



ROLE OF NATIONALIZE BANKS IN ECONOMIC REFORMS OF DECLINING HANDLOOM INDUSTRY AT BAGALKOT DISTRICT

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Abstract:

Introduction: Handlooms in India epitomize the cultural richness and showcase the artistry of the weavers across the world. The industrial revolution gradually eroding this bargaining power, the weavers became economically backward, and the perception of handlooms changed from that of a cultural activity that paid rich dividends to a barely sustainable activity.

Purpose of this Paper: The main purpose of this paper is to analyze the challenges and problems by the handloom industry at Bagalkot district, particularly in the wake of the Economic Reforms.

Research Methodology: *Research design:* The research design used for this paper is: Sample size is 50, Reference period is One year i.e. 2021 and Information was gathered through primary and secondary source of data collection. *Method of data collection:* The method of data collection was structured questionnaire, which were distributed to the staffs of the bank to get at facts as regards to the nature of the loan granted, the number of loan beneficiaries, and the number of loan defaults.

Data Analysis and Interpretation: Data analyses on credit sanctioned for handloom Industry by the Nationalize Banks and role by the nationalized banks at Bagalkot district.

Suggestions: Nationalised banks can bring about in mobilising the nation's savings and applying them for the rapid economic development to the country.

Conclusion: Nationalization Banks has contributed anything to the economy, and then it has to be gaining self-sufficiency in a massive raise in financial inclusion.

Keyword: Nationalize Banks, Economic Reforms, Handloom Industry

INTRODUCTION:

India celebrated the National Handloom Day on August 7, 2021. The handloom industry plays a key role in the Indian economy from providing employment to rural population to being a carrier of India's rich cultural heritage to other countries. According to handloom census 2019-20, the handloom sector creates around 35 lakh of direct employment. If other industry stakeholders are considered other textile manufacturers, fashion designers, etc. this number will be much higher as because it includes other textile , making this the second largest source of employment for rural population after agriculture. However, handlooms do not form a major portion of Indian textile exports. According to the Handloom Export Promotion Council (HEPC), the handloom exports from India fell from Rs. 2,353.33 crore in 2015-16, to Rs. 2,245.33 crore in 2019-20.

Handlooms in India epitomize the cultural richness and showcase the artistry of the weavers across the world. Historically, weavers in India enjoyed high bargaining power. With the industrial revolution gradually eroding this bargaining power, the weavers became economically backward, and the perception of handlooms changed from that of a cultural activity that paid rich dividends to a barely sustainable activity.

While the advent of power looms reduced the textile industry's reliance on handlooms, the latter did not lose their significance for the Indian rural population. Handlooms, unlike power looms, are embedded into the social milieu of the nation. Many government policies have been trying to revive the Indian handloom sector since independence. However, most of these policies have limited success.

The lack of effective policy support combined with the fragmented nature of the sector has given rise to many problems. Most of the problems concerning the sector can be broadly categorised into weaver and supply chain problems.

The first and foremost problem that a weaver faces is the lack of financial viability. According to the Handloom Census, approximately 67 per cent of the weavers still earn less than Rs.5,000 a month, which is less than the amount that an unskilled worker earns as per the minimum wage rule. The problem of low income has resulted in a decrease in the overall number of weavers from 43.31 lakh in 2009-10 to 35.25 lakh in 2019-20.

In addition, existing weavers are not showing an interest in handing the tradition over to their next generations. Further, most of the weavers depend on indirect sources of credit with high rates of interest. This is due to the low penetration of banking facilities among the weaver community. According to the handloom census, approximately 76 per cent of the weavers do not have access to banking facilities, let alone credit facilities from banks.

While these problems affect the weaver community at an individual level, there are numerous process-related problems affecting the supply chain as well. The primary problem lies in the procurement of raw material. Most of the yarn purchased by weavers (approximately 76 per cent) is from the open market and the remaining is from government and co-operative societies.

The price fluctuations in the open market eat up the profit margins of the weavers. On the marketing side, adequate sales support and proper branding are almost non-existent for the finished goods, due to which 64 per cent of the sales happen in the local markets. Furthermore, there is no simple way for a consumer to purchase an authentic handloom product via an e-commerce channel.

The NHDP and CHCDS policies provide financial assistance to the weavers in clusters with respect to raw material procurement, production and others, indirectly helping them to earn higher margins. Some policies priorities the construction of handloom parks and textile parks to increase employment opportunities (weaving and allied activities) in the country.

