



*Issues in Cotton Textile
Supply Chain*

By:

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India has the largest cotton acreage in the world, and cotton is the dominant fibre in the Indian textile industry. Most of the cotton used in India is grown locally, even though the low quantum of imports have started registering significant growth during the last few years. Despite recent market setbacks, cotton continues to play a significant role in the rural economy of semi-arid regions in India, influencing the livelihoods of an estimated 20 million people.

The advent of mechanisation during the nineteenth and twentieth century, and the continuing decline of the household industry saw both growers and weavers becoming the clients of the intermediary spinning mills. This dependency coupled with “green revolution” initiatives (seventies) witnessed the accentuation of input-intensive cultivation practices. On top of this, the liberalisation of the Indian economy and the opening up of domestic markets in line with multilateral trade dialogue during the late nineties have seen intensified competition that has brought in its aftermath debilitating environmental, economic and social impacts. Members of two primary producer communities in this supply chain – cotton growers and handloom weavers – have been committing suicides (mostly reported in Andhra Pradesh and Karnataka) with women engaged in these two occupations getting further marginalized. With the move towards a more liberalised trade regime the agenda for the near term - expiry of Multi-Fibre Agreement by 2005 and the removal of quotas as a quid pro quo for opening up domestic markets – the future is uncertain for these primary producers.

The recorded imports of cotton (DGCIS) over the 1999-2002 period indicate a 220 percent growth over the four year period. However, most of this is accounted in FY 2000 and subsequent years have seen exports grow by 7.5 percent annually.

In India, cotton accounts for 70% of total fiber consumption in textile sector and within the handloom sector, cotton dominates as the primary input and accounts for nearly 83% of the total handloom cloth production.

In 1997-98, around 300 cases of cotton farmers committing suicide were reported in media. In 1991, 110 cases of weavers’ suicides were reported in the town of Chirala alone. Similar cases continue to be reported even now, with a spurt in reports as this document goes into print. In September 2001-October 2001, 12 cotton farmers committed suicide in Warangal district alone.

In India, cotton cultivated on 5% cultivable land consumes 54% of total pesticides used in agriculture.

Within India, Andhra Pradesh is the third largest producer of cotton after Gujarat and Maharashtra, producing 467,500 tonnes on about a million hectares. Andhra Pradesh also has the sixth largest concentration of handlooms. Together, these cotton farmers and handloom weavers form a part of what may be called the ‘primary cotton-textile supply chain’.

However, the current scenario in cotton-handloom supply chain in AP is very bleak. Cotton farmers are hit by:

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1. Rising cost of production, fluctuating market prices for cotton, decreasing or stagnant yields occasioned by possible deterioration of the quality/productivity of soil as a natural resource due to incessant use of chemicals and pests that are increasingly resistant to chemical dosage;
Inability to manage water resources effectively and the symptoms observed of depleting groundwater;
3. Deterioration in genetic purity of the multitude of cotton varieties and hybrid seeds;
4. Inability to compete in global markets that reflect depressed prices due to significantly large subsidy to cotton farmers by western countries;

The key issues in cotton growing households were:

1. **Increased expenses on Pesticides:** During the last five years, the farmers reported an increased incidence of pest attacks in cotton. While new pesticides were tried out including *Avant* from 2000 onwards, new pests seem to have appeared. Added to this was a situation of rising prices for pesticides in the market. The rainfall failure during 2001-2002 had compounded this situation leading to loss of crops. While the NPM demonstrations and experimentation was being taken up in small patches, the farmers continued to gamble in chemically-treated cotton during the last two years. This year, the acreage under Cotton had been significantly reduced. In most cases, the pesticides are bought on credit, as any savings with the farmer would have been expended at the time of preparation for the crop. Credit from local money lenders or traders at exorbitant interest rates (24 – 36 percent annually) compound the issue further. While the larger farmers employ labour for spraying, the marginal farmers tend to involve household members in preparing the admixture.
2. **Credit Needs:** The successive rainfall failures during 2001 and 2002 have impacted the financial situation of the farming households. Most of the households have resorted to borrowings and sale/pledge of available fixed assets. The credit needs are highest during July to September, and the repayment is usually carried out during January- March. For the household, the kharif season is a season of financial stress. Food insecurity was not mentioned. The borrowing reported by the farmers varied from Rs. 6,000 to Rs. 38,000 during the last one year.
3. **Fluctuation in Cotton Fortunes:** The farmers opt for growing cotton due to the possibility of windfall returns. But the market prices have kept fluctuating. In 2001, and 2002, lower prices were compounded by losses (due to pests and low rainfall) and higher input costs (pesticides). In 2003, when acreage was reduced, prices have been firm and yield good. The calculation is to gamble and invest with the realization that once in three years the probability of striking it rich is high. In the years when yields were low or when prices fell, the household earned less than the minimum labour wage for own-labour expended in cultivation. This is accentuated by the high costs of inputs (as a ratio of investments) and the reported lack of safeguards on quality/reliability with no recompense in event of failure.

