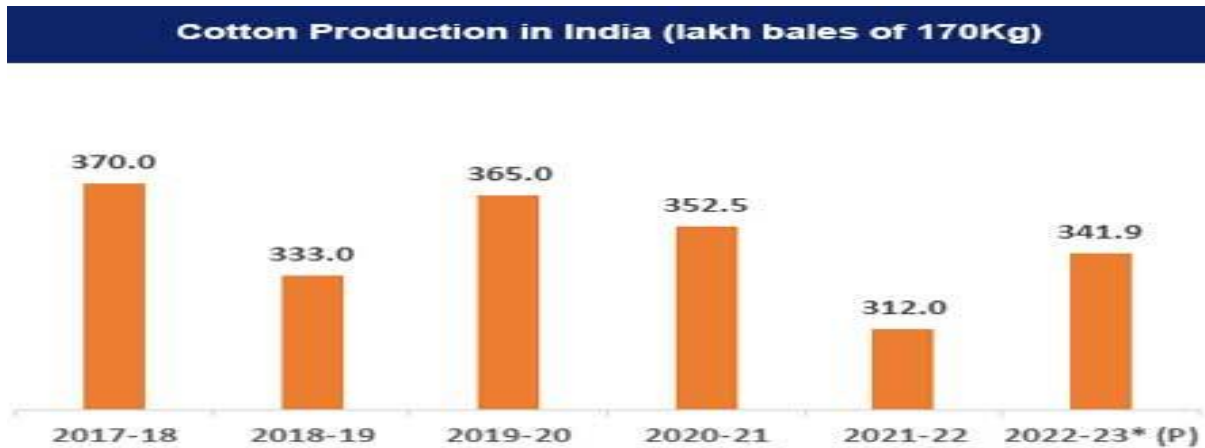


Source: The Handloom Export Promotion Council (HEPC)

Note: \*April 2021-Feb 2022

Bar Chart No.4 shows that trend in India’s handloom products export in 2016-17 to 2021-22. It is shown that it is highest in 2016-17 and then decreasing trend. It is minimum in 2020-21 due to covid situation. After that it is increasing.

Chart-5

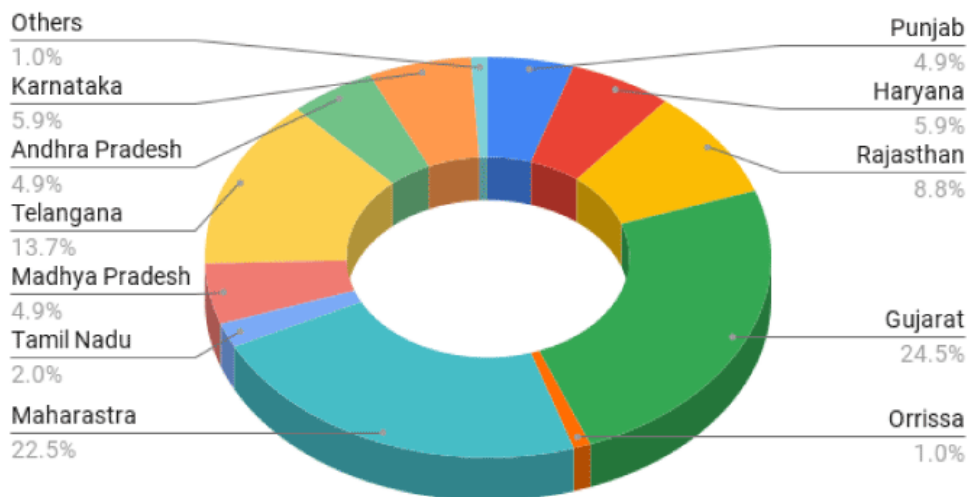


Source: The Cotton Corporation of India Limited (CCI); P-Provisional  
 Note: \*Until November 2022

Bar Chart No.5 shows that Cotton production in India from 2017-18 to 2022-23 in increasing and decreasing trend. In 2017-18 it is highest and 2021-22 it is minimum may due to post covid effect. After that it is increasing trend.

