



SELF HELP GROUPS FOR RURAL DEVELOPMENT: THE CASE OF HANDLOOM SECTOR IN KERALA

Dr. Anu Varghese

Alathara House, Chaithanya Nagar, Thaikkatyukara P.O, Aluva, Ernakulam District, Kerala

Abstract

In Kerala, handloom sector is one of the most common traditional industries. It is believed that large number of looms existed in Kerala from the time immemorial. Even during the early 19th century Kerala had the factory system of handloom production. Today, handloom industry is facing a large number of problems, including problems relating to marketing of products. So, despite its glorious past, huge potential for employment generation, large contribution to the GDP of Kerala, this industry is striving hard for survival. In this context, this paper makes a study of the Self Help Groups (SHGs) in the handloom sector in Kerala, marketing problems of this industry and offers strategies for effective marketing of handloom products.

Key Words: *Handloom sector, Self Help Groups (SHGs), ICT, Marketing problems.*

Introduction

The concept of rural development (RD) denotes overall development of rural areas with a view to improving the quality of life of rural poor. To attain the above objective, there is a need for continuous flow of capital to the village or rural sector. In India, this is an acute need even today, because a huge gap still exists and remote backward areas still remain to be covered. Credit is playing a key role in sustaining the development of the rural area. Primary (agricultural) sector continues to play a vital role in Indian economy, to meet the increasing demands of a growing population and also the industrial sector. RD thus depends on the amount of credit available in rural areas. RD denotes the overall development of rural areas with a view to improving the quality of life of rural poor. RD with a focus on handloom sector in Kerala is the focus of this paper.

Relevance and Significance of the Study

In any nation, economic development that is equitable and balanced alone can be said to be holistic and also sustainable in the long run. In respect of Kerala state in India, the available literature suggests that there is enough scope for expansion in respect of rural development (RD) activities, particularly in respect of handloom sector. In Kerala, the performance track-record of Kudumbashree, the poverty alleviation project of the Government of Kerala, has been widely acclaimed the world over. As a women-centred and Government-sponsored project, Kudumbashree has been active in every facets of Kerala economy. Its coverage in the handloom sector is advisable for the faster development of this sector. In the above context, a study of the SHG initiatives among the handloom workers in Kerala is contextually and analytically significant, given the industrial backwardness in Kerala.

Objectives of the Study

1. To make an overall study of the significance of rural development (RD) in India, and also the features of the rural credit structure in India;
2. To study the prospects and problems of the handloom sector in Kerala and the role of SHGs in improving in this sector; and
3. To suggest strategies for the development of the handloom sector in Kerala state.

Methodology of the Study

The study is descriptive-analytical in nature. It is based primarily on secondary data that are available from authentic sources, like, the publications of the rural departments of the Government of Kerala, Government of India, and also publications of NABARD, RBI, etc.



Previous Studies and Research Gap

Asha Krishnakumar (2003) [5] 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) [6]. 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 did not make 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 committee's major assumptions is that the weavers in the third tier are unskilled and also ones who produce cloth that has no market demand. So, the committee recommended shifting the weavers of the third tier to other tiers of handlooms, power looms and other occupations. Government should take steps in this direction and provide the weavers with semi-automatic looms and training. (K. Srinivasulu, 2010) [2].

Dr. Manoj P K and Rajesh S (2013) [10] 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) [11] 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) [12] 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 many studies on the handloom sector, studies that focus on the problems of handloom sector in Kerala are very scarce. Studies that focus on the role of SHGs in the development of the handloom sector are virtually nil. Hence, the present study seeks to bridge this research gap by making a study with special reference handloom industry in Kerala.

