

Impact of Make In India on Handloom Sector: a Special Reference to Boyanika

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Abstract

This paper examines the impact of Make in India on Handloom sector in Odisha. We have taken the Boyanika handloom sector in Odisha as part our sample. We have used descriptive statistics, growth rate and Karl Pearson correlation coefficient for analysis of this study. Using various statistical technique, we have not found any remarkable positive changes of financial performance of Handloom sector in Odisha after the implementation of Make in India. It can be concluded that there is no impact of Make in India scheme on Boyanika handloom sector in Odisha.

Keywords: Make in India, Handloom sector, correlation coefficient
Introduction

Socio economic condition of an economy represents the internal standard of a region or nation. At that time rapid transformation and enhancement of basic sectors in order to strengthen those socio economic conditions provide the fuel for the development of a nation. In a developing country like India, every human being requires some basic earning to survive. There is lot of occupation available in India with a variety of skill and opportunities. Out of these Textile sector provides lot of job opportunities to our citizens. In this present scenario Handloom sector is also growing due to its uniqueness in handloom products as well as various government initiatives.

Make in India initiative was launched in September 2014 with an aim to create investment climate in our country by inviting all global players to start their manufacturing in India. The basic aim of this scheme is to improve the manufacturing capacity and promote productive activities in our country. This scheme has wide scope for textile and garments industry. Textile Industry is a major contributor towards India's total export with an average of 11 percent of total exports. In this stage "Make in India" initiative plays an important role for prospering this industry. Make in India initiative will act as an uplifter for this industry by creating more indiscriminate opportunities in our economy (Sawhney, 2016). This scheme also offers wide scope for manmade fibre and filament manufacturing in our country. Therefore there is a huge opportunity for handloom sector in upcoming periods. Handloom sector plays a vital and important role in India's textile industry. One of the largest family-based traditional industries in India is handloom sector. In India, handloom sectors are scattered and decentralized. This sectors is a source of livelihood for lakhs of weavers and artisans in India. At this stage Make in India concept will help for the growth of this sector by providing various cooperation through 'Skill India', 'Digital India', 'Brand India' and other Government initiatives.

At present India is a dominant position in global market having world's highest installed weaving capacity with more than 4.9 million looms (including 2.4 million handlooms) as per the sectorial report of Make in India, 2014-15. This present study has focused on impact of Make in India on Handloom sector of Odisha. This Handloom sector is the second best alternative to provide massive employment to rural artisans in Odisha. Odisha has a rich tradition in producing handloom products in this state. High skill and embodied knowledge over generation has given Odisha's hand woven textiles an unparalleled position in national and international level. This present study has brought the attention regarding the impact of Make in India in Handloom sector as well as availed opportunities for the growth of this sector in Odisha.

Review of Literature

In this section, we have segregated the literature review into two parts. (1) Past research regarding handloom sectors, (2) regarding profile of Boyanika sector in Odisha. Finally, objective is defined.

Shambhavi Sawhney (2016) has discussed the impact of Make in India in handloom sectors and its role for uplifting this sector in future period. He observed that there are some spill over effects from the Make in India on our economy but these changes hold a significant place for small cottage industries like the handlooms. Therefore the goal of the government should be to promote a sense of entrepreneurship among the weaving communities and find ways to bring the indigenously produced cloth to the markets.

Mubarak Ali (2004) has emphasized that the handloom industry is today in doldrums. The weaving community is feeding the finch in every aspect of their working life, be its production or marketing or finance or anything else. The community has been today pushed to the mercy of the government.

Prabhakara Sharma and Joglekar (2002) emphasised that socio-economic and working conditions of the weavers is tough one. At present, most of the weavers are leading miserable life for which the main reason is due to improper technology and also the fruits of the industry are actually grabbed by the middlemen.

Chakaraborthy S.M. (1982) remarked that the handloom quality of products was declined, due to the high rates of raw materials. The weavers were using cheap quality dyeing colours. As a result of this the consumers prefer mill made cloth so as weavers community lost their livelihood. To overcome this situation, government should supply raw materials at subsidized rates, with quality and in right time.

Sahai Biswambhar (1956) observed the problems of handlooms are due to the competition from power looms and mills. He felt the need to employ modern techniques of production and design, government should establish training centres for the benefit of weavers where they are concentrated and materials like, design books and related instruments have to be made available.

