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WORK, EARNING, AND INDEBTEDNESS: THREE-PRONGED CRISIS IN THE HANDLOOM TEXTILE SECTOR IN INDIA

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Introduction:

This note is an exposé on the current situation of India's handloom-textile industry.

We are using the term exposé with careful precision here. Instead of often presenting the handloom sector with a romantic anecdote and assuming that handloom carries a thriving tradition of beauty and workmanship in the Indian context, we present three economic concerns which is unfortunately associated with this sector.

This note looks beyond the tremendous cultural value associated with handloom sector, we are going to take a detour to provide an exposé.

This centuries-old craft is well known for its magnificent fabrics, which are weaved in sophisticated patterns that capture the vast diversity of Indian regions and sub-regions that have distinctive weaving techniques and materials. According to the Annual Report of the Textile Ministry, 2022-23, the handloom sector is one of the largest unorganized economic activities. After agriculture, it ranks as the second largest source of employment, employing 35.23 lakh individuals. The sector employs more than 25 lakh women (72% of total individuals) as associated workers and weavers, making it an essential factor in women's employment and empowerment.

This note discusses the triadic conundrum of debt, income inequality, and the waning significance of handlooms in a sector heavily reliant on women's workforce. While the last handloom census report (Fourth All India Handloom Census, 2019-20) observes that it is a sector that directly addresses women's empowerment, the actual situation on the ground, as studied by some scholars, differs significantly (Bhowmik, 2019). We also aim to understand the underlying factors contributing to the economic marginalization of artisans, especially female artisans. Further, we aim to broadly understand how the relationship among debt, income inequality and the waning

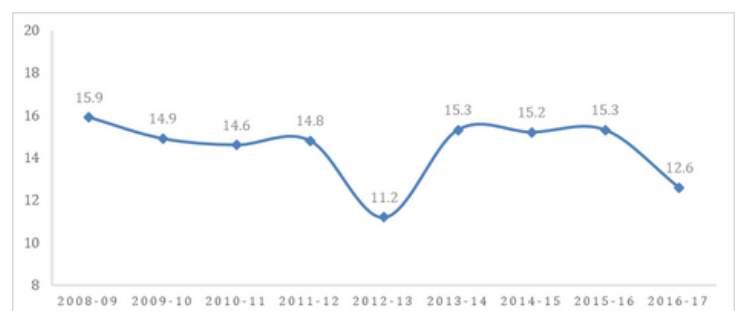
importance of handloom production impact women's continued engagement in the labour force.

Our key findings suggest that women are heavily involved in handloom weaving, that their earnings are inadequate, and that they function as invisible ghost workers by doing pre-weaving tasks. This is how debt dependence enters the sector for the most vulnerable section engaged in the handloom sector.

The annual reports from the textile ministry publish the handloom cloth production data for 2016-17 (Figure 1.1). The handloom sector in India has been facing demand and supply side challenges from the power loom and mill sector: changing consumer preferences and alternative employment opportunities; these challenges significantly curtail its production capacity. With a declining production share, the question remains: who remained as workers in this sector?

Section 1. Declining Importance of Handloom Production and Persistent Women Workers: 2009-2020

Figure 1.1: Share of Handloom in total cloth production by year (in percentage)

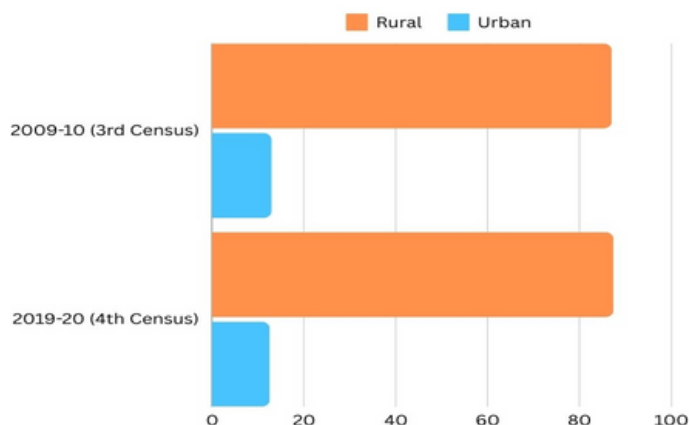


Source: Author's Collated Data from Annual Reports by Ministry of Textiles

Let us first elaborate on the fact that the handloom sector's importance in overall textile production has declined over time. Especially, between the 3rd and 4th Handloom censuses (i.e. during the last decade): carried out in 2009-10 and 2019-20, respectively, the share of handloom-produced in overall fabric production (in million square meters) has declined from 16 % to 12% (2008-09 to 2016-17).

