FINANCIAL MANAGEMENT STRATEGY FOR THE REVIVAL OF SILK INDUSTRIES IN KANCHIPURAM DISTRICT, TAMILNADU

A.ARUL PRAKASH
Research Scholar, Bharathidasan University and Assistant Professor, Faculty of Management, SRM University, Kattankulathur-603 203

Dr.A.SELVENDRAN
Associate Professor and Research Supervisor, P.G and Research Department of Commerce, Trichy Government Arts College, Trichy-620 022

Abstract
The town of Kanchipuram is well known as Silk City because almost of its population is dependent upon the silk industry. Skilled and semi-skilled weavers from neighbouring towns like Salem, Arani, Coimbatore and Kumbakonam are also involved in the production of silk sarees. India is the world’s second largest producer of silk, contributing roughly 18% of the total world production of silk. In India, silk production is concentrated mainly in South India. Kanchipuram is a significant producer of silk in South India. Initially, this industry was dominated by a handful of merchants who used to procure sarees from the local weavers and sell them. This system was disadvantageous to the weavers, who did not receive just compensation for their labour. In the year 1949, the first co-operative society of weavers was formed, called the Kamatchi Amman Society. This society consisted of 79 weavers, who were provided financial support and several other benefits. Over the course of time, more and more co-operative societies were formed. Today, there is about 24 co-operative societies, most of which are managed by the Tamilnadu government. Some of the reputed co-operative societies of weavers are the Kamatchi Amman Silk Society, Murugan Silk Society, Varadharaja Swamy Silk Society and others. The Kamatchi Amman Society now has about 2000 members and is one of the biggest. Totally, there are about 50,000 weavers who work through various co-operative societies.

The current study tries to analyze various financial problems encountered by the silk industry. The approach of the study has been from the point of view of financial issues and revival of silks, considering the enormity of silk industry.
Introduction

The silk industry is a traditional industry, which comes under the handloom industry, and it has a long historical background. Kanchipuram (also spelled as Conjeevaram, Kanjeevarum, Kanjiwaram) is traditionally woven silk from the village called Kanchipuram in Tamil Nadu, India. For years now, Kanchipuram silk sarees have dominated the world of South Indian sarees. Synonymous with the sarees of South India, these are the mark of culture for every south Indian wedding, ceremony or occasion. The shine and durability of the fabric have made these sarees popular attire among women across the globe. The rich quality combined with an amazing finish make them last longer. Synonymous with the sarees of South India, these are the mark of culture for every south Indian wedding, ceremony or occasion. The shine and durability of the fabric have made these sarees popular attire among women across the globe. The rich quality combined with an amazing finish make them last longer.

Silk is a natural fibre and was amongst the earliest fibres discovered by man with others being wool, hemp, linen and cotton. Silk is a fibroin made of proteins secreted in the fluid state as single filament by a caterpillar, popularly known as 'silkworm'. These silkworms feed on the selected food plants and spin cocoons as a 'protective shell' to perpetuate the life. Silkworm has four stages in its life cycle viz., egg, silkworm, pupa and moth. Man interferes this life cycle at the cocoon stage to obtain the silk, a continuous filament of commercial importance, used in weaving of the dream fabric.

Silk has been intermingled with the life and culture of the Indians. India has a rich and complex history in silk production and its silk trade dates back to 15th century. Sericulture industry provides employment to approximately 8 million persons in rural and semi-urban areas in India. Of these, a sizeable number of workers belong to the economically weaker sections of society, including women. India’s traditional and culture bound domestic market and an amazing diversity of silk garments that reflect geographic specificity has helped the country to achieve a leading position in silk industry. India is the Second largest producer of silk in the World.

Among the four varieties of silk produced, in 2015-16, Mulberry accounts for 71.8% (20,434 MT), Tasar 9.9% (2,818 MT), Eri 17.8% (5,054 MT) and Muga 0.6% (166 MT) of the total raw silk production of 28,472 MT. The silk industry was considered only as an industrial co-operative and placed under the fold of the
industrial co-operatives. From the beginning of this century, the Government started financing the silk co-operative societies. All the phenomenal development of this society can be ascribed to the planned era which started from 1951 and is being continued as Five Year Plans. The Government of India paid considerable attention in its Five Year Plans to the co-operative silk societies to promote this industry and the Co-operative movement, by setting up the All India Handloom Board. The Government of India recognised the role of the co-operatives in its industrial policy, in 1973, bringing the small and medium entrepreneurs under the co-operative fold, giving them subsidies and concessions to promote the silk co-operatives societies.