Profile of Boyanika

Odisha State Handloom Weavers Cooperative Society Ltd. (BOYANIKA) was registered in 1956 under Cooperative Societies Act with the objective to provide marketing support, quality raw material to the weavers of the state. Boyanika plays a vital role in promotion and development of handloom products in Odisha. The present study primarily has focused on financial performance of Boyanika and its

contribution to state economy pre and post implementation period of Make in India initiative. Boyanika has provided better employment opportunities to rural people. It is also helpful in financial improvement of handloom artisans in Odisha.

Boyanika is associated with the rich weaving heritage of Odisha. It has provided a wide scope for handloom products and weavers in Odisha as well as in our country. Boyanika is working for the weavers in the state for more than five decades and created its own image as Odisha's pioneer brand for hand-woven fabrics. Today it is a brand of authenticity and high quality of handloom products to the consumers in India. Boyanika also offer authentically designed famous Hand-woven to the discerning international buyers.

At present Boyanika is working with 43 sale branches out of which 07 located outside Odisha. It has brought together 48250 weavers under its roof and provided lot of job opportunities. Presently it is providing marketing supports to other weavers in the unorganised sector under cluster approach after closure of the Orissa State Handloom Development Corporation since 1998.

Objective of the Study

After reviewing the above literature, the following objective is defined.

1. To study the financial growth of Boyanika sector in Odisha before and after implementation of Make in India.

Research Methodology

This study primarily based on secondary data. The data of Handloom sectors and Boyanika have been collected from the Department of Textiles and Handloom sector of Odisha. Information relating to Textile industry's performance has collected from Centre for Monitoring Indian Economy (CMIE). Along with that some economic survey report and Handloom statistics of Odisha have been used for detail analysis and interpretation. The data has been presented by using some statistical techniques such as correlation coefficient, growth rate and descriptive statistics. In addition, we have shown the sectoral growth as well as industry growth of textile sectors. The data period consists from 2008-09 to 2015-16.

Growth Rate

We have analysed the growth rate in three different periods, such as whole period, period before implementation of Make in India and period after implementation of Make in India. This growth rate is used to show the trend of increase/decrease of financial performance for Boyanika sector and industry. The following equation is used to determine the growth rate.

$$\text{Growth Rate (GR)} = \frac{(V_{t8} - V_{t1})}{V_{t1}} \times 100 \text{----- Eq (1)}$$

$$\text{Growth before Make in India} = \frac{(V_{t6} - V_{t1})}{V_{t1}} \times 100 \text{----- Eq (2)}$$

$$\text{Growth after make in India} = \frac{(V_{t8} - V_{t6})}{V_{t6}} \times 100 \text{ ----- Eq (3)}$$

Where,

V_{t8} = Value for the period 2015-16, V_{t6} = Value for the period 2013-14 and
 V_{t1} = Value for the period 2008-09

In addition to above statistical method, year to year growth (YoY) is calculated to compare sale growth and profit growth.

$$\text{Year to Year Growth (YoY)} = \frac{(V_{\text{present}} - V_{\text{past}})}{V_{\text{past}}} \times 100 \text{ ----- Eq (4)}$$

Here year to year growth indicates the average growth rate of sales and profit of textile industry and Boyanika sector.

Correlation

The correlation is used to establish the degree of association between sales growths from year to year and profit growth from year to year of industry as well as Boyanika.

$$r = \frac{n(\sum XY) - (\sum X)(\sum Y)}{\sqrt{[n\sum X^2 - (\sum X)^2][n\sum Y^2 - (\sum Y)^2]}} \text{ -----Eq (5)}$$

Where, x = Sales growth rate and y = Profit growth rate

Analysis and Interpretation

Financial performance in term of sales and profit after tax indicates the basic idea about the profitability position of a concern. In this study, we have compared the above financial parameter between the textile industry and Boyanika for 8 consecutive years i.e. from 2008-09 to 2015-16. Table 6.1 indicates that textile industry sales have increased at 185.007 percentage over the study period whereas growth rate of Boyanika in term of sale is quite high than the result of the textile industry (i.e. 244.211

percentage). But when we segregate the growth period into two part i.e. before and after implementation of Make in India, we observed that growth rate before Make in India is quite satisfactory than after implementation of Make in India. Here the time period after the implementation of Make in India is very short i.e. 1.5 years. Therefore we cannot do proper judgement for its future impact but the overall short term result is not good in the post implementation phase.

