

Technological Choice in Textile Industry Revisited: The Handloom – Powerloom Controversy

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Kanpur as an industrial centre has experienced de-industrialisation after independence. The worst sufferer has been the organised textile mill sector, which is simply non-existent today. The resultant vacuum has been filled by unorganised textile sector, namely handloom and powerloom. This paper re-examines the handloom-powerloom controversy in the context of unorganised textile sector of Kanpur and concludes that it cannot be said that handloom and powerloom are always employment and growth maximising respectively. Rather, many a times the converse is true.

Despite substantial economic growth, satisfactory reduction in unemployment has not been achieved either by developed or by developing countries. It is argued that high growth rate of output generated by capital-intensive techniques would automatically take care of unemployment in the long run. The basic assumption of this argument is that capital-intensive technique maximises surplus and by doing so it maximises future output and future employment generation too. So in the long run trade off between output and employment vanishes. But the experience of Indian economic planning, especially of the last two decades, shows that there has not been any significant reduction in unemployment rate despite consistent high over-all growth rates. In fact, this issue of choice of technique was a matter of great debate in India in 1950s and 1960s. The central issue, which was not settled at that time, and one which still remains the achilles heel for Indian policy makers is, what is to be maximised – output or employment. This ambiguity was most strikingly reflected in the textile policy. The textile policy attempted to promote mills and handlooms simultaneously and consequently, ended up in contributing to sickness of mills and decimation of handlooms. A third sector, namely powerlooms, came up to push both sectors on the back foot and ran away with all incremental demand of textiles. It can be debated how far the ascendancy of powerlooms was policy induced or an outcome of gradual development of a different pattern of industrial organisations (Ray, 1998). But there is no denying of the fact that more than half of cloth production in India originates from powerloom sector. Here an intermediate technology (powerloom) is out competing a capital-intensive technique (mill sector) as well as a labour-intensive technique (handloom).

This paper examines the inter-sectoral competition in textile industry, especially between handloom and powerloom, within the choice of technique framework in an old textile city, namely Kanpur. It revisits the old debate of handloom versus powerloom and tests empirically the proposition that handloom and powerloom are labour-intensive and capital-intensive techniques respectively and, therefore, the growth potential of the latter is greater than the former, expecting that this higher growth shall be translated into higher employment in the long run. This paper re-examines the output – employment trade off debate in context of handloom and powerloom. The textile industry of Kanpur is important

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