Figures 1.2A and 1.2B show the composition of the handloom workforce in India. First, we observe that handloom cloth production remained rural sector work (See Fig 1.2.A) and second, that it remained female-worker-centric as well

Fig.1.2.A: Distribution of Handloom Households[1], 2009-2020, (in percentage)



Source: Author's calculation from Handloom Census Reports.

There is a point that demands attention, though: comparing the last two handloom censuses (Third Handloom Census of India, 2009-10, and the Fourth All India Handloom Census, 2019-20), we observe a spatially differentiated pattern. Most of the workers in the handloom industry are from rural areas. In rural areas women are significant portion of the workers. Although in urban areas, male workers are much more visible than their rural counterpart.

This diversity highlights the persistent gender gap in the handloom workforce, which is further aggravated by the regional nature of handloom employment. Approximately 72% (See Fig. 1.2.B) of the handloom workers (especially weavers) are women; however, there is a considerable representation of male workers in urban areas.

The primary takeaway from our first set of findings then, is there a reason for such a gendered feature of work participation across regions? Are urban spaces more remunerative, and hence, male workers do participate more?

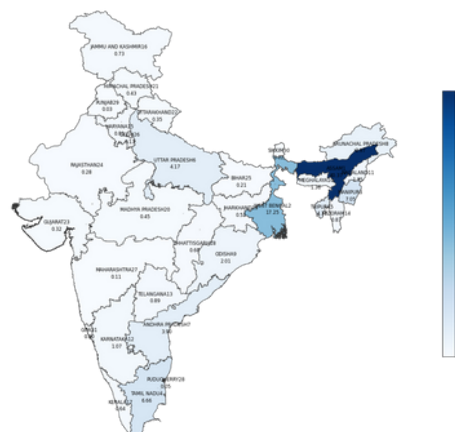
Fig1.2.B: Gender Distribution of Workers, by Location, in %, All India



Source: Author's calculation using several Handloom Census Reports.

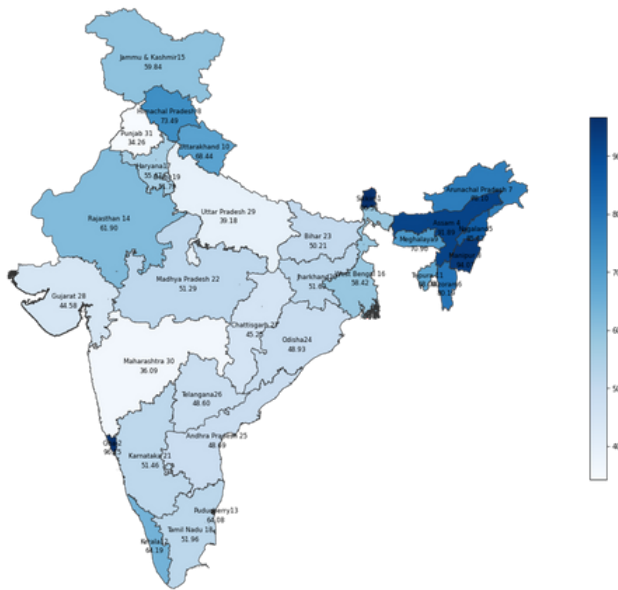
A further question arises: Where are the handloom workers located in India? We present Map 1.1, which provides a spatial distribution of workers associated with the handloom sector. We primarily observe that Assam (40%), West Bengal (17%), Manipur (7.05%), Tamil Nadu (6.66%), and Tripura (4.37%) remain the highest contributors to the handloom workforce.

Map 1.1: State-wise Distribution of Handloom worker households (in percentage)



Source: Author's representation from the data provided in 4th Handloom Census

Map 1.2: State- wise Distribution of Women Handloom Worker (in Percentage)



Source: Author’s representation from the data provided in 4th Handloom Census

The spatial distribution of women workers related to the handloom sector is shown in Map 1.2. Manipur and Assam remain common to both the lists. While comparing the state data for the women workforce within each state, we found that Sikkim (97%), Goa (96%), Manipur (94%), and Assam (92%) are the states that have more than 90% women handloom workers. Whereas, Nagaland (85%) and Mizoram (80%) have more than 80% women in their state handloom workforce. To mention a few, Arunachal Pradesh (78%), Himachal Pradesh (73%), Meghalaya (71%), and Uttarakhand (68%) have more than 65% of women workers in their handloom sector. This shows that in these regions women workers in handloom sector are most prevalent.