**The Temple silks of the south**

South India is the leading silk producing area of the country also known for its famous silk weaving enclaves like Kancheepuram, Dharmavaram, Arni, etc. While the temple towns like Kancheepuram are renowned for their magnificent heavy silk sarees of bright colours with silver or gold zari works, the centres like Bangalore and Mysore are known for their excellent printed silks. The traditional handloom silks always score over the power loom silks in the richness of their textures and designs, in their individuality, character and classic beauty. Handloom weaving remains a symbol of versatility and creativity of living craft. Today, Indian silks, especially the handloom products, remain the most beautiful and cherished the world over.

**Statement of the problem**

The silk co-operative societies have only persons who own looms as their members. The society supplies all raw materials to the members and collects the final products. It provides wages and other benefits, like bonus and dividend on capital, etc. to its members. Therefore, the success of the silk industry largely lays on the effective financial management of the co-operative silks societies. The weavers’ co-operative silk societies and private silk handloom manufacturer are not financially sound. They lack proper financial management which results in the failure of the entire silk industry. Financial management denotes management finance functions of the co-operative societies. The societies have to pay a serious attention to the specialised function of financial management which involves financing decision, procurement of funds, effective use of funds, management of surplus and effective working capital management. Many societies fail to pay attention to this function. Hence an attempt is made in this study to emphasize the need for adopting
modern techniques of financial management strategy for revival of silk industries in Kanchipuram district, Tamilnadu.

**Objectives of the study**
1. To analyze and review the financial status of silk industries in Kanchipuram District, Tamilnadu.
2. To identify the financial factors that have caused decline in silk industries in general.
3. To evaluate the effect of financial management strategy on revival of silk industries in the study area.
4. To suggest suitable measures that will provide guidelines to promotion of silk industries in Tamilnadu.

**Sampling Design**
The survey was conducted on the basis of sampling method for developing sample design; the researcher collected the data from Kanchipuram District in Tamilnadu. 125 samples were selected by using lottery method of simple random sampling technique.

**Area of the study**
The present study covers all the three revenue divisions and Nine Taluks of Kanchipuram District Viz, Chengalpattu Revenue Division: Chengalpattu taluk, Thiruporur taluk, Tirukalukundram taluk. Kanchipuram Revenue Division: Sriperumbudur taluk, Walajabad taluk, Kanchipuram taluk. Madurantakam Revenue Division Uthiramerur taluk, Madurantakam taluk, Cheyyur taluk.

**Literature review**
Review of literature is related to financial problems of silk weavers, silk weavers’ co-operative societies and other private silk manufacturers that have direct and indirect bearing on the objectives of the study.

Gurumoorthy and Rengachary (2002) studied the problems of handloom industry and revealed that in the handloom sector, pricing is major problem. In addition, that problem of inputs, working capital and marketing of their products are the some other problems. It is suggested that handloom industry has to produce goods as required by consumers but not what they know.

Mathiraj and Rajkumar (2008) in his study on Handloom products production and marketing narrated the production related problems of the Handloom Weavers’ Societies like wide fluctuation in
the prices of yarn, lack of availability of skilled labour force. Modernization of handloom industry and formulation of production pattern, sales design are the suggestions of the study.

Tripathy (2009) was opined in his study problems and perspectives of Handloom Industry in Orissa that there are many problems in decentralized handloom industry due to illiteracy, inadequate finance facilities, cost control, quality control, procurement of raw material, fluctuation in prices in raw material etc. The study suggested that the weavers have to develop more designs and understand the customer preferences.

S.Lakshmanan, (2010) the production of bivoltine cocoon is more remunerative in comparison to crossbreed races and Cocoon prices are very much fluctuating and seem to be highly volatile in nature10. Effective marketing strategies need to be adopted in the state of TN which can increase in the production of cocoon. Minimum Support Price MSP has to be provided to fanners growing commercial cocoons like other agricultural crops, apart from in order to promote bivoltine cocoon.

