Understanding Powerloom Weavers' Suicides in Sircilla

S Galab, E Revathi

An oligopolistic market, fluctuating market conditions, inadequate modernisation and the subordinate status of hired workers have contributed to the poor living conditions of workers in Sircilla, a powerloom centre of Andhra Pradesh. The state and central governments need to intervene in a more organised fashion to end the distress. In the short run, the state governments should source procurement of cloth for supply to various welfare schemes from the powerloom producers. In the medium term the central government should make it possible for the powerloom operators to access funds from the existing textile modernisation schemes.

S Galab (*sgalab@cess.ac.in*) and E Revathi are with the Centre for Economic and Social Studies, University of Hyderabad.

Recent suicides by weavers in the traditional powerloom industry in Sircilla in Karimnagar district in the northern Telangana region of Andhra Pradesh have once again raised the ugly head of underlying deep-rooted distress among the weaving community in the area. Suicides have been reported time and again in 1998, 2001 and in 2008 in Sircilla. It is rather intriguing as to why there is a persisting crisis in the powerloom sector despite the fact that the sector has emerged as a major producer of cloth in the country. From a cursory diagnosis it is evident that the crisis is more confined to the hired worker segment of the powerloom sector in Sircilla.

The incidence of indebtedness is widespread among the hired workers, while the level is high among the job workers (weavers with own looms). On an average a hired worker's family has a debt burden of between Rs 30,000 and Rs 50,000 while that of a job worker is around Rs 3,00,000. Food insecurity, malnutrition, anaemia and other health-related problems such as tuberculosis, asthma and gynaecological illnesses among women; houselessness, and a high dropout rate among children are some of the issues that have characterised the multiple deprivations among the workers. Added to this a high incidence of alcoholism and increased dependence on microfinance institutions for day to day credit needs have further resulted in deterioration of living conditions. Government welfare programmes have been inadequate and are inefficient in terms of targeting and coverage, according to a report prepared by Krushi, a local NGO.

The appalling living conditions of the weavers are the fallout of the production conditions prevalent in Sircilla. The production conditions determine the growth of the powerloom sector as well as the distribution of value among different agents involved in the process.

Growth of the Powerloom Sector

The beginning of powerloom activity in Sircilla is linked to the decline of the mill sector in Mumbai and Bhiwandi in the early 1960s. When the mills were closed in Mumbai and Bhiwandi, the migrant workers in these mills from Sircilla returned home with traditional powerlooms which they purchased for Rs 2,000-3,000 when they were being sold as scrap material and started establishing the looms on their own. The eventual dismantling of the erstwhile organised mill sector in Mumbai and Bhiwandi ended up in the development of unorganised weaving activity in small towns such as Sircilla. The operation of the first set of four powerlooms was started in 1962. By 1970, there were about 2,000 looms, which rose to 10,000 looms by 1990. The number further increased to nearly 18,000 looms by 2002. The bulk of the looms in Sircilla are traditional powerlooms on which cotton/polyester is woven. In 2001 and 2002 the powerloom industry in Sircilla was badly hit. Loom owners sold off their looms because of inadequate demand for and rising stock of cloth and during this period, suicides were high (*Frontline* 2001).

The reasons for the 2001 crisis could be traced to the liberalisation policy from 1991 onwards, followed by central governments. Yarn prices shot up as huge quantities of cotton and yarn were exported; excise duty on cone yarn was raised to 9.25% pushing up yarn prices further; production of 25 counts of yarn declined and removal of quantitative restrictions led to dumping of cheap imports from China and Thailand. Besides, the government led by Andhra Pradesh Chief Minister Chandrababu Naidu raised power charges four times from 1995 to 2001 as part of the reform process. As a result, the weaving costs soared and returns thinned which resulted in increased stress. Till then the powerlooms used were mostly of the 42, 44 and 46 inch types, producing short length cloth.

As a palliative step in the post-crisis period, the Andhra Pradesh Electricity Regulatory Commission had reduced the power tariff from Rs 1.74 to 0.87 per unit up to 5 HP in 2001. After 2003, the number of looms started to rise once again. Most of them were 56 inch looms on which longer length cloth used for saris could be produced. Weavers mobilised capital for the looms on their own by sale of assets such as land and gold. Besides, the government also opened yarn depots in Sircilla in 2003 supplying yarn directly to the job workers. The job workers were provided with bank loans and credit card facility to the extent of Rs 25,000 for working capital needs. However, this move was pre-empted by the master weavers by supplying yarn at a lower price than supplied by the yarn depot. One fallout of the reduction in the power charges was the increase in the number of looms, and the other was the increase in the profit margins of the master weavers as they reduced the rate per metre given to the job workers justifying reduced production costs.