The latest announcement by the government to construct seven textile parks in three years is also one such initiative to expand the industry. In addition, the government is trying to educate weavers about various benefits of the formal credit system. However, considering the poor literacy rate of the weavers and the long waiting time involved in loan processing, weavers shy away from approaching banks.

To address the supply-chain problems, the Yarn Supply Scheme provides benefits to the weavers in the form of subsidies for purchasing yarn. However, this scheme does not ensure the availability of yarn to all the weavers and does not completely address the non-availability of raw materials. In recent times, marketing of the handloom products has been given high importance by the government.

New schemes are introduced year-on-year to promote the use of handlooms extensively. The *melas* and urban *haats* are set up regularly for the sale of products. Exports are also promoted. Further, to shield the handloom sector from external branding and to increase the authenticity of products, 'India Handloom Brand' has been created and promoted extensively by NHDP. However, in this e-commerce era, online channel of sale has not been given enough importance. Though the government is promoting some e-commerce websites for the sale of handloom products, the quantum of sales through e-commerce channel so far has been low.

Although there are many schemes and facilities offered by the government of India, most of the weavers do not know the existence of these facilities. As per the census 2019-20, the awareness about different benefits that can be availed of by weavers averages 17 per cent for a selection of 11 schemes. This suggests an extremely poor awareness of the policies amongst weavers. Based on the policy analysis and interviews with weavers, the effectiveness of government policies in addressing the problems

The effectiveness of government addressing the problem and the weavers' perceived importance of the problem. For example, weavers consider low earning to be a more significant and immediate problem than marketing of handloom products, which is more of an industry level problem.

The current establishment of handloom weavers into clusters and co-operative societies dampens the inherent entrepreneurial nature of the weavers. Therefore, instead of segregating, a network of external centers can be built to facilitate the diverse needs of the various weavers' communities.

A handloom institute is to be established in every handloom town/city to create an individual identity for all the weavers and allied workers:

1. Each institute should act as a delivery channel for the flow of information and government benefits to the weavers.
2. Institutes should be able to provide design support and training support to the weavers.
3. The institutes can have an in-house designer who can provide this support.
4. These institutes can liaison with local banks to provide credit facilities for the weavers.
5. The institute should educate the weavers on the advantage of the credit facilities and also help them in the process of obtaining credit with the local banks.

These institutes need to function as a formal government entity (like a nationalised bank) with definitive rules and regulations rather than an autonomous body like clusters or co-operative societies. The primary function of these institutes should be to increase the reach of government support to the weavers.

This type of an organisational structure can ensure that benefits and information reach each weaver. It also establishes a formal channel for the weavers to understand the financial benefits they can get from banks. Weavers can leverage these systems to avail themselves of credit from formal systems at lower interest costs, which in turn can increase their overall profit margins. The various support systems included under the umbrella of a handloom centre can make the functioning of the handloom industry more efficient.

Finally, the digital transformation of the world in the e-commerce era calls for a change in the existing systems to better leverage the current technologies. Creating a structure that can help the weavers adapt to and utilise these new technologies and platforms will increase the competitive advantage of the weavers in the handloom sector.

OBJECTIVES OF THE PAPER:

- The main purpose of this paper is to analyze the challenges and problems being confronted by the handloom industry at Bagalkot District, particularly in the wake of the Economic Reforms.
- This paper will also suggest certain suitable schemes of the nationalized banks for absorbing the weavers being rendered unemployed, imparting job skills and creating decent working conditions.

RESEARCH METHODOLOGY:

➤ **Research design:**

The research design used for this work is survey design. Here, group of people were studied by collecting and analyzing their data. These groups of people were selected from the population to represent the population sample. This is a field survey type of research, supported by library research work..

- **Sample size:** 50
 - **Reference period:** One year i.e. 2021

➤ **Source of data collection:**

Information was gathered through primary and secondary source of data collection.

The **primary source** constituted the major source due to the responses to the questionnaire that was

distributed to the staff of the bank and handloom industry at Bagalkot District.

The **secondary source** was collection from textbooks, journals and write-ups of some scholars.

➤ **Method of data collection:**

The method of data collection was structured questionnaire, which were distributed to the staffs of the bank to get at facts as regards to the nature of the loan granted, the number of loan beneficiaries and the number of loan defaults, those that pays promptly and other relevant questions.