Rural Credit Structure in India and the Case of Self Help Groups (SHGs)

Rural banking has become an important segment of the Indian banking system. After nationalization of banks in 1969, they forced to move towards rural India and open their branches to meet the credit requirements of rural mass. As a result about 50 per cent of the bank branches are located in wide spread rural area. The concept of 'Class Banking' has changed its dimension and now the concept is 'Mass Banking'. In the context of rural banking so many steps have been initiated by the Government of India, such as, bank nationalisation, lead-bank



scheme, setting up of regional rural banks, creation of NABARD, implementation of service area approach etc. In unorganized sector indigenous bankers, money lender are still playing their own role. They provide timely and quick loan facility but charge high rate of interest varies between 24 per cent to 60 percent per annum and even more. In organized sector commercial banks, regional rural banks and cooperatives are meeting the credit needs of the people in rural areas, where nearly 643 million people living in 5.76 lakh villages out of the total 1027 million people residing in India. Though these institutions are functioning in good number, large number of ruralites are not exposed to and accessed the services offered by them. They are deprived of these services and left behind. The main reason for this are, illiteracy, ignorance, security problem, cumbersome and lengthy procedures followed by the banking institutions etc. The inability of credit institutions to deal with the credit requirements of the poor effectively has led to the emergence of micro-finance or microcredit system.

Micro Credit

Micro-Credit or Micro-finance is a useful tool in building the capacity of the poor in management of sustainable self-employment activities. Micro finance provides opportunity to the poor and weaker section of the society for getting required amount of credit on easy terms and conditions to start any income generating activity. The Task Force on Supportive and Regulatory Framework for Micro Finance in India defined very small amount to the poor in rural, semi-urban or urban areas enabling them to raise their income levels and improve living standards". Under micro credit system, there is no dearth of financial resources as well as problem of repayments. Through this system the credit can be channelized and made available to poor individually or in groups. Self-Help-Groups emerged as the alternative delivery mechanism. Micro-finance will be an alternative model for development. It helps in income creation, asset creation and employment creation.

Self-Help-Groups

In recent years Self-Help-Groups (SHGs) have emerged as a major strategy for the promotion of informal credit to the rural poor. In 1992, NABARD (a wholly owned subsidiary of the RBI) launched a Pilot Project and issued necessary guidelines to the banking system in India for lending to the SHGs in the country. After careful thought and study both by the RBI and NABARD, assisting the SHGs became 'normal lending programme' under priority sector and service area approach in 1996. SHGs denote homogenous groups of rural poor, voluntarily created by members themselves, with a view to save whatever amount they can, out of their own earnings and mutually agree to contribute to the common fund of the group. This common fund is intended to be lent to the group members for meeting their productive and emergent credit needs. An SHG is a voluntary group constituted so as to attain certain common goals; most of its members have similar social identity, heritage, caste or traditional occupations. SHG members are those who come together for a common cause and manage resources for their own benefit. These group are called as 'Solidarity Groups' as they provide monetary and also moral support to individual, members in times of difficulties. The SHGs can be composed of either male or female members. The self-help approach is meant to help the poor build their self-confidence through community action. They are considered as important tools to adopt participatory approach for the economic empowerment of women.

Nature of SHGs

Self-Help-Groups are usually informal groups of a locality or area, whose members have a common perception of needs and importance towards collective action. These groups normally consists of 10 to 20 members. SHGs encourage savings among their own members and prompt their members to use such collective savings to meet their needs.

SHGs function fully by adopting democratic principles. All the members participate actively in decision making process and functioning of SHGs. SHG members meet regularly, and also make their share of contribution regularly. The SHG-Bank Linkage model gained prominence and proved itself as a meaningful credit outlet, especially in rural areas. It may be noted that without bank linkage too, many SHG are functioning. SHGs could evolve their own modes of functioning over the years, based on local conditions, credit needs. Some of the common features of SHGs, based on their functioning are as follows:

1. The SHG create a common fund by contributing their small savings.
2. Group functions by adopting democratic principles.
3. Every member in the group actively participates in the functioning of SHGs and they will meet regularly.
4. Their accounts and proceedings are maintained by the leaders or designated member selected or elected among the group members.
5. Loan is sanctioned mainly on 'trust' with minimum documentation and without any security.
6. Quantum of loans are small, frequent and for short period.
7. The rate of interest differs from group of group. The interest rates charged is generally little higher than that charged by banks.
8. Repayment of loan amount is usually on time and defaulters are rare.