R.V.Praveena Gowda, ANN Murthy, E Muniraju, (2011) The response indicates that about 55%n of the sericulturists adopted or tried to adopt improved methods of rearing system which saves 40% of the labour time. Mulberry cultivation is found to be dying toughest job of all major sericulture activities. Sericulturists should try to maximize the potential of these improved methods of farming and should capitalize on diversifying the marketing of silk. Fanners should adopt mechanized tools which remove the rudgery and better production facilities.

V. K. Rahmathulla, (2012) India enjoys the patronage of second position for the production of silk in the world next only to China. A clear understanding of the genetic basis and variability in the expression of quantiative and qualitative genetic traits during exposure to high temperatures is an important step for die selection of potential thermo tolerance parental resources for breeding programmes12. A good climate condition should be has necessitated for the development of a more suitable temperature tolerant hybrid with better productivity traits than existing races. To achieve greater success, there is a necessity of understanding the molecular mechanism of temperature tolerance in silkworm, identification of various groups of heat shocking proteins (HSPs), understanding of different expression pattern of various HSPs, in polyvoltine and bivoltine races to locate the genes
responsible for the heat inducible HSPs, and subsequent steps to introduce the same into the silkworm genome

**Selvaraj and K.R.Vijayasanthi (2011)**

the price of cocoon is totally determined by the arrival of cocoon and demand for the product in the market15. There is a greater need to create awareness among cocoon reelers and producers for a thorough sorting of cocoons based on the quality and the support price fixed. Two measures are suggested to assist the farmers to enhance their income: a committee can be appointed to oversee the price fluctuations; and the government can take necessary steps to introduce support price policy to ensure better benefits for farmers to thrive in the industry in the long run. The cocoons can be supplied only after stifling with a nominal charge. There should be storage facility so that reelers can release stocks for sales as and when market conditions are favourable.

**P.Kumaresan, G.Srinivasa, and N.B.Vijayaprakash (2005)** Central Sericultural Research and Training Institute, Mysore. The production function analysis has indicated that bullock power, human labour, quantum of feed and disinfectants are important inputs which significantly increase cocoon production. The economic analysis has indicated that surplus income generated through rain fed conditions could be just enough to meet the family expenses6. There is a large scope to use these inputs at an optimal level in order to achieve higher production levels. Cost saving technologies with high yielding mulberry varieties and silkworm hybrid suitable for rain fed conditions should be evolved and popularised in order to reduce the cost of production and improve profitability.

**Silk industry requires revival**

It is important to look into the real situation in Indian sericulture. All the major commercial silks are produced in the country. However, different races and hybrids of the monophagous silkworm Bombay Mori produce the major portion of silk in India. The gene pool available in the country can be broadly divided into two groups, low yielding stocks characterized by high adaptability to tropical conditions and highest yielding stocks exhibiting regular diapauses, suffer from the low adaptability to the highly variable tropical agro climatic conditions. To increase productivity and quality of silk there is an urgent need to develop technology suitable for tropical sericulture. Transplanting the technology developed for by the temperate sericulture is neither practical nor economically viable. This is because we have to consider at the same time the agro climatic conditions where the
technology is going to be applied as well as the economic status of the technology user. Sericulture R&D in India demanded the twin requirement of evolving of high yielding breeds and development of the sericulture technology suitable for it. Since the productivity through better conversion to silk is higher in bivoltine silkworm, the shift to bivoltine sericulture will add to reduction. Recent switching to the high yielding mulberry variety from conventional K2 and CSR2x CSR4 from the multivoltine x Pure Mysore x NB4D2 are typical examples, through which productivity increased dramatically.

**Type of business activity**

The methods of business activity undertaken by silk industries in Kanchipuram district are sole trader, Partnership firms and co-operative societies. Table No.1.1 shows the list of nature of business activity engaged by silk industries in the study area.