The cloth produced by Sircilla powerlooms is mostly low quality 80×80 counts polyester, and to a limited extent 20×20 counts grey cotton cloth, catering to the poor. Till 1990 however, the major production was predominantly of cotton products – dhotis, shirts, handkerchiefs, etc, the major market for these products being Maharashtra. But as production costs soared, there was a switch from production of cotton to low quality polyester, an intermediate product used for salwar kameez, printed saris, banners and decoration.

There is no post-weaving processing in Sircilla, except for cheap dyeing in case of cotton marketed as petticoat cloth. The polyester cloth is sold to mills in Hyderabad. In the case of polyester, because of the absence of allied (sizing and processing of yarn) and post-weaving processing activities, value addition and product diversifcation has not been possible. And in the case of cotton cloth, to produce higher counts (quality cloth), different sizes of beams are needed and which are not produced by the sizing units in Sircilla.[1] Besides, cotton cloth accounts for only 25% of the total production. The absence of a complete value chain in powerloom production has made the sector remain as a low quality intermediate sector in Sircilla. A paradoxical situation also emerged in the powerloom sector in Sircilla. The bigger master weavers, reaping the profits and with the capacity to invest in the sizing and processing units to adapt to changing demand are not market savvy and lack enterprise to take the initiative, while the smaller master weavers who have emerged with the growth of the industry lack adequate capital. Moreover, the big master weavers and the traders have been cornering a larger share of the value of output even in the context of stagnation and have a vested interest in perpetuating this system. Thus the growth of this sector in terms of diversification has remained stagnant. Further as part of the central government's liberalisation policy the powerlooms were removed from the small-scale sector thereby allowing big players such as Reliance and Mafatlal in the market. To facilitate these big entrants the centre reduced customs duty on imported machinery from 15% to 5% and also provided 50% subsidy on machinery under the Technology Upgradation Fund Scheme (TUFS). However, the bulk of the powerloom weavers are unable to avail of the TUFS because of problems such as inability to meet accounting requirements of bankers for loans because of small size, non-viable technology, inadequate working capital as per "working capital availability requirement" and inability to raise the required powerloom contribution of 35% (Annual Report, 2005-06, Ministry of Textiles, Government of India).

Structure of Production

Until 1970, the structure of production in the weaving industry was out and out an owner-weaver affair. There was no wage labour nor was there any master weaver putting out jobs. Loom owners were workers working with one or two pairs of looms. But after 1970 gradually a class of owners with a number of looms emerged resulting in separation between owners and workers. A class of master weavers emerged. Master weavers supply yarn and market the cloth produced. However, the master weaver system was limited till the mid-1990s and there were only 4-5 master weavers. But since the mid-1990s their number increased and have reached almost 100 by 2005. The master weavers may have their own units with a number of looms or also rent out looms to a middle layer called "job workers or jobbers" or simply may be getting job workers to do the production. There was also a rise in the number of the middle layer jobbers. This layer of job workers owns between two and three pairs of looms to 20 pairs (40 looms) with an average size of around six pairs; the smaller owners also renting a pair or two,[2] working on the looms and also employing weavers on a daily wage basis. The last in the hierarchy are the hired workers without any looms, working for the job workers on wages. There are 13,000 to 14,000 such workers in Sircilla engaged in many types of activities such as warping, drawing, mechanics, dyeing, sizing units for cotton, etc. The number of wage workers engaged in weaving activity exclusively is around 11,000 and along with job workers a total of 14,500-15,000 work on nearly 30,000 looms in two shifts[3] (Assistant Director, Textiles and Handloom Department, 2008). None of the units are registered.