Growth of SHGs

SHGs have been popular in countries like Bangladesh, Malaysia, Phillipines, Korea and Indonesia. Particularly in Bangladesh SHGs are doing well and attained the objectives for which they have started. In India, there has been good progress in the growth of SHGs over the years. The south Indian states like Kerala is far ahead of the rest of India. (Figure I).

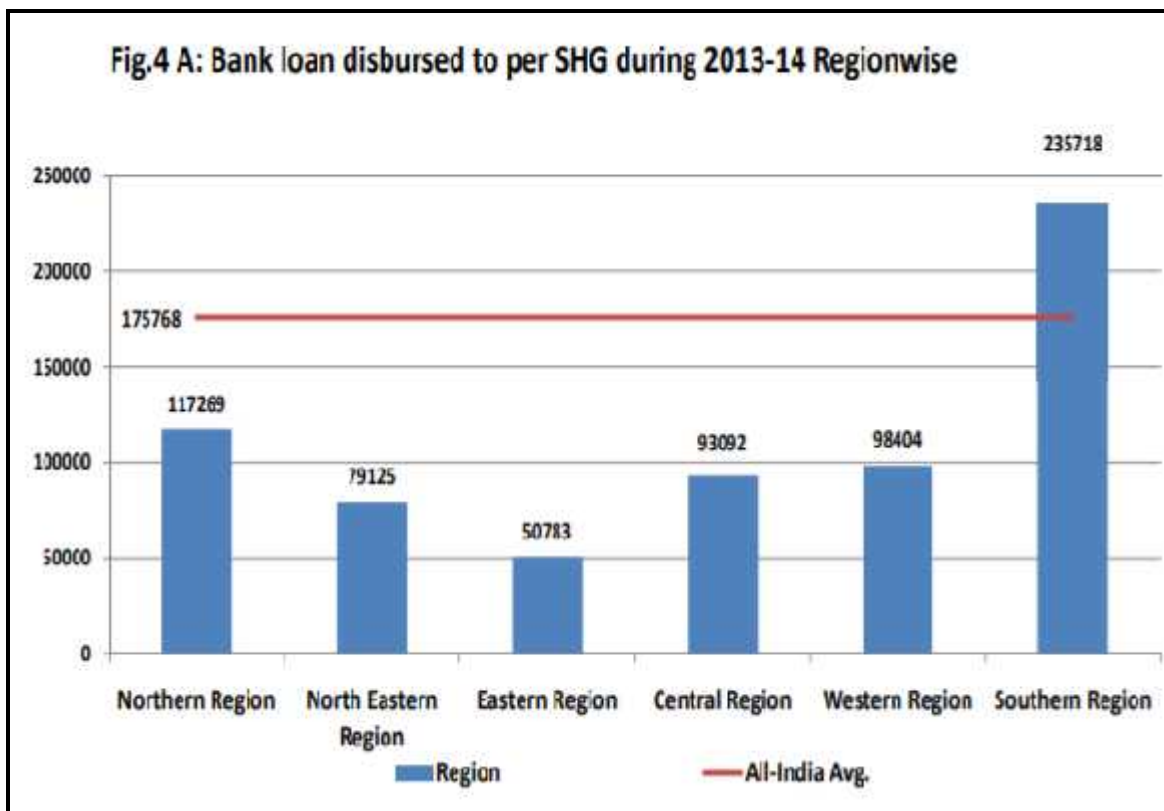


Figure I: Progress of SHG-Bank Linkage (SBL) in India
 Source: NABARD, 2014

SHG-Bank Linkage

The SHG-Bank Linkage (SBL) programme, initially launched by NABARD with 500 SHGs on a 'Pilot Project' basis in 1992. Linkage of SHGs with banks aims at using the intermediation of SHGs for the purpose of easily reaching the rural poor (the SHGs being formed among themselves) so as to minimise the transaction costs, for both the banks and their rural clients. NABARD has accomplished its commitment to provide banking services to one third of rural poor through one million SHGs.

