

The Technical Efficiency Handloom Clusters in India

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Abstract

The handloom sector is known for its heritage and the tradition of excellent craftsmanship. It provides livelihood to millions of weavers and craftspeople. This sector contributes to the country's GDP, manufactured output, employment and exports. For inclusive growth and sustainable development, most of the Handloom clusters have adopted the Cluster Development Approach. The objective is to study the Technical Efficiency (θ), Peer Weights (λ_i), Input Slacks (S^-) and Output Slacks (S^+) of 20 Handloom Clusters (Decision Making Units -DMUs) in India. The methodology adopted is collection of data from the Ministry of Textiles, Government of India and analyzing with Data Envelopment Analysis of Input Oriented Banker Charnes Cooper (BCC) Model by taking Number of Weavers, Yarn Worth (In Rs Lakhs) and Amount Utilized (Rs. In lakhs) as inputs and Sales, as output. A DMU is efficient if $\theta = 1$, $S^- = 0$ and $S^+ = 0$. 6 Handloom Clusters have got $\theta = 1$ and $S = 0$ (Score =1 and Rank =1) and for other 14 Handloom clusters $\theta < 1$ and $S > 0$ (Score < 1 and Rank = 7 to 20). The non-zero λ_i 's represent the weights for efficient clusters as peers to 14 Handloom Clusters and got rank 7 to 20. The $S > 0$ obtained for 14 MSME clusters (rank 7 to 20) reveals the excess Number of Weavers (S^-), Yarn Worth (S^-) and Amount Utilized (S^-) and shortage in Sales (S^+). However, the Variable Returns to Scale (VRS) are increasing for 15 clusters, constant for 5 more clusters and decreasing for 0 Clusters. To conclude, for inclusive growth and sustainable development, the inefficient Handloom clusters should increase their Sales. Moreover, the Handloom Clusters should strengthen infrastructure interrelationships, technology interrelationships, procurement interrelationships, production interrelationships and marketing interrelationships and should make use of the benefits announced by the Government of India under MSE-CDP or MIIUS. The soft and hard intervention on Cluster Development Programme of the Government of India will help Handloom Clusters in India to increase their productivity and efficiency.