Chart-6

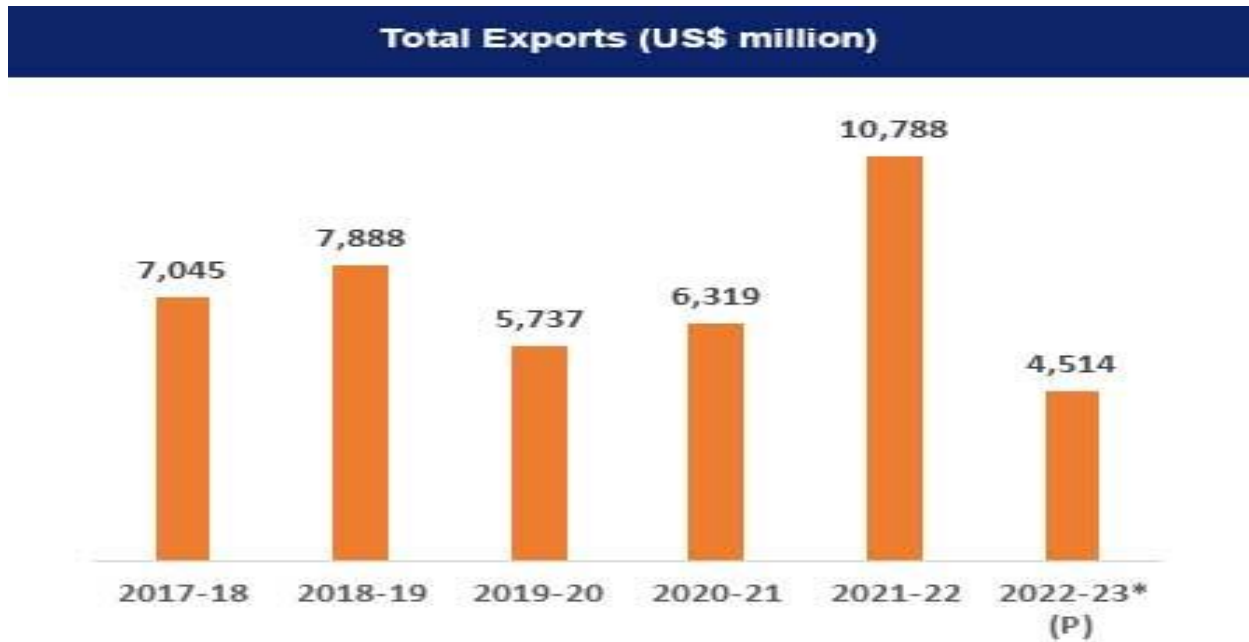
State Share in Total Cotton Production (2020-2021)



Source: Ministry of Commerce & industry

In Chart No.6 shows a pie chart, that total cotton share by different states. Maximum cotton export state is Maharashtra, then Gujarat, after that Telangana, Rajasthan, Haryana, Karnataka, Punjab, Andhra Pradesh, Madhya Pradesh respectively. Minimum cotton exporting state is Orissa.

**Chart-7**



Source: Ministry of Commerce & Industry; P-Provisional; \*January 2023

In bar Chart No.7 shows that total export of cotton and handloom products are highest in 2021-22 is 10,788 US\$ million. In the year 2017-18 to 2022-23 contribution to our economy is mixed in nature. Some of the year it is increasing and some years it is decreasing.

**Table -2 Top Cotton Exporting Country**

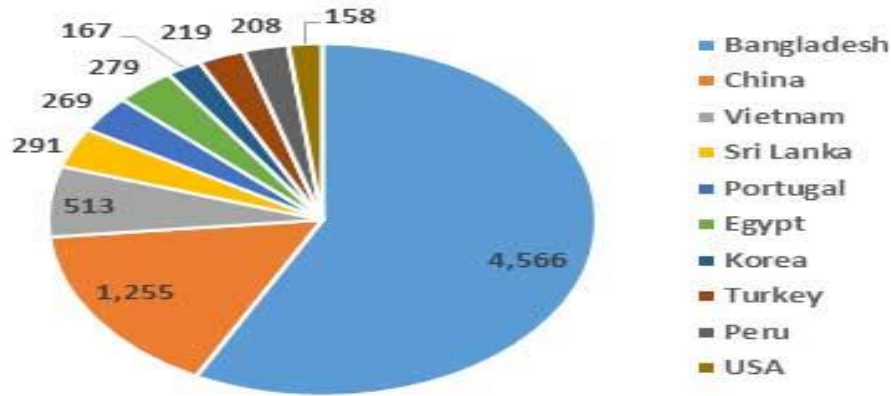
COUNTRY	Total Export (Million in \$)
USA	3.2
BRASIL	1.7
INDIA	0.8
AUSTRALIA	0.8