ANALYSIS AND INTERPRETATION OF DATA:

In this paper, the current challenges being faced by the handloom industry at Bagalkot district have been examined at length.



The discussion was so important to understand the misery and distress being faced by the weavers at Bagalkot District.

Table-1:
Popular Areas of Nationalised Banks at Bagalkot District

SL.No.	Popular Areas	Numbers
1	Nationalised Banks in Jamkhandi	67
2	Nationalised Banks in Ilkal	71
3	Nationalised Banks in Badami	58
4	Nationalised Banks in Bagalkot Navanagar	63
5	Nationalised Banks in Kudalasangama	57
6	Nationalised Banks in Mahalingpur Bagalkot	72
7	Nationalised Banks in Banahatti	69
8	Nationalised Banks in Hungund	62
9	Nationalised Banks in Lokapur Bagalkot	59

(Source: As per Annual Survey 2021 at Bagalkot District)

Above table show that established nationalized banks in different areas at Bagalkot district. Total nationalised banks are 12 some banks are established twice and thrice in different areas at Bagalkot district. Maximum number of nationalized banks in Mahalingpur are 72. Next highest nationalized banks in Ilkal are 71, nationalized banks in Banahatti are 69, nationalized banks in Jamkhandi are 67, nationalized banks in

Bagalkot Navanagar are 63, nationalized banks in Hungund are 62, nationalized banks in Lokapur Bagalkot are 59, nationalized banks in Badami are 58 and nationalized banks in Kudalasangama are 57.

Table-2:
Handloom sector at Bagalkot District

Particulars	2008-09	2018-19
Number of weavers	40486	27174
Number of handlooms	40486	22249
Total workers	76849	54250

(Source: As per Handloom Census 2018-19 at Bagalkot District)

Table No. 2 shows that handloom sector at Bagalkot district. Total number of weavers in the year 2008-09 are 40486 and in the year 2018-19 are 27174. So it is decline after 10 years. Total number of handlooms in the year 2008-09 are 40486 and in the year 2018-19 are 22249. So it is decline after 10 years. Total number of workers in the year 2008-09 are 76849 and in the year 2018-19 are 54250. Therefore, it is decline after 10 years.

Table-3:
Problems of Handloom weavers at Bagalkot District

S.L.No.	Particulars
1	Average Production: Average production of fabric per weaver daily: 5.60 metres (rural), 4.27 metres (urban)
2	Average weavers work: 270 days in a year
3	Number of weaver households earning less than Rs. 5,000 month: 21,639 weavers
4	Number of weaver households earning between Rs. 5,000 and Rs. 10,000 month: 10,757 weavers

(Source: As per Handloom Census 2018-19 at Bagalkot District)

Table No.3 shows that problems of handloom weavers at Bagalkot district. These problems are discussed below:

Out of work:

- Weaving clusters in Bagalkot, Gadag, and Yadgir districts which have a high number of weavers. Already, the weaving community has shrunk significantly as per the 4th Handloom Census 2018-2019, conducted by Union Ministry of Textiles, and the COVID-19 crisis is another blow.
- Mudhol-based Dhaneshwari Kaimagga Nekarara Batte Utpadakara Ghataka, a self-help group (SHG) in Bagalkot, has unsold stock of 5,000 metres, while the monthly production has come down from an average 5,000 metres to about 2,000 metres.
- Shivamogga-based Charaka Women Weavers' Cooperative has a stock pile of nearly 80,000 metres.

• A serious consequence of the current situation has been that weavers, not finding work in their villages, have started migrating in search of jobs. Many other jobs yield better wages and are less strenuous. Out of the 50 weavers, 20 have left.

Cancelled orders:

Gajendragad-based Sri Banashankari Nekarara Sahakara Sangh has not only seen high stocks, but also cancellation of existing orders, resulting in finances going haywire.

As it is, the younger generation is not interested in weaving. In fact, due to capital crisis, many societies are near closure. After the current crisis, the number of active weavers may come down further. Out of the 50 weavers attached to the Dhaneshwari Kaimagga in Mahalingapur, at least 15 are expected not to return.

Role the Nationalize Banks could play:

The Nationalize Banks can also play a major role in the promotion of handloom sector in general and the employment of the weavers in particular. Since both the Commercial banks and the Cooperative banks are not willing to extend loans to the weavers due to lack of collateral security, the Nationalize Banks could be the suitable.