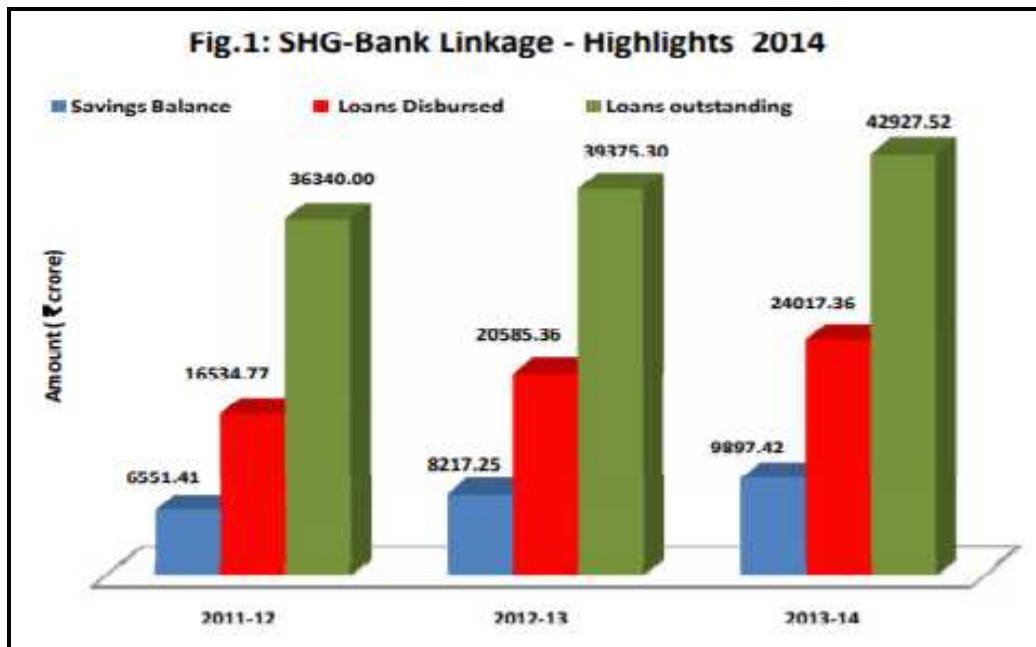


Figure II: Progress of SHG-Bank Linkage (SBL) in India
 Source: NABARD, 2014

Over the years, there has been constant improvement in the SBL activity. (Figure II). Majority of the loans are given by the Commercial Banks (66 percent) followed by the RRBs (26 percent). (Figure III).