Source: Ministry of Commerce & industry

In table no.2 shows that maximum amount of cotton exporting country is USA. India is in 3<sup>rd</sup> position in respect of all over the world. Brazil is in second position. Australia and India export same amount of cotton products.

Chart-8

Country-wise Cotton exports (2021-22\*) (US\$ million)



Source: Ministry of Commerce & Industry

In pie chart no.8 shows that Bangladesh exports highest amount of cotton products to our country. Various country exports their cotton products to our country. China, Vietnam, Sri Lanka Portugal and other six countries export their products to our country.

**The globalization of the Indian handloom and cotton textile sector was the cumulative effect of the following factors –**

- Huge textile production capacity
- Efficient multi-fiber raw material manufacturing capacity
- Large pool of skilled and cheap work force
- Entrepreneurial skills
- Huge export potential
- Large domestic market
- Very low import content
- Flexible textile manufacturing systems

**Limitations**

- Increased global competition in the post 2005 trade regime under WTO
- Huge import volume of cheap textiles from other Asian neighbours
- High production cost with respect to other Asian competitors
- Use of outdated manufacturing technology
- Poor supply chain management and huge transit cost
- Huge unorganized and decentralized sector

**Recent Schemes Related to Textile Sector in India**

India’s largest organized sector in modern times is cotton textile and employs about 16 percent of the country’s capital and over 20 percent of industrial labour. At present, there are 1,719 textile mills in India and tens of thousands of small factories:

**Table-3**

Scheme	Features
Amended Technology Upgradation Funds Scheme (ATUFS)	It refers to Credit Linked Capital Investment Subsidy (CIS) for exports with “Make in India” with “Zero Effect and Zero Defect” in their manufacturing.
North-East North-East Region Textile Promotion Scheme (NERTPS)	The aim is for providing infrastructural, capacity-building and also marketing support for North-East India.
Scheme for Integrated Textile Parks (SITP)	It was first launched in 2005 to encourage private investments and employment generations in the textile industry for a good infrastructure for important facilities.

**Findings**

- Number of power loom, employment and production of cotton industry has been increased.
- Cotton export has been increased by Rs.586 billion relating to previous year.
- India is in the third position in exporting Cotton and Handloom Products.
- Sales turnover of Hand loom industry highest in 2017-18, then decreased but from 2021-22, it is increasing. In the year 2020-21, it is at minimum point due to lockdown for epidemic.
- India export handloom products most in Bangladesh.
- Male and female weaver ratio is 22% and 78%.
- 61% independent weaver and 34% under master weaver.
- Average earnings of weaver are Rs.3400 to Rs.4500 p.m.
- There are so many problems in marketing, wages, Raw materials, Capital, electricity, Export, Import, Investment and Infrastructure.
- Recently Government adopted various scheme for upgradation of funds and Textile promotion scheme.

**Conclusion**

The Indian cotton and handloom industry is expected to grow to a size of US\$ 223 billion by 2021. The Government of India and the Handloom and cotton products manufacturing industry should collaborate each other and should create a plan for addressing the key parameter issues and promote the export of



handloom products from India with good strategies. Innovations ideas in logistics and supply chain of products, quality control and branding of products will be a key tool for providing sustainable growth in export handloom and cotton industry products. The organisations should provide good compensation policy and welfare schemes and for the employees to retain them in the industry. Management, workers and all stakeholders of textile industry should be ready to compete for sustainability in the market.

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