Pochampalli Weaver Suicides: Looking Back on Strategic Interventions

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Abstract

Pochampalli, a well-known center for manufacture of tie and dye variety of cloth witnessed numerous suicides by handloom weavers in early 2002. Management theory provided little guidance to administrators during the Pochampalli crisis. A supportive political agenda gave latitude to administrators to use planning craft to convert conflicts of principles to conflicts of interests, resulting in compromise solutions. The State Marketing Federation (APCO) in an extraordinary action purchased cloth from private manufacturers. Suicides were, however, reduced by an unintended consequence of the procurement – the diversion of attention of the jobless weavers by the process of procurement. The Pochampalli intervention transcended the divide between the modernist perspective and the political economy approach and demonstrated that solutions to real world problems are often found between extremes - in the compromise, which has the potential to contribute to a theory of action. This case study redefines the concept of innovation to mean the application of craft to utilize the plasticity in form and process to achieve strategic goals.

Suicides by handloom weavers in Pochampalli in early 2002 were a manifestation of a crisis in the famous “ikkat” production center in Andhra Pradesh. The State of Andhra Pradesh (AP), located in South India, had witnessed suicides by weavers earlier also - one source estimated that nearly 300 to 400 weavers had committed suicide between 1999 and 2001. However, Pochampalli was different because Pochampalli produced the well-known variety of tie-and-dye cloth, called ikkat (indigenous name), which was commonly believed to command a sellers market. In addition, Pochampalli’s proximity to Hyderabad and the quick succession of suicides in weaving centers of AP generated a political agenda that provided opportunities to bureaucrats (hereafter called administrators) to use unconventional responses to manage the crisis.

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2 A peri-urban area located about 30 miles from Hyderabad.
3 Hyderabad is the Capital City of AP.
4 Suicides in Pochampalli happened just after suicides by weavers in Sircilla, Karimnagar District in 2001 (Mooij 2002).
An example of an “unprecedented” planning response (Kuriakose 2007) was the purchase of cloth, from private manufacturers, by the State Cooperative Marketing Federation. This was extraordinary because the Andhra Pradesh State Marketing Federation (APCO) was established to provide inputs, financial, and marketing services to member societies only. Purchase of cloth from private producers was, therefore, seen as helping rivals. Moreover, this procurement happened at a time when APCO had nearly stopped cloth procurement from its member societies and defaulted in payments (Mukund and Sundari 2001).

This paper is divided into four parts. First, is a comparative and historical analysis of handloom weaving in India and Andhra Pradesh. Second, the specific reasons, which led to the Pochampalli crisis, are analyzed. Third, is a narrative of the use of craft to convert conflicts of principles to conflicts of interests resulting in compromise solutions, and the unintended consequences, which led to reduction of suicides by weavers in Pochampalli. The last part is the conclusion and draws lessons from the Pochampalli experience.

**Handlooms in India**

Typically, the textile sector in India is divided into four sub-sectors – khadi, handloom, powerloom, and mills. Using human power, handloom workers weave cloth from mill spun yarn. Handlooms have demonstrated a surprising staying power in the market, despite recent changes in market demand and competition from powerlooms and mill-produced cloth. In terms of metreage, handlooms have maintained one-fourth of the total textile production between 1960 and 1996 (Niranjana and Vinayan 2001). Some of the factors identified for this resilience are - (1) geographical characteristics of handloom centers, such as spatial agglomeration of production and handloom centers producing specialized products, (2) decentralized production system, which depends on family labor and sub-contracting (Harriss-White et al., 1996), and (3) focus on upskilling and worker training (Tewari and Goebel 2002).

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5 Anne Kuriakose (2007), University of Milwaukee did her doctoral dissertation on the handloom centers in and around Pochampalli.
6 Technology, type of production systems, and capital invested are the criteria underlying this classification system.
Handloom weavers produce a variety of products made primarily from cotton and silk. There are regional variations in the use of cotton. Compared to the North, the South uses more silk and synthetic yarn\(^7\) (Mukund and Sundari 2001). The cheaper products, such as *dhotis* and *lungis*\(^8\), (hereafter called lower order goods\(^9\)) require relatively less skill and face intense competition from powerlooms and mills. On the other hand, more expensive and niche products, such as bordered *saris*\(^10\)(hereafter called higher order goods\(^11\)), cannot be easily reproduced by machines and are exclusively manufactured by handloom weavers.