However, a pattern emerges if we break the data down further to understand what is happening within the state with regard to the composition (gender and task) of handloom workers. In several North-eastern states, including Assam, Manipur, and Tripura, a pattern that provides insight into the composition of the labour force becomes apparent.

These states have a notably high concentration of households that work on handlooms and a notably high percentage of female workers. This discovery suggests a strong history of female participation in handloom weaving in these areas. States with the highest proportion of women (over 90 percent) include Assam, Sikkim, Goa, and Manipur; the lowest percentage (around 35–45 percent) are Gujarat, Maharashtra, and Punjab. Overall, the graph highlights the persistent gendered nature of handloom workers prevalent in different states in the workforce across the rural and urban areas over the years 2009-2020, i.e. to reiterate that women workers majorly dominate the Handloom sector

2.Income Deprivation in the Handloom Sector: Analysing States in India

In the previous section this note has established that the handloom sector is majorly rural and women-dominated. In this section, we aim to present the situation of income earned by handloom households.

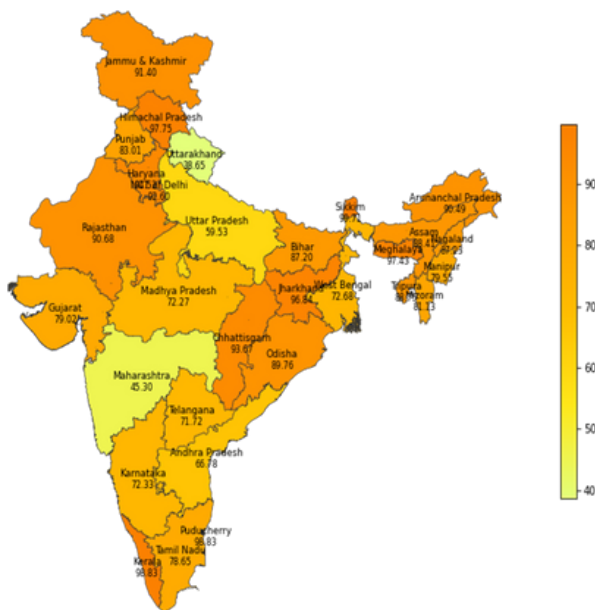
First, let us display the fundamental fact here: 82.1% of handloom households in India earn less than Rs. 5000 monthly. Among these deprived households, the fourth handloom census reveals that 21 lakh handloom households are earning less than Rs. 5000 per month, there are 31 lakh households in this sector. Hence we aim to understand the situation of deprivation in this sector.

To avoid that denominator confusion, we have then standardised these deprivation percentages using the following form:

$$\text{Deprivation Index Standardised I} = \frac{\text{(Proportion of Deprived Households in } i^{\text{th}} \text{ State-Minimum among All States)}}{\text{(Highest Proportion of Deprived Households-Minimum among All States) }} *100$$

The first measure is a simple measurement. Let us take a share of deprived handloom households, i.e., those earning less than 5000 per month out of the total handloom households in each state. This data is presented in Map 2.1. Since varying denominators make comparisons difficult, an index has been created that is located within the domain of [0,100]. This index reveals the economic hardships faced by handloom workers. States that require more assistance have higher indices, which show more significant concentrations of impoverished households.

