

Grassroots Reachout & Networking in India on Trade & Economics (GRANITE)

Report of the Andhra Pradesh State Level Inception Workshop Phase II Hyderabad, October 26, 2007

The GRANITE project being implemented by Consumer Unity & Trust Society (CUTS) in eight Indian States is a two-year project (beginning from January 2005), aimed at building capacity of civil society organisations (CSOs), the media, grassroots groups, government officials, etc., to address complex issues of globalisation and the World Trade Organisation (WTO) and their relationship with economic development and governance in India.

Consumer Guidance Society, Vijay Wada – the project partner for Andhra Pradesh – to launch the phase II of the project in Andhra Pradesh organised a day-long meeting on in Hyderabad on October 26, 2007. This meeting was organised in collaboration with the Centre for Handloom Information and Policy Advocacy, Chirala. The meeting began with an inaugural session chaired by G Jagannatham, Chairman, Apex Handloom Cooperative Society (APCO) Andhra Pradesh and addressed by D Narasimha Reddy, G Kishan Reddy, Leader of BJP Legislature party in Andhra Pradesh Assembly, Radhakrishnaiah, Member of Legislative Council and others. This was followed by discussions on the National Foreign Trade Policy (NFTP), with focus on the handloom products and implications for Andhra Pradesh. The participants included handloom weavers, officials, master weavers, exporters, traders and representatives of handloom cooperatives. The meeting was attended by more than 60 invitees, including women, resource persons from the local media, representatives of CSOs, research institutions, grassroots groups and academicians.

Objectives

1. Gain an understanding of NFTP 2004-09;
2. Share and discuss opinions and perceptions on the issues and challenges in the handloom sector in Andhra Pradesh and gain different perceptions on these issues;
3. Discuss problems and challenges related to handloom products such as Chitiki, Gadwal, Gollabama, Warangal durries, furnishings and other products;
4. Develop an action plan to increase awareness on and interest on the above issues, so as to ensure more people-friendly NFTP reflecting the ground reality and aspirations of all stakeholders;
5. Understand general market practices in the handloom markets;
6. Highlight issues and challenges in handloom trade and document the same;
7. Deliberate on the issues of competition and challenges for the industry as a whole;
8. Identify government initiatives and policy issues in terms of promotion, taxation and legal framework specifically for the handloom sector;
9. Formulate strategies for addressing the issues and challenges; and
10. Review existing policies in the light of the ground realities.

Issues

It was planned that the workshop would discuss the following issues:

- NFTP: its objectives and implementation;
- Need for handloom organisations to actively participate in the process of policy formulation and recommendation;
- Role of CSOs in influencing the policy preparation and implementation;
- Discussions on the NFTP implications on agricultural production in Andhra Pradesh;
- Exports and imports from Andhra Pradesh; and
- Infrastructure for exports and imports.

Key Addresses in the Workshop

D Narasimha Reddy

Explaining the project objectives, he said discussion has to be dispassionate and objective to bring about opportunities and threats before the public review for optimal response.

He presented an overview of the NFTP and what it says in relation to the handloom sector. A copy of his power point presentation was circulated in English, as also a brief note. However, his oral presentation was done in Telugu.

He criticised the NFTP for being unimaginative in responding to the needs of handloom weavers. Equally, there is complete lack of awareness in the handloom sector about the NFTP and its intent to help the sector. Reddy said more such workshops have to be organised to bring handloom traders and policy makers together.

His presentation was informative about various provisions envisaged by the NFTP for the handloom sector. He opined that these provisions are either regular or not related to the handloom sector. As a result, the focus, though laudable, does not help the handloom sector. He came up with a few suggestions, as follows:

- Negotiations being done on non-agricultural market access (NAMA) and various free trade agreements (FTAs) should include the handloom sector and the Ministry make every effort to avail the benefits offered to sensitive segments such as the handicrafts and handloom sectors. Agreement on Textiles & Clothing (ATC) did have an annexure providing relief to handloom exports. This needs to be continued in the post-ATC scenario. It is known that no other country has handloom sector on this scale. So, no other country is likely to put this on the agenda.
- Indian trade delegations, wherever they are, have to use the opportunity of discussions and include handloom as traditional, artisan sector that requires sensitive and special safeguard mechanisms.
- Items reserved under the Handloom Reservation Act (11 items) should be included in the *sensitive list*, basically to bring exports and domestic producers on par, in complying with the reservation.
- Ongoing and future negotiations on FTAs with Association of Southeast Asian Nations (ASEAN) and other regional blocs/countries should necessarily include assessments and impacts on the handloom sector.