**Political Economy and Policy Dichotomies**

Two types of policy discourses characterize the handloom sector in India (Mukund and Sundari 2001; Mooij 2002). The first perspective looks at the weavers and handloom weaving as traditional and hidebound. Therefore, the policy prescriptions are to bridge the technology, design, and marketing gaps. Specifically, the policy measures include - modernization, focusing on production of high order handloom goods, preparing the sector for market competition, and gradual withdrawal of government support.

Echoing this view, a Committee recently appointed by the Government of India (Ministry of Textiles, GOI 1999), classified weavers into three categories – the first “producing unique, exclusive, high value-added items”; the second manufacturing “medium-priced fabrics and articles from not-so-fine counts of yarn”; and the third producing “plain and low cost textile items”. Furthermore, the Committee assumed that the third level weavers were unskilled and recommended shifting the weavers with low skill levels to work on powerlooms.

Handloom weavers, in the political economy discourse, are perceived as productive actors who have been deprived of their entitlements (Niranjana and Vinayan 2001). The industrial revolution relegated the Indian short staple cotton, as compared to the American long staple cotton, to a subsidiary position.

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\(^7\) The All-India average for cotton yarn usage by handlooms is 84 %, but there are regional variations - AP uses 79% cotton yarn compared to 95% in Uttar Pradesh; Tamilnadu uses the maximum quantity of viscose blends.

\(^8\) Wrap around for men.

\(^9\) Lower order goods – lungis, dhotis, ordinary saris, other fabrics, handkerchiefs.

\(^10\) Wrap around for women – the traditional and most widely used dress.

\(^11\) Higher order goods – floor coverings, bed linen, table linen, silk saris with embellishments, towels, other made-ups.
Moreover, the private manufactures and traders are seen as intermediaries who have prevented a balanced growth of the handloom sector by concentrating on high value products manufacture for distant markets at the cost of the existing local market, which has led to skewed production system in favor of high order goods. Therefore, this interpretation focuses on the “(partly lost) skills and the (potentially) higher quality of handloom products” and the “first interpretation takes the characteristics of the (international) market and the modern spinning and weaving technologies for granted, the second interpretation emphasizes the subordination of an indigenous technology to the needs of the colonial power, the effects of a particular trajectory and the reconceptualization of quality in this process” (Mooij 2002). Administrators, under the influence of this perspective, have designed policies such as, cooperativization, product reservation\textsuperscript{12}, protection of low order goods producing handlooms\textsuperscript{13}, and regulations that require spinning mills to compulsorily manufacture hank yarn.

Competing discourses have led to policies that work at cross-purposes. Accordingly, the government aims to make handloom competitive, but continues to reserve products for the exclusive manufacture by handlooms; and promotes cooperatives, often at the expense of the private handloom manufacturers. The National Textile Policy -2000 (NTP) demonstrates this ambivalence towards the handloom sector. The NTP acknowledges the potential of handlooms due to the “flexibility of production in small quantities, openness to innovation, low level of capital investment and immense possibility of designing fabrics”, but also views handloom weavers as traditional and “engaged in the production of low value added items who may not be able to survive the competition consequent on globalization”, and require skill upgradation “ to enable them to find alternative employment in the textile or allied sectors” (GOI 2000).

The first side effect of this policy ambivalence was that private handloom producers, called Master Weavers\textsuperscript{14} were seen as middlemen who had profited from the labor of weavers (Niranjana and Vinayan

\textsuperscript{12} Some textile products were exclusively reserved for production by handlooms only. These were reduced from 22 in 1996 to 11 in 2000 (GOI. Ministry of Textiles 2002)

\textsuperscript{13} Official procurement, eg. Janata Cloth Scheme.

\textsuperscript{14} A Master Weavers is defined as “a weaver who employs weavers (with or without looms) for the purpose of manufacturing handloom fabrics for commercial operations” and a private owner is defined as someone who “also employs weavers for the same purpose but he himself is not a weaver’ (NCAER 1998).
and were completely ignored by administrators\textsuperscript{15} even though a large portion of handloom cloth production comes from the private sector\textsuperscript{16}. Consequently policies were designed only for the development of weavers working within the cooperative fold, and administrators had little experience of engagement with Master Weavers. The Pochampalli crisis mainly affected the weavers working for the private producers and administrators, unable to fall back upon past experience to guide action used administrative craft – a set of unconventional responses and context-specific compromises - to manage the crisis.