Table 1 Financial Performance In Term Of Profitability

Year	Industry Figures (Rs. In Millions)		Boyanika Figure (Rs. In Lakhs)	
	Sales	Profit after tax	Sales	Profit after tax
2008-09	3428.901	58.268	2253.590	40.920
2009-10	3810.290	192.445	2620.040	48.690
2010-11	4709.039	234.468	3687.170	218.440
2011-12	5233.178	73.814	5279.680	671.700
2012-13	6224.407	105.419	7059.860	766.770
2013-14	6652.504	-9.645	7680.300	773.260
2014-15	6557.646	-113.819	7731.030	836.840
2015-16	6182.121	-166.495	7757.110	750.000
Growth rate (GR)	185.007	-225.387	244.211	1732.845
GR before Make in India	206.692	-107.263	240.803	1789.687
GR after Make in India	-7.071	1626.284	1.000	-3.008

Source: CMIE database, India

Profit after tax (PAT) in the table 1 also shows the similar result as sales for the study period. Total growth rate of Boyanika in term of profit after tax is very high than the industry result for the study period. Boyanika has increased its profit after tax at

1732.845 percentage from 2008-09 to 2015-16. Here growth rate of PAT before Make in India scheme shows better result than the post implementation phase.

Table 2 Sales Growth and Profit Growth from 2009-2016.

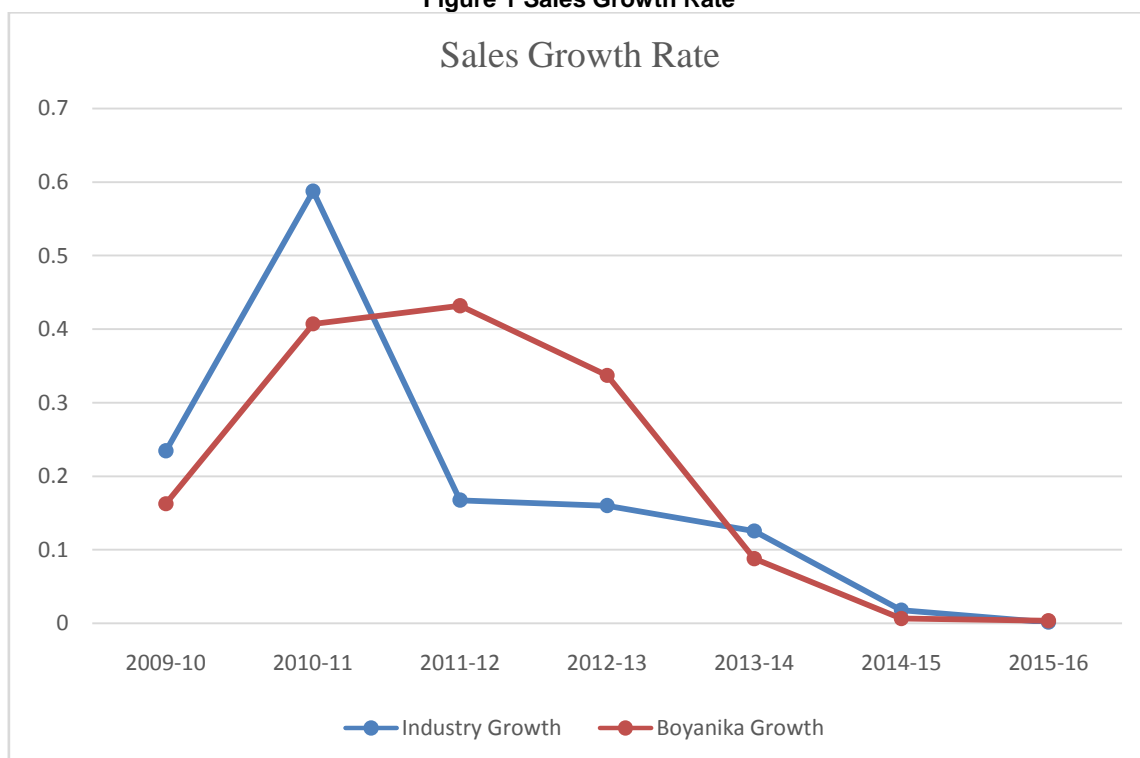
Industry Growth			Boyanika Growth	
Year	Sales Growth (X)	Profit Growth (Y)	Sales Growth (X)	Profit Growth (Y)
2009-10	0.23439	0.05477	0.16261	0.18988
2010-11	0.5877	4.63012	0.4073	3.48634
2011-12	0.16735	-1.4767	0.43191	2.07499
2012-13	0.15987	2.18295	0.33718	0.14154
2013-14	0.12524	0.43975	0.08788	0.00846
2014-15	0.01769	-1.7859	0.00661	0.08222
2015-16	0.00132	1.34112	0.00337	-0.1038
Correlation	0.70735486		0.770319438	