- There should be representation for persons representing the handloom sector in the Handloom Monitoring Committee, which was already setup in the Ministry of Commerce and Industry.
- There should be representation for the handloom sector on different stakeholder committees of the Ministry, related to textiles, since the handloom sector is an important segment of the Indian textile industry.
- Review of foreign trade policy should primarily benefit and promote handloom exports. Presently, there is no viewpoint on this important segment in the foreign trade policy, especially in the areas of Market Promotion Initiative, assistance and promotion. The agenda of Inter-State Trade Council also needs to include the handloom sector.

Further, at the domestic level, following measures are required to enable benefits from the above:

1. Strict and comprehensive implementation of the Handloom Reservation Act;
2. Conduct a census of the handloom sector;
3. Development of trade statistics on the handloom sector, through The Director General of Foreign Trade (DGFT) and the Director General of Commercial Intelligence and Statistics (DGCI&S);
4. Labelling of power loom and mill sector products, in order to distinguish from handloom products – the proposed Textile Development Bill should be revived for debate to enable this;
5. Higher budget allocations and reformulation of schemes which address social and production concerns of the handloom sector;
6. Full concentration on tackling corruption and diversion of funds meant for the handloom sector by officials, leaders and lobbyists;
7. Separate handloom policy, integrated in the national textile policy objectives of promoting Indian textile sector, with handloom as a major segment of development, promotion and sustenance – for this to happen, the National Textile Policy 2000 needs to be reviewed and reversed to ensure the protection and promotion of the handloom sector;
8. Formation of Chamber of Handloom Industry and Commerce (CHIC), with the support of government; and
9. Establishment of a State office of Handloom Export Promotion Council in Hyderabad

G Jagannatham, Chariman, APCO, Hyderabad

He agreed that more such workshops are required to develop a common understanding of foreign trade policy and its implications on the handloom sector. He said, “Centre for Handloom Information and Policy Advocacy (CHIP) has been doing intensive work on this sector. We appreciate and support its activities to help handloom weavers”. He promised that on his own and also with like-minded politicians, he would take the two suggestions given by Narasimha Reddy for establishing a chamber of commerce for the handloom producers and establishing an office of Handloom Export Promotion Council (HEPC) in Hyderabad. He also said it would be important to look into the various schemes proposed under the NFIP for the handloom sector.

Radhkrishnaiah, Congress MLC

He emphasised that the handloom sector would require support, given that there are umpteen problems in the sector. He said handloom weavers should get their due in governmental policies and priorities. He promised to support the efforts of GRANITE, Consumer Guidance Society and CHIP in highlighting the problems of the handloom weavers. He would facilitate meetings with officials and elected leaders so as to necessitate a dialogue on the issues related to the growth and development of handloom weavers.

G Kishan Reddy, MLA and Leader of BJP Legislature party

G Kishan Reddy praised the efforts of CHIP and Consumer Guidance Society in bringing together different stakeholders on a single platform to discuss the complex issues of the handloom sector and the foreign trade policy. He declared his un-stinted support for such efforts. He severely criticised the policies of the present national and state governments. According to him, these policies are only impacting on the livelihoods. He said CHIP information shows that weavers are committing suicides, yet the government is not doing anything to address the problem.

Highlights of the Discussions

All the participants endorsed the suggestions put forward by D Narasimha Reddy in his presentation. Some of them opined that discussions would perhaps have been intensive if there was more participation from traders who have some experience with exports. Yet, everybody agreed that not many people are aware of handloom exports, export policies and the linkages between the two aspects. As a result, the discussions have been low key. They said continuous efforts have to be made to make these discussions more meaningful.

There was considerable opinion that the handloom sector need not be worried about exports, as it has a huge domestic market. While there are advantages with exports, dependence on the same may not help in the promotion of sustenance of the sector. Secondly, foreign markets are volatile and vulnerable to a plethora of factors and, therefore, handloom weavers with their meagre incomes may not be able to withstand such pressures.