Second, this ambiguity led to the formulation of universal and standardized policies by the Federal Government\textsuperscript{17} because handlooms were assumed to be inefficient and all the weavers were considered to be unskilled. This perspective ignored the diversity among handloom centers and prescribed one-size-fits-all policies for all handloom centers. Administrators were unable to implement these de-contextualized policies; consequently, funds earmarked to implement these policies remained unspent. During the Pochampalli crisis, administrators used the latitude present in these policies to design handloom center specific interventions.

\textbf{Erstwhile Andhra Pradesh: Handlooms and Regions}

The erstwhile state of Andhra Pradesh was commonly divided into three regions – Telengana, Rayalseema, and the Coast\textsuperscript{18}. The coastal region is fertile, extensively irrigated and has the highest per capita incomes. Both, the Telengana and the Rayalseema, are dry, arid areas with little irrigation facilities. The three regions were merged in the 1950s when states were reorganized on linguistic lines because the people of the three regions spoke one language – Telugu. Prior to India’s independence, the British directly administered the Coast and Rayalseema, while the royal Nizam governed Telengana. Different governance

\begin{itemize}
\item \textsuperscript{15} Attempts to bridge the dichotomies were made only in recent policy measures. Weavers outside the cooperative fold were included, for the first time, in the policies in the Deen Dayal Hathkargar Purhotsana Yojana (DDHPY) in 2000-01. The DDHPY acknowledged the importance of the entrepreneurs and weavers outside the cooperative fold and to some extent moved away from the dichotomy of cooperative versus outside cooperative weavers.
\item \textsuperscript{16} One estimate is that more than three-quarters of the production in Andhra Pradesh comes from entrepreneurs (Srinivasulu 1994).
\item \textsuperscript{17} Policies for the handloom sector are formulated by the Federal Government and implemented through the State Governments and the field offices in the districts.
\item \textsuperscript{18} Based on history, climate, and level of economic development.
\end{itemize}
systems led to the development of distinct market areas for the handloom products produced in the three regions of AP.

Telengana handloom centers catered to the Royal Nizam, with links to the Middle East, and to markets in West India. The market for Rayalseema was Karnataka. The coastal region with sea access traded with port cities of India and the nations of Southeast Asia. The number of handloom centers and loomage also developed differentially in the three regions. Table 1 gives the loomage, number of handloom centers, and the loom-weaver ratios in the three regions.

Table 1. Number of handloom centers and loomage in Telengana, Rayalseema, and Coastal Area of AP

<table>
<thead>
<tr>
<th>Regions in A.P</th>
<th>Percentage of handloom centers</th>
<th>Loomage percentage</th>
<th>Loom-weaver ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telengana</td>
<td>69</td>
<td>33</td>
<td>0.9-0.95</td>
</tr>
<tr>
<td>Rayalseema</td>
<td>11</td>
<td>25</td>
<td>0.75-0.8</td>
</tr>
<tr>
<td>Coast</td>
<td>20</td>
<td>42</td>
<td>0.75-0.8</td>
</tr>
</tbody>
</table>


Comparatively, Telengana has a larger proportion of handloom centers, less percentage of looms, and higher loom-weaver ratios. The wage levels in the ikkat belt in Nalgonda district are also higher, which has, in the past, led to in-migration of weavers (Mukund and Sundari 2001). This diversity has led to different levels of weaver vulnerability in the three regions and the handloom centers contained in them.

Pochampalli: Weaver Vulnerability and Networks

Typically, weavers produce handloom cloth and have little direct interaction with the markets or input suppliers. The handloom weaver interacts with the outside world through three networks - handloom cooperative societies, entrepreneurs\(^{19}\), and civil society organizations (Sharma 2004a). The primary job of the cooperatives and the entrepreneurs is to channel inputs to the weavers, collect finished goods for sale, and provide business services (e.g. loans, designs, dyes; Mukund and Sundari 2001). In all the networks the weaver is present at the lowest level of the value chain.