Source: CMIE database, India

The above table 2 has shown the year to year (YoY) growth trend of sales and profit after tax of textile industry as well as Boyanika during the study period. Here we have established the degree of association between growth rate of sales and profit after tax for both industry and Boyanika. The above result indicates that sale and profit after tax growth rate for both industry and Boyanika are positively correlated. But the degree of correlation in case of Boyanika is more than industry. It means sales growth rate and profit growth rate are more positively related than the industry for the above study period.

The below figure 1 shows the trend of sales growth of textile industry and Boyanika from 2009-10 to 2015-16. In the initial period sales growth rate of industry is more than the Boyanika growth rate, but after 2010-11 the growth rate of industry has continuously dropped. At the same time growth rate of Boyanika was more than the industry growth rate for 2011-12 and 2012-13. But in the year 2012-13 the growth rate has dropped below than the industry growth rate. After that it has maintained decreasing growth rate up to 2015-16.

Figure 1 Sales Growth Rate

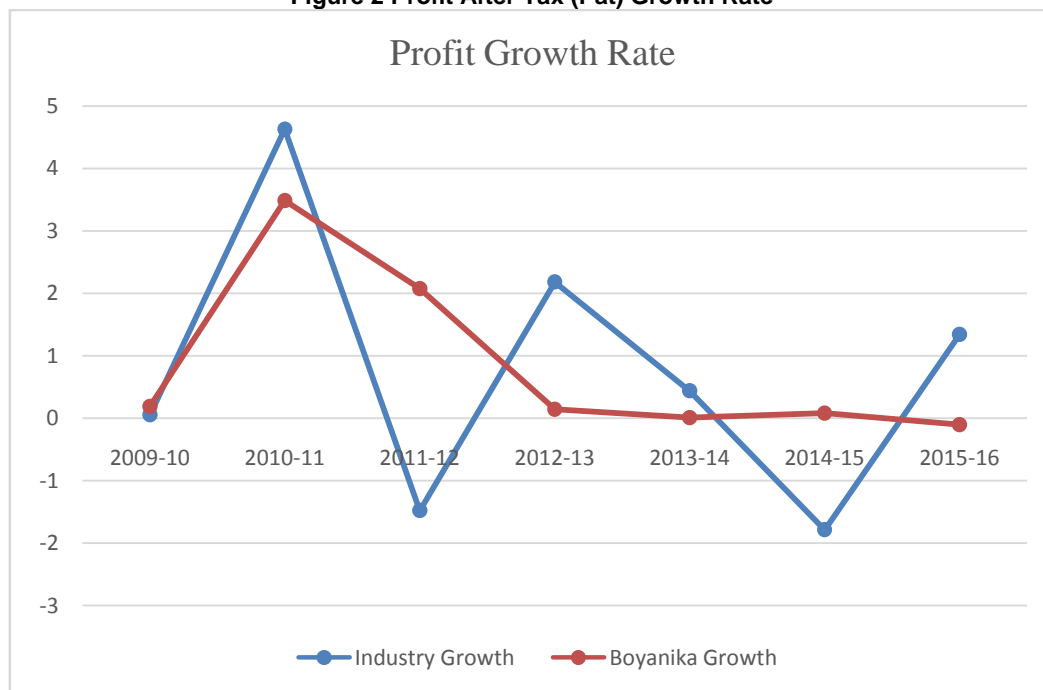


Source: CMIE database, India

In the similar way, we have observed the growth rate of profit after tax for the above mentioned study period in figure 2. Growth rate of profit after tax of textile industry is highly fluctuating. Whereas the

growth rate of profit after tax of Boyanika has started decreasing after 2010-11 and it continues up to 2015-16.

Figure 2 Profit After Tax (Pat) Growth Rate



Source: CMIE database, India

Conclusion

We have taken the Boyanika handloom sector in Odisha as part our sample. Using various statistical techniques, we have not found any remarkable positive changes of financial performance in Handloom sector of Odisha after the implementation of Make in India. It can be concluded that there is no impact of Make in India scheme on Boyanika handloom sector in Odisha. Though time period is short, there is no immediate effect on financial performance of Boyanika sector in Odisha.

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