Table-4:
Progress under Nationalize Banks at Bagalkot District
(Amount in Rs. In lakhs)

Particulars	Total
Total Savings:	
Number of members	62,24,287
Amount of Savings	5,635.12
Loans disbursed:	
Number of members	17,19,376
Amount o Loans Disbursed	13,333.47
Loans Outstanding:	
Number of members	37,21,598
Amount of loans outstanding	27,439.62
Non Performing Assets as a % to outstanding bank loans	2.4

(Source: As per Annual report as on 31 March 2021)

Analyses of the credit sanctioned for handloom Industry:

Handloom activity is another non- form sector activity, which is full of potentially for income and employment generation. Under new design and training schement 50 handloom weavers were sent outside the state to expose them to modern technology and skills in handloom weaving. They were taken to Hyderabad, Pochampalli, Koyalgudam, Vijaywada, Venkatagiri and other major textile centres. Rs. 15.20 lakhs is sanctioned from SGSY infrastructure development fund of which Rs.10.00 lakhs is being utilized for

construction of common work shed for the weavers of Soojannya weavers co-operative society at Mahalingpur, remaining Rs.5.20 lakh is being utilized for creating textile design centre(V:2 wonder weaver software on jakard weaving. Dobby design, printing design, card punching machine, 2 computer, printer, ups, tabletc). In advance handloom weaver training institute at Jamakhandi. The nationalized banks are expected to provision for providing financial assistance to the persons who engaged in handloom weaving activities so as to promote economic well- being of small scale industries.

Table No.5
Credit sanctioned for handloom activity last five years
(Rs. In lakhs)

Year	Credit for handloom activity	Percentage Increase / Decrease
2014-15	6.73	+143.79
2015-16	9.01	+133.87
2016-17	29.01	+321.97
2017-18	33.49	+115.44
2018-19	37.26	+111.25
2019-20	29.38	-78.85

(Source: District Credit Plan at Bagalkot District)

Note: Figures in brackets indicates percentage increases or decrease over the previous year.

Interpretation: Table No. 3 shows the amount of credit sanctioned by the nationalized banks for credit sanctioned for handloom activity from 214-15. From the table it is clear that there has been no consistency in the growth of credit sanctioned for credit sanctioned for handloom activity. In 2016-17, the Rs.29.01 lakhs was sanctioned for credit sanctioned for handloom activity, which went up to Rs. 37.26 lakhs in 2018-19. But 2019-20 it is decline due to the COVID-19 crisis

Table No. 6
Average credit for handloom activity
(Rs. In lakhs)

Year	Credit for handloom activity	No. of accounts	Credit per account
2014-15	6.73	748	0.050
2015-16	9.01	726	0.065
2016-17	29.01	3251	0.943
2017-18	33.49	4279	1.433
2018-19	37.26	4716	1.757
2019-20	29.38	1748	0.513

(Source: District Credit Plan of Bagalkot District)

Table No. 6. shows the amount of credit sanctioned by the nationalized banks for average credit for handloom activity from 214-15. From the table it is clear that there has been no consistency in the growth of credit sanctioned for average credit for handloom activity. In 2016-17, the Rs.0.943 lakhs was sanctioned for average credit for handloom activity, which went up to Rs. 1.757 in 2018-19.

SUGGESTIONS:

- Provide large sums of finances to handloom sector are sure that starve the large-sized industries and business for finance.
- Provide large sums of finances to handloom sector are providing employment to millions of people and largely contributing to the production of wealth.
- Nationalisation is designed to accelerate the tempo of investment and production to raise the living standards of the people.
- The success of the measure depends upon the new vigour and dynamism, which the nationalised banks can bring about in mobilising the nation's savings and applying them for the rapid economic development to the country.

CONCLUSION:

The role of nationalization banks are resulted in economic stabile and strength of India. Nationalized Banks are efficiency increased as a result will be increased accountability and public trust. The fact that financial inclusion was the primary goal of nationalising banks. Nationalized Banks expanded reach aided the economic growth of handloom sectors. The government's priorities given to the handloom sectors by newly opened nationalised banks. However, Nationalization Banks has contributed anything to the economy, then it has to be gaining self-sufficiency in a massive raise in financial inclusion. It has helped India to emerge as one of the greatest economies and its potential being recognized around the globe.

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