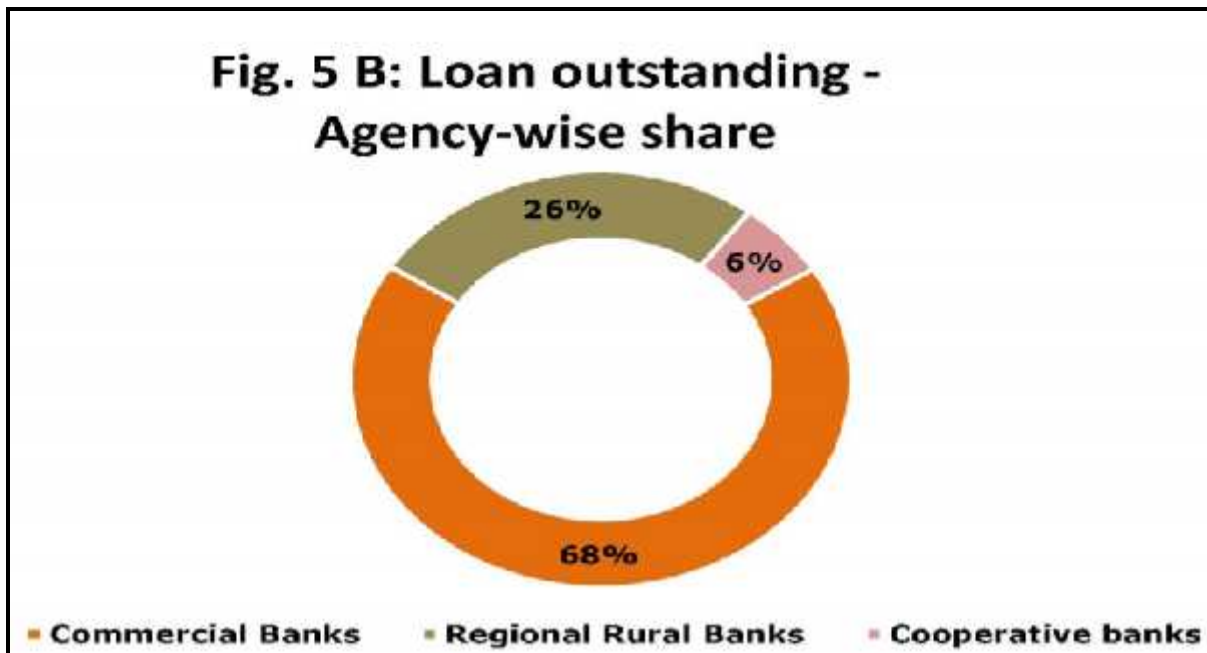


Figure III: Agency-wise Loan Outstanding to SHGs
 Source: NABARD, 2014



SHGs were instrumental in reaching bank finance to 1.62 crore poor families comprising an estimated 8.09 crore individual poor. The banks have reported 95 per cent on time repayment by SHGs across the country and they have reported nil NPAs. Nearly 90 per cent of the SBLs by banks are women SHGs comprising of poor women. Their significant contribution in the socio-economic development of the country has been the empowerment of the poor women.

NGOs and SHGs

The NGOs and Voluntary Organizations playing significant role and their contributions is unique in identifying the problems of the people in general and weaker section in particular. Banks and NGOs are two major partners in the process of developing SHGs. The NGOs are actively involved in promoting, nurturing and linking the groups with banks. They play two different roles, one as a promoter of SHGs, another as the financial intermediaries to channelize the bank assistance to the SHGs. Most SHGs have come due to the catalytic role played by the NGOs. They have a future role to play in a big way.

An Overview of the Handloom Sector in Kerala

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, Vadagara 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 were 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 Neriyathu. 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.

SHGs and Development of the Handloom Sector in Kerala: Some Suggestions

SHGs can play a vital role in the development of handloom sector in Kerala. The vast network of Kudumbashree in Kerala would support the easier adoption of SHGs in this sector and also in forging meaningful SBLs with commercial banks, RRBs etc. In this regard, the following specific strategies appear to be very meaningful:

1. The Kerala state handloom corporation should take the initiative to set up handloom showrooms in various tourism hotspots in Kerala. This would help to catch the attention of tourists, both domestic and foreign.



2. Efforts in the direction of closer integration of Information and Communication Technology (ICT) would attract more new generation customers to handloom products. Provisions for online purchase of handloom products, strategic tie-ups with e-commerce players etc. may be attempted to enhance competitiveness of products.
3. Kerala Government should try to get the participation and involvement of successful poverty alleviation programmes like Kudumbashree in the state's handloom sector.
4. Encouraging the banks, RRBs etc. to actively engage in SBLs with SHGs pertaining to the handloom sector is another option before the state government.

Concluding Remarks

The success of these Self-Help Groups (SHGs) has not only improved the economic status of the women concerned, but there is also a drastic change in their social status. SHGs developed human dignity among the poor and women. Women was nobody earlier but somebody now. In the process of rural development SHGs certainly have a failure role to play. If proper watch and ward action is not taken, the main purpose of SHGs promotion will defeat. SHGs over time may see some set back due to internal rivalries, domination of self interested people, corrupt leadership etc. Everything is not perfect with the SHGs. It is true that quality of SHGs is getting diluted. Some dominating members of SHGs are engaged in money lending activities. Hence, the stakeholders like the Government, NABARD, Banks, NGOs and Voluntary Organizations have to be cautious about malpractices as above, should curtail the same, and also educate the SHG members to desist from such unhealthy practices.