Map 2.1: Distribution of Handloom Household by income less than 5000

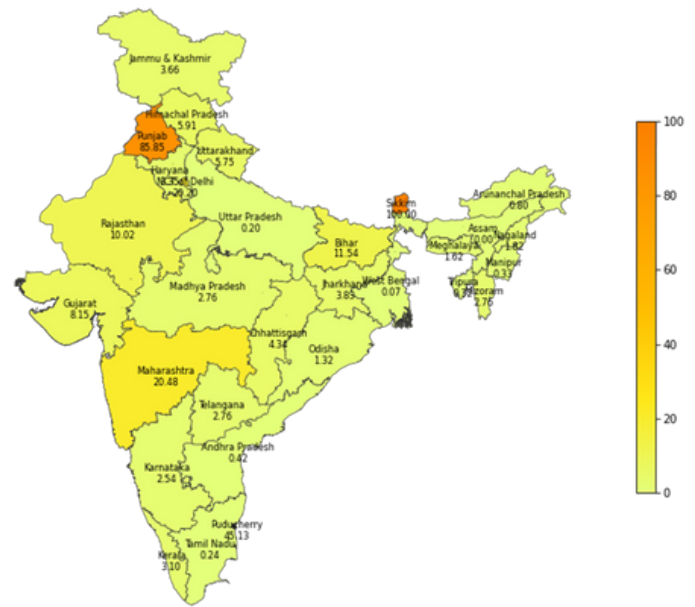


Source: Author's Representation from the data provided in 4th Handloom Census

The following map (2.2) presents a standardized deprivation index. States with standardized deprivation index values of 100 and 86, respectively, such as Sikkim and Punjab, indicate deprivation levels that are much greater than normal when compared to the rest of the dataset. States such as West Bengal and Assam with standardized deprivation index scores near zero, on the other hand, indicate low

deprivation levels. This brings us to the conundrum. West Bengal and Assam do contribute to the majority of workers; however, their workers' deprivation measures are much lower than the national average. For instance, compared to states with lower deprivation indices, Assam and Maharashtra, which have higher deprivation index values, suggest that workers have more socio-economic issues and inequality.

Map 2.2: Deprivation Index standardise across States



Source: Author's Representation from the data provided in 4th Handloom Census

Again we ask a core question: Is there a question of gender?

2. A. Relation between the Share of Women Workers and Deprivation Index

Does more representation of women in handloom mean more deprivation?

To put it in context, 72% of Indian handloom workers are women. What is interestingly unfolding is that other than West Bengal, Assam, and Tamil Nadu, the proportions are ranging towards the right side of the correlation graph.

These states contribute to a little more than 60% of the handloom workforce in India. Other states, such as Punjab, Maharashtra, and Gujarat, have relatively lower women worker participation and lower levels of deprivation. This implies a two-fold complicated relationship between household deprivation and the inclusion of women workers across the states.

First, the inclusion of women in the workforce does not improve income (as observed in Assam and West Bengal). Second, there needs to be more inclusion to mean a lack of income deprivation

Correlation Plot 2.1: Correlation between Share of Women Workers and Deprivation



Source: Author's calculation from the data provided in 4th Handloom Census

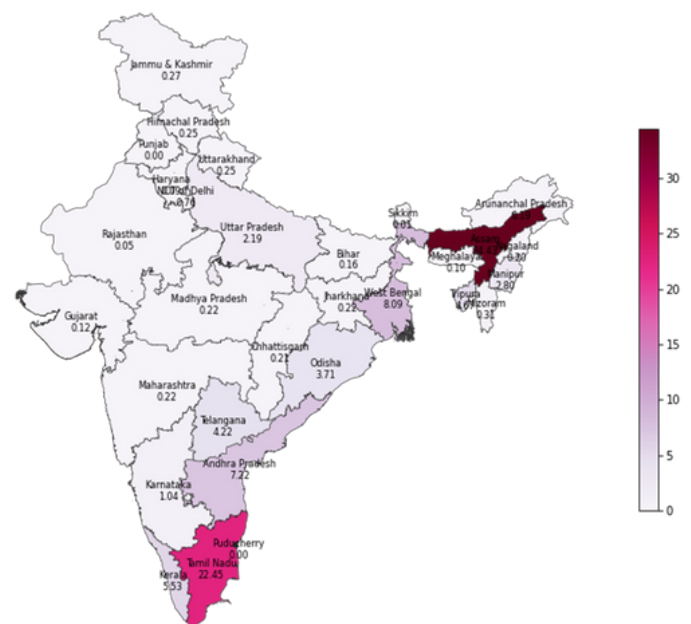
3. Debt in the Handloom Sector: Is there a loop?

Then how do these handloom households survive? Debt incurred by handloom households across different Indian states is depicted on map 3.1. Assam, Tamil Nadu, and West Bengal have much higher debt levels, while Arunachal Pradesh, Bihar, and Rajasthan have lower levels. It is in this context that we observe a pattern. Wherever there is a high incidence of handloom workers, there is a precise high incidence of loans.

However, here we want to know if this loan is formally taken for productive purposes.

We seek to understand this pattern by spatially analyzing the data across Indian states.