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4. **Health:** Generally, the farmers spray their own fields using their own sprayers or renting one. Instructions and precautions during spraying depend on what the shop-keeper has told the farmer. Some of the farmers mentioned that breathing problems, dizziness and head-aches were common during the spraying period.

5. **Women’s role in Cotton cultivation:** Discussions with household members revealed that the role of women in cotton cultivation was limited to the sowing, weeding and harvesting operations (especially the last two). Unlike food crops and vegetables, where women tended to spend more time in taking care of the field, seed preparation and FYM mixtures, their role in cotton cultivation was limited. Some of the women mentioned that their roles have increased while carrying out NPM cultivation of cotton (especially for preparing the mixtures).

According to the census of handlooms (1987-1988), there are about 2,13,000 working handlooms engaging 452,900 handloom workers (of whom 33 percent are engaged full-time) in Andhra Pradesh. Amongst the handloom workers in Andhra Pradesh, 56 percent are reported as weavers, while the remaining are engaged in preparatory work.

Handloom weavers are hit by crisis caused by:

1. A sudden spurt in the prices of cotton yarn and chemical dyes;
2. Competition faced from the power loom and textile mills sector;
3. Indifferent policies of the government.

Besides, inadequate price/marketing support, paucity of infrastructure to ensure value addition of products at farmers’/weavers’ level, and increased exposure to freer international trade without capacity enhancement, plague both the above sections of primary producers.

The key issues in handloom weaving households were:

1. **Increasing Price of Yarn:** The increasing price of yarn is highlighted as an economic and livelihood issue. The increase in excise duty is mentioned as the most recent reason along with the higher price charged in the retail trade. The latter is possibly due to the interest added for yarn bought on credit. In the case of weavers jobbing for master weavers, the complaint is about stagnant product prices. Some households also mention non-availability of yarn with the case of NHDC sales outlet conditions on minimum quantity of procurement. The issue with independent weavers is the lower price that the retail trade gives them for products, as volumes are low and sometimes piece-meal.

2. **Inability to Command Price for Products:** The independent weaver cannot be assured of a price for this product. When the product is taken to the retail trade, it invariably fetches a lower price than what the market commands. The lack of any contact with the final market and lack of sufficient volumes forces the weaver to accept this. There is no control by the weaver possible on timing and in most cases, the product is sold for ready cash. The long period for payment at the co-operative discourages weavers from any sales through this channel.

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3. **Intensive Household Labour:** The adult female member of the household puts in an equal or comparable time on weaving and allied activities. In a third of the households, the children put in about 4-6 hours of work daily on support activities. While education is deemed a priority, it was observed that there were drop-outs in about half the studied households due to work or other economic conditions.

4. **Health Issues:** The household members who carry out weaving, winding and other pre-loom processes complain of chronic pains - aching knee joints, shoulders, etc. Breathing problems and asthma are reported by most of the weavers. In households involved in dyeing activities, breathing problems were reported as well as development of skin allergies.

5. **Cash Shortages:** While weavers worked around the year, the rainy months was considered to be dull for business. During these months, productivity was low and hence earnings too. These months were tided over by loans from the master weaver or money-lenders.

Conclusion

Amongst the primary producers the key livelihood issues were:

- Seasonal cash shortages and resort to credit
- Health issues due to nature of occupation
- Increasing input costs, stagnating or fluctuating product prices leading to cash shortages in household and indebtedness
- Perceived lack of control over occupational fortunes