References

1. Amal Mondal, 'Swarnajayanthi Gram Swarojgar Yogna and Self-Help Groups', Kurukshetra, Jan 2005.
2. Amit Kumar, 2012, Human Rights Application Strategies and Tools, Dominant Publishers & Distributors Pvt. Ltd., New Delhi – 110 002.
3. Amit Patel, 'Micro-Credit and Role of Banks: Need for Initiative and Commitment,' Kurukshetra, Feb 2004.
4. Anne T. Kuriakose, 2010, Policies for Regional Development: The Case of Handloom Textiles, with reference to Andhra Pradesh, Serials Publications, New Delhi – 02.
5. Asha Krishnakumar (2003), "A great tradition in decline", Frontline, Sept. 12, 2003.
6. K. Srinivasulu (2010), Textile Policy and Handloom Sector, Serials Publications, New Delhi – 110 002. (India)
7. Krishna Kothai, 'Peoples Institutions as Rural Credit Outlets,' Banking for Rural Development, 2001, Mangalore University.
8. L. Rathakrishnan (2009), Small and Medium Enterprises under Globalisation: Challenges and Opportunities, Kalpaz Publications, Delhi -52.
9. Laxmi R. Kulshrestha and Archana Gupta, 'Self-Help-Groups-Innovations in Financing the Poor,' Kurukshetra, Nov, 2001.
10. Dr. Manoj P K, and Rajesh S (2013), "Job Satisfaction and Quality of Work Life: Impact on Industrial Relations in Textile Units in Kannur District, Kerala", Indian Journal of Applied Research, Vol. 3, Issue 11. Nov. 2013, pp.305-308. (Available online at www.theglobaljournals.com/ijar)
11. Dr. Manoj P K, and Rajesh S (2015), "Unorganized Labour and Challenges to Industrial Relations: Empirical Evidence from North Kerala", International Journal of Research in Management & Social Science (IJRMSS), Vol. 3, Issue 1 (VII), Jan.-March 2015, pp.109-116. (Available online at <http://empyreal.co.in/journal.html>).
12. Dr. Manoj P K, and Rajesh S (2015), "Women Employee Work life and Challenges to Industrial Relations: Evidence from North Kerala", IPASJ International Journal of Management (IIJM), Vol. 3, Issue 4, April 2015, pp.305-308. (Available online at www.ipasj.org/IIJM/IIJM.htm)
13. Sankaran A. (2009), Pg.68, Facets of SSI in the Liberalised Regime, Kalpaz Publications, Delhi – 52.



14. Customer Satisfaction Study for National Handloom Development Corporation, AMS, 2006-07.
15. Dr. Monica Bansal, Dr. Arti Gaur, 2008, Strategic Decisions and marketing Perspectives of Handloom Export Units – A Case Study of Panipat District (Haryana).
16. M. Soundarapandian, 2010, Rural Entrepreneurship: Growth and Potentials, Kanishka Publishers, Distributors, New Delhi – 002.
17. NABARD – ‘Progress of SHG Bank Linkage in India’ 2003-04. NABARD, Mumbai.
18. NidhiSrinivas, 2006, NGO Advocacy and Marketing: Handloom Weavers in India.
19. Lalit Kumar Arora, 2006, Major Human Rights Instruments, Isha Books, Delhi – 110 033.
20. PrakashTalwar, 2006, Human Rights, Isha Books, Delhi – 110 033.
21. <http://www.kshrc.kerala.gov.in/home.htm>
22. http://en.wikipedia.org/wiki/National_Human_Rights_Commission_of_India
23. <http://indiatogether.org/plancom-paper-on-issues-faced-by-khadi-weavers-and-handloom-sector-economy>, by Elizabeth Soumya, 10 Nov. 2014.