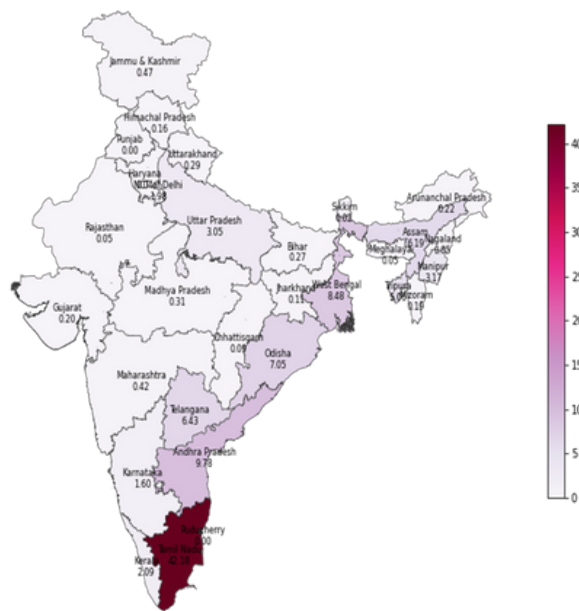
Map 3.1: State-wise Incidence of Indebtedness among Handloom Households



Source: Author's Representation from the data provided in 4th Handloom Census

Map 3.2 illustrates how the handloom households in different Indian states uses these loans. Handloom census categorises loans which are taken for handloom related purposes. For certain States such as Tamil Nadu (42%) lead Andhra Pradesh (10%), West Bengal (8%) and Odisha (7%) loans are used significantly for handloom purposes. If we compare Tamil Nadu to rest of the three aforementioned states, the purpose seems to be glaringly disparate. These numbers also demonstrate how essential targeted financial help can help sustain and expand the business endeavour for handloom households.

Map 3.2: State-wise Incidence of Handloom Purpose Loans

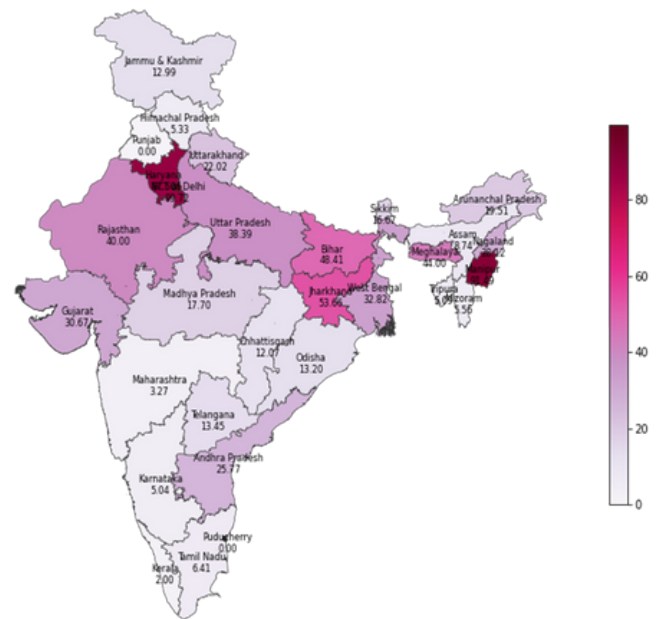


Source: Author’s Representation from the data provided in 4th Handloom Census

The disparities in the percentages of informal loans among states are depicted in Map 3.3, which may indicate distinct economic patterns. Bihar's (48%) and Jharkhand's (54%) high incidence of informal loans could be attributed to the absence of formal funding sources.

A significant reliance on informal credit is evident in Manipur (91%), which may indicate challenges in accessing formal banking services. Kerala (2%) and Tamil Nadu (6%), two states with lower dependency on informal loans, suggest they have relatively more accessible access to formal credit sources. Telangana (13%) and Odisha (13%) both show a moderate level of dependency.

Map 3.3: State-wise Incidence of Informal



Loans in Handloom Purpose
Source: Author’s Representation from the data provided in 4th Handloom Census

What remains important to us is that Manipur, West Bengal, and Assam—three states with high-income deprivation and a higher share of handloom workers—also show a high incidence of informal loans. These variations demonstrate how various geographical areas call for various strategies for financial inclusion.

(Soundarapandian, 2002) Despite its extensive cultural legacy, sectors which are essentially dependent on labour intensive work such as handloom has been subject to economic difficulty since the affirmation of economic liberalisation 1991 (Patnaik, 2016). The industry confronts numerous difficulties in the face of shifting market conditions. Labour dynamics are essential since they affect productivity efforts, especially in rural areas where 84% of handlooms are located—the need for concentrated measures to improve competitiveness in domestic markets.