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Type of Business</th>
<th>Sample Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sole Trader</td>
<td>52</td>
</tr>
<tr>
<td>2</td>
<td>Partnership Firms</td>
<td>33</td>
</tr>
<tr>
<td>3</td>
<td>Co-operative Societies</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Primary data

It could be seen from the table 1.1 that of the 100 sample units 52 silk industries are sole traders, 33 units are partnership firm and 15 are co-operative societies.

**Tools for Analysis**

For analysis of data, most significant factor which influences the respondent, Henry Garrett Ranking Technique has been used to rank the factors to identify the problems faced by the silk industry and Handloom Societies weavers’ in the study area. In this method, the respondents were asked to rank their opinion regarding the problems faced by them. The order of merit given by the respondents was converted into ranks by using the following formula.

\[
\text{Percentage Position} = 100 \left( \frac{R_i - 0.5}{N_j} \right)
\]

Where, 
- \(R_i\) = Ranking Position,
- \(N_j\) = Total Number of Ranks

By referring the Henry Garrett method of table, the percentage position of each rank thus obtained is converted into scores. Then the scores of individual respondents for each factor were added and divided by the total number of respondents for whom the scores were added. For all the factors, mean scores were arranged in order of ranks. The factors having highest mean value is considered to be the most important factor and from this inference were drawn.
Analysis and Interpretation of Data

Table No.2
Input related issues from sample respondents

<table>
<thead>
<tr>
<th>Factor No.</th>
<th>Nature of the problems</th>
<th>Total scores</th>
<th>Mean Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1</td>
<td>Low Quality of Raw Materials</td>
<td>7778</td>
<td>55.6</td>
<td>II</td>
</tr>
<tr>
<td>F2</td>
<td>Inadequacy in supply of yarn</td>
<td>6453</td>
<td>46.1</td>
<td>IV</td>
</tr>
<tr>
<td>F3</td>
<td>Lack of financial support</td>
<td>9176</td>
<td>65.5</td>
<td>I</td>
</tr>
<tr>
<td>F4</td>
<td>Delay in supply in yarn and Zari</td>
<td>5247</td>
<td>37.5</td>
<td>V</td>
</tr>
<tr>
<td>F5</td>
<td>Shortage of working capital</td>
<td>6486</td>
<td>46.3</td>
<td>III</td>
</tr>
</tbody>
</table>

From the above table it is clear that financial support high is the major inputs related problem faced by the silk Industries, which is ranked with a Garrett score of 9176 points. Next to this the low quality of raw materials (7778 points), Shortage of working capital (6486 points) and inadequacy in supply of yarn (6453) were ranked second, third and fourth respectively. Delay in supply in yarn and zari placed last rank with a Garrett score of 5247 points. From the above analysis it is clear that majority of respondents revealed that ‘lack of financial support and ‘low quality of raw material’ are the major input problems that they have been facing.

Table No.3
Weavers Related Problems of Sample Respondents

<table>
<thead>
<tr>
<th>Factor No.</th>
<th>Nature of the problems</th>
<th>Total Score</th>
<th>Mean Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1</td>
<td>Lack of financial benefits</td>
<td>9038</td>
<td>64.6</td>
<td>I</td>
</tr>
<tr>
<td>F2</td>
<td>Lack of Skilled weavers</td>
<td>6669</td>
<td>47.6</td>
<td>IV</td>
</tr>
<tr>
<td>F3</td>
<td>Lack of active members</td>
<td>5165</td>
<td>36.9</td>
<td>VII</td>
</tr>
<tr>
<td>F4</td>
<td>Inadequate Training system</td>
<td>5752</td>
<td>41.1</td>
<td>VI</td>
</tr>
<tr>
<td>F5</td>
<td>Lack of knowledge about modern technique</td>
<td>5816</td>
<td>41.5</td>
<td>V</td>
</tr>
<tr>
<td>F6</td>
<td>Dissatisfaction towards fixation of wages</td>
<td>8612</td>
<td>61.56</td>
<td>II</td>
</tr>
<tr>
<td>F7</td>
<td>Not satisfied with financial schemes</td>
<td>7717</td>
<td>55.1</td>
<td>III</td>
</tr>
</tbody>
</table>