Master weavers are linked to the Hyderabad market to get yarn and sell cloth to the mills either directly or through agents. They are not a homogeneous class; the 4-5 bigger master weavers have nearly 50% of cloth production collected under them while the rest 50% production is shared by the other (nearly 100) master weavers. About 10,000 to 15,000 looms run under the bigger master weavers producing around 15 lakh metres of cloth per month. The rest of the master weavers have a collection of around four lakh to five lakh metres of cloth per month. The bigger master weavers have high staying capacity and storage facilities for the cloth, but the rest are cash starved for working capital and hence it becomes inevitable for them to offload the cloth and get paid, purchase yarn and get the production going. In this process they often tend to receive a differential price (on the lower side) compared to the large master weavers due to the low volume of cloth collected and inadequate staying capacity. Besides, during the peak season (January to May) the price of cloth rises and for at least a couple of months the bigger master weavers get a margin of 50 paise to one rupee per metre. However they do not pass on the benefits of higher price received for the cloth to the job workers. The only incentive for the job workers to work with them is continuity in work. As the margin of the master weaver thins they cut back the rate given to job workers which in turn reduces the wage paid to the worker.

Scale of Production

The scale of production with master weavers is the core issue around which profits revolve. Though these are the general production conditions in the industry, many crises show up time to time with varied causes. In spite of the costs of power being lower now, erratic power supply has led to production losses. Apart from this, there is a slump in the demand for the product in the market, and hence a lengthening of the slack season. Some of the reasons for the slump in the market are steep and fluctuating yarn prices, competition in the market from other powerloom centres in Malegoan and Ichalkaranji[4] and shift in the consumer demand for cotton.[5]

The job workers working under the master weavers are paid Rs 1.20 per metre for polyester cloth of which 60 paise is paid to workers and they incur another 30 paise on power, maintenance, rent for looms, transport charges, etc; the remaining 30 paise is earmarked as income.[6] The payments fixed per metre cloth do not undergo change for a considerable span of time. These are not adjusted for rising cost of inputs (yarn and credit) and transport costs. In addition to the above, the master weavers, especially the bigger ones, do not pass on the part of the incremental profit margins from stable and sustained increase in the price of cloth that they negotiate with the traders as noted above. The job workers have no option but to take whatever is offered as they depend on the master weavers for inputs (yarn and credit) and do not negotiate directly with markets.

The powerlooms in Sircilla work in two shifts, with 12 hours per shift. One worker is employed in a shift for six looms in the case of polyester and four looms in the case of cotton. Each polyester loom produces 30 metres and six looms in a shift produces 180 metres. At the rate of 60 paise per metre a worker on polyester looms earns Rs 108 in a shift. In the case of cotton cloth, the rate paid is higher at 90 paise but the per loom production is less at around 20 to 25 metres of cloth which would fetch a daily wage between Rs 75 and 93. The workers generally work exceeding their capacity. For example, they work on eight looms in the case of polyester cloth to produce more and get a higher wage of Rs 144 per day. As working on eight looms is too stressful for the workers, generally workers aged below 50 years and in good physical condition are the only ones who can withstand such painstaking work. Moreover, workers can work at high capacity for 10 years after which they are burnt out and remain prone to occupational hazards which result in tuberculosis, asthma, etc. The pressure to work on more looms and on an increased turnover is high on the workers as the piece rate is low and they need to earn at least Rs 150 a day to meet minimum needs of the family. Besides, work availability is reduced by 30% between July and December during what is termed as the "off season". Wage agreements have been taking place once in two years but have been seldom implemented. The rate per metre and hence wage is determined according to the number of picks and reeds per inch of cloth which signify the quality of the cloth.[7] In 2000 the wage provided was 12 paise for 54 picks which amounts to Rs 0.65 per metre and in 2007 June again there was a wage agreement for 13.50 paise after a 15-day old strike by the trade unions. The present wage given is even less than the wage agreement signed in 2000 for Rs 0.65 per metre.[8] The workers' stagnant wages coupled with rise in the prices of food and non-food items they consume further deteriorates their living conditions. Workers aged above 50 and also those suffering from physical ailments cannot compete for work and they lose out and end up in a vicious sequence of ill health, indebtedness, starvation, or suicide.

Therefore the system revolves around the logic of increasing production in the hope of fetching enough for all starting from the master weaver to the worker. The government intervention subsequent to periodic crises has to some extent led to growth of industry but distribution of incomes has not been changed much. Besides, the oligopolic nature of the market at all phases fixes the price from the top and is passed on downward from agent/trader to master weaver to job worker and to hired worker. As a result, the whole production process in Sircilla leaves hired workers vulnerable in terms of employment, and social security thus resulting in the aged and diseased being subjected to starvation and suicides.