The first finding from table 3.1 indicates that the percentage of women working in 17 states (Andhra Pradesh, Bihar, Gujarat, Haryana, Jharkhand, Rajasthan, Uttar Pradesh, West Bengal, Chhattisgarh, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Tamil Nadu, Telangana) is lower than the proportion of national average (i.e. 2/3rd or 66%), with some states having proportion as low as 34%. This highlights an important facet of so-called “women's empowerment.” Still, a question about the nature of this empowerment has to be asked. Are women in handloom sector, working and counted as empowered? Or working and empowerment is still a dream for overall handloom economy?

Table 3.1: State Categorization of Loan Informality and Women’s Employment

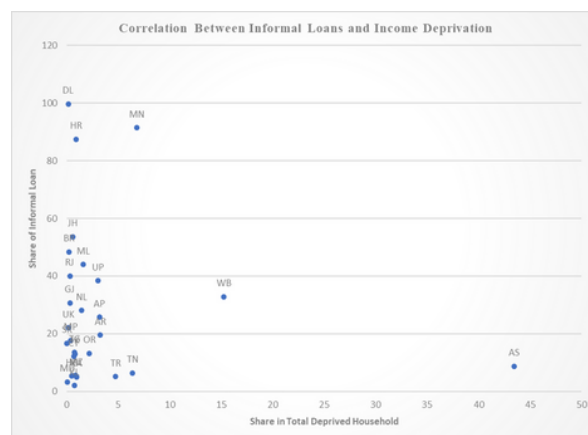
	High frequency of women	Low frequency of women
High incidence of Informal loans	5 (AR,MN,ML,NL,UK)	8 (AP,BR,GJ,HR,JH,RJ,UP,WB)
Low incidence of informal loans	5 (AS,HP,MZ,SK,TR)	9 (CT,JK,KA,KL,MP,MH,OR,TN,TG)

Source: Author’s calculation

This leads to a second noteworthy finding, in these 17 states mentioned above, women working in the handloom industry confront a lack of funding conditions as we have gathered from the income deprivation section. Geographically difficult regions such as north eastern states (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim) being present in the list of income deprived states whereas another two hilly states (Uttarakhand and Himachal Pradesh) are too on the list.

What is even more interesting, there is a formidable intersection of states which (Arunachal Pradesh, Manipur, Meghalaya, Nagaland, Uttarakhand) have higher rates of informal loans than the proportion of national average (18.14 percent) and income deprivation too. Let us unfold the complex dynamic here. In North Eastern states it is women who participate in handloom related activities. These are also the states which are income deprived (all north eastern states) feature there. Therefore, an intersection where deprived north eastern states with high incidence of women workers we observe: high indebtedness. Therefore, indebtedness has a gendered feature to it. We further highlight 5 of these states require further study, to understand as incidence of informal loan, gendered nature of workforce, and deprivation are interconnected.

Correlation Plot 3.1: Correlation between Informal Loans and Income Deprivation.



Source: Author’s Calculation from the data provided in 4th Handloom Census

Some states such as Kerala and Maharashtra, where the rates are 2% and 3%, respectively, show comparatively low levels of informality. There are notable differences in terms of deprived households as well. While observing the states with highest rates of deprived households Assam, 43%, and West Bengal, 15%, incidence of informal loans appear differently.

In Lieu of Conclusion

This note emphasizes three fact-driven findings regarding the handloom sector in India.

First, Handloom remains primarily rural. The distribution of workers shows a gendered nature of workforce. Female workers are engaged in higher proportion in the sector than male workers. A cursory look at this might say such participation reduces the gender gap. However, in later sections we have observed that this gendered nature of work is adding to the economic disparities.

Second, we examine the existing set of inequalities in terms of income deprivation. The majority of handloom households in India are income deprived. Some of the states such as Sikkim (99%), Kerala (98%), Puducherry (98%), Himachal Pradesh (98%), Meghalaya (97%), Jharkhand (97%), Haryana (94%), Chhattisgarh (93%), Jammu & Kashmir (91%) show considerably higher deprivation than the deprived households all India (82.1%) .

Third, a spatial analysis reveals that indebtedness among handloom workers is not unidirectional. It depends on several other socio-economic factors such as gender, region, State, and caste. There is a critical link between proportion of women in the sector, income deprivation, and indebtedness.

Any credulous celebration of handloom sector and the sector's role in closing gender gap should take note of these crises associated with the age-old traditions that are supposed to be heritage in India.

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