It is evident from the above table no.3 that silk handloom industry and silk societies consider lack of financial benefits as it was obtained first rank with a Garret score of 9038 points. Dissatisfaction towards fixation of wages (8612 points), not satisfied with financial scheme (7717 points) and lack of skilled weavers (6669 points) are ranked next respectively. Lack of knowledge about modern technology and inadequate training are ranked fifth and sixth. Finally lack of active members is ranked seventh rank with a score of 5165 points.
Table No.4

Financial Problems of Sample Respondents

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Nature of the problems</th>
<th>Total Score</th>
<th>Mean Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1</td>
<td>Lack of financial support by the government</td>
<td>9822</td>
<td>70.2</td>
<td>I</td>
</tr>
<tr>
<td>F2</td>
<td>Improper incentives to the weavers</td>
<td>7198</td>
<td>51.4</td>
<td>IV</td>
</tr>
<tr>
<td>F3</td>
<td>Financial compensation</td>
<td>8671</td>
<td>61.9</td>
<td>II</td>
</tr>
<tr>
<td>F4</td>
<td>Credit policy</td>
<td>5124</td>
<td>36.6</td>
<td>IX</td>
</tr>
<tr>
<td>F5</td>
<td>Low level of earnings</td>
<td>7058</td>
<td>50.4</td>
<td>V</td>
</tr>
<tr>
<td>F6</td>
<td>Competitive price fixation</td>
<td>5255</td>
<td>37.5</td>
<td>VIII</td>
</tr>
<tr>
<td>F7</td>
<td>Arrangement of seed capital</td>
<td>6149</td>
<td>43.9</td>
<td>VI</td>
</tr>
<tr>
<td>F8</td>
<td>Government taxation policy</td>
<td>7771</td>
<td>55.5</td>
<td>III</td>
</tr>
<tr>
<td>F9</td>
<td>Working capital finance by financial institutions</td>
<td>6047</td>
<td>43.2</td>
<td>VII</td>
</tr>
</tbody>
</table>

From the above table that shows financial problems faced by the co-operative societies, it is clear that handlooms are facing cutthroat competition from mills and power looms, as is occupied first rank with 9822 points of Garret score followed by lack of financial compensation with 8671 points of Garret score. Government taxation policy (7771 points of Garret score), Improper incentives to the weavers(7198 points of Garret score), low levels of earnings (7058 points of Garret score), arrangement of seed capital(6149 points of Garret points) are occupied third, fourth, fifth and sixth position respectively. Credit policy is ranked ninth rank, which is last rank among various marketing problems with 5124 points of Garret score.

Summary of Findings
The following are the findings drawn from the above analysis:

(i). Majority of silk co-operative societies stated that lack of financial support and cost of production is their major problem. This is because of continuous hike in the silk yarn prices and silk import from China silk is one of the reasons for high cost of production.

(ii). among the weaver related problems, majority societies opined that shortage of finance is their main problem followed by lack of active member.

(iii). In case if finance problems, competitive price fixation and arrangement of seed capital, working capital finance are the major problem faced by silk co-operative societies followed by lack of attractive promotional methods and government taxation policy.

Suggestions
(i) The government of India should take steps to set up organisations to control the silk yarn price fluctuations and the
government of India should take steps to open silk yarn sales stalls all over the country to maintain stability in prices of silk yarn.

(ii). The government should increase the wages of the weavers so that the members gets motivation and becomes active members in the silk co-operative societies.

(iii). The government should take steps to implement orders given by honourable Supreme Court of India that silk handloom weavers are permitted to produce 20 varieties of silk products. These are reserved to produce on handlooms only.

(iv). The government should permit liberalised lending policy toward silk industry then only to renovate the existing silk industry and to conduct frequently some training programs to upgrade the knowledge of the weavers.

**Conclusion**

Silk handloom industry is oldest cottage industry in India. It is generating more employment opportunities to lacks of artistic weavers, but in the recent past it have been facing more problems like minimum wages, poor working conditions, inadequate financial benefits, and insufficient work throughout the year. And many of the silk weavers in particular and weavers in general committed suicide also. Thus, the involvement of silk weavers and opinion will certainly improve the performance of silk industry not only in study area but also in other areas. So the government should take steps to implement various financial support schemes and programmes for revival silk industry and improve the social status of the silk handloom weavers.

**Bibliography**