Distress and Way Forward

The present crisis in the powerloom industry in Sircilla has multiple dimensions. The weavers produce a single product (cheap polyester) because of the traditional machinery for which the demand has become unsteady. This situation is resulting in inadequate employment for the weavers. Diversification to high value polyester cloth, value addition to plain polyester cloth produced, and switching to high count cotton cloth need investment in modernised looms, dyeing, printing units and sizing units. The "Textile Park" established in Sircilla has facilitated big investors to invest in jet looms and semi-automatic looms by availing of the TUFS and by giving other incentives and credit subsidies similar to the 1985 Textile Policy.[9] But the employment potential of such technology is limited as every jet loom displaces 40 traditional powerlooms. The present strategy of promoting large-scale modern looms cannot be an answer to the problem as it pits small and employment-oriented looms against large looms with high productivity. State interventions in the form of power subsidy and yarn supply through depots have only temporarily benefited the job workers due to the manipulative behaviour of the master weavers. Wage agreements between master weavers and trade unions were seldom adhered to. All these yielded little respite to the hired workers. Enterprising master weavers and job workers need to be enabled to avail of existing schemes like TUFS by amending the conditions of access. These are however, concerns for the long run.

As an immediate step, the textile and handloom departments of the state government need to perform two functions: one, supply of yarn and two, markets for the product. It can link the product to other government departments such as the social welfare hostels, road transport corporation, and others wherever the usage of the cloth could be suitable. These steps would in the first instance benefit the job worker segment and can further be transmitted to hired workers. This would also create an enabling environment to implement the wage agreements for the workers. Second, a guarantee for 100 days in a year has to be ensured to the workers by providing continuous work orders.

Besides production-related stress, the hired workers suffer from occupational health hazards and lack of social security. In the aftermath of the recent crisis the government has extended the social security benefits in place to the handloom weavers also to the powerloom weavers in Sircilla. However the coverage of the Group Insurance Scheme[10] for powerloom workers since 1992-93 needs to be extended to all workers. The workers' premium has to be borne by the master weavers as workers are not motivated to pay owing to the casual nature of work. The insurable age for workers needs to be enhanced to 70 years. The health expenditure of the weavers has soared which is mostly met privately. The Area Hospital in Sircilla is ill-equipped to meet the specific health requirements of the weavers. Besides, the high dropout rate among weavers' children needs to be addressed immediately. Notwithstanding the benefits extended, effective access can be ensured when workers are organised in line with the self-help group model of Andhra Pradesh.[11]

NOTES

1 Sizing and processing companies were closed by 2001 rendering nearly 10,000 people jobless.

2 Only 5% of job workers hire in looms. Moreover renting usually takes place for a brief period of two to three years.

3 The figure of total powerlooms as given by the Powerlooms Association ranges between 26,000 and 27,000.

4 Cost of production of low quality polyester cloth is cheaper at these places due to lower wage rates because of absence of trade unions

5 Discussion with yarn and cloth agents made clear that demand for cotton has been rising which has been mentioned by Roy (1998) also.

6 The ratio of wage, non-wage production costs like maintenance of looms and jobbers' income is 2:1:1. As most job workers also work on their looms they get three parts of the price of cloth.

7 Reeds are a series of parallel wires on a loom that separate the threads of the warp evenly. Higher the number of picks and reeds, higher is the quality of cloth. In the case of 54 reeds the wage is fixed at 13.50 paise which amounts to 54*13.50 = Rs 0.72 per metre, but the actual wage given is 0.60.

8 Discussions with master weavers made clear that despite their reluctance, wage agreements for higher wage were made and that is the reason for their violation of the same.

9 The 1985 Textile Policy sought to encourage economies of scale by allowing large sized plants in organised mill sector, liberalised import of textile machinery and provided export subsidies. The very orientation shifted from employment to productivity.

10 Janashri Bima Yojana and Add on GIS for Death were introduced by GOI in association with Life Insurance Corporation of India.

11 The government of Andhra Pradesh has provided a larger space for poor women's self-help groups and their federations at village, mandal and district levels in its strategy for poverty alleviation and women's empowerment, presently known the Indira Kranti Patham. This model has enabled the women to access their entitlements from other programmes effectively with less transaction costs.

REFERENCES

Frontline (2001): "Weavers in Distress", Cover Story, *Frontline* Magazine, Vol 18, No 08, 14-27 April.

Krushi (2008): "Situation Assessment of Powerloom Weavers in Sircilla", unpublished report of the NGO, Sircilla.

Roy, Tirthankar (1998): "Development or Distortion? Powerlooms in India, 1950-1997", *Economic & Political Weekly,* Vol 33(16).