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\(^{19}\) For the purpose of this paper, these entrepreneurs consist of Master Weavers and all other private owners and traders.
In the entrepreneurial network, the manufacturers provide yarn, because yarn is often purchased from non-local sources and weavers do not possess resources\textsuperscript{20} to access state and national level yarn suppliers. Marketing networks are diverse within a weaver center. In Pochampalli, for example, entrepreneurs maintained marketing outlets and offices in cities (Nalgonda, Hyderabad) as well as in the local village. Some of the entrepreneurs located only the front office outside the village. Large firms had marketing tie-ups with retailers directly, while the smaller and medium sized firms were connected through intermediate traders and directly only to smaller retailers (Kuriakose 2007).

In the cooperative network the handloom societies are organized at two levels. At the handloom center level the weavers come together to form producer groups called Primary Societies. All these primaries are affiliated to the APCO (Sharma 2005). In Pochampalli, the sales and turnover of the local cooperative society was relatively small, therefore the entrepreneur was the most important interface, and the majority of weavers who committed suicide belonged to the entrepreneur network.

Production relationships in handloom centers are fragmented and complex. Multiple production and marketing levels are found in the handloom centers. In Pochampalli, larger firms greatly rely on sub-contractors because they spend more time on design and marketing leaving production and quality control to sub-contractors\textsuperscript{21}. Different types of contracts exist between the entrepreneur and the weavers. For instance, there are seasonal and long-term contracts with or without intermediation by sub-contractors (Kuriakose 2007). The nature of the contracts is related to weaver skill levels, which in turn generates different types of vulnerabilities. The most vulnerable are the less-skilled weavers, who sign short-term contracts and that also with smaller sized firms. Accordingly, less skilled weavers constitute one potential group who are susceptible to commit suicides during periods of continued joblessness.

\textbf{Pochampalli Crisis: The Wider Context}

Handloom markets exist at four levels - export, domestic (India and state of AP), and the local (region, district, and area). During the 1990s the handloom market in India underwent significant transformations, leading to restructuring of the handloom production centers. Exports of cotton handlooms

\textsuperscript{20} Wage cost is generally 25 percent of the production costs, while the major cost comes from purchase of raw materials.

\textsuperscript{21} In Pochampalli sometimes up to six levels of sub-contractors are present (Kuriakose 2007).
rose from 1995-96 through 1998-99, but reduced by 5.8% in value terms during 1999-2000. However, the higher order goods increased their share both in value terms and quantity exported between 1995-96 and 1999-2000, while the share of the low order goods decreased (EXIM Bank 2000).

At the national level the quantity demanded of handloom cloth dropped slightly, although the value demanded increased. In the 1990s the AP handloom market also underwent significant changes. While the overall per capita consumption of cloth in AP remained unchanged between 1990 and 2000, the handloom sector’s share of the textile market decreased from 39 percent to 18.5 percent. Moreover, the market share of handlooms dropped in both rural and urban areas. During the period 1990 and 2000, the market share of handlooms in the urban areas dropped from 58.9 percent to 27.5 percent and from 27.5 percent to 12.3 percent in the rural areas (Nayak and Kopesachari 2002).

Numerous factors affected market demand in AP. Increased cost of handloom products and changed dress norms are the most widely accepted explanations. During the 1990s price indices of handlooms increased by 232.1, as compared to an increase of 116.4 percent for powerloom produced cloth and 182.6 for mill made cloth, consequently, powerloom cloth replaced handlooms. Concurrently, a quiet cultural shift was happening. Rural people were moving away from cotton cloth to man-made fibers because of “durability, texture, shrinkage, comfort... and price” (Nayak and Kopesachari 2002).

Powerlooms and mills more efficiently manufacture synthetic cloth. Another component of this cultural shift was the shift away from wearing saris and half-saris, especially by young women, to the “North Indian trouser and tunic sets” called salwar kameez and other types of Western dress. Sari was becoming a ceremonial dress and these changed dress norms especially affected the sari producing centers, including Pochampalli (Kuriakose 2007).

The impact of this restructuring was immediately felt by handloom centers producing low order goods, which were found in greater numbers in North India (Liebl and Roy 2000). Comparatively, AP had a larger number of centers producing high order handloom goods (e.g. Pochampalli) and even the centers producing low order goods remained protected due to the vigorous implementation of the Janata Cloth

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22 Synthetic, blended, mixed fibers.
Program\textsuperscript{23}, which helped to find a captive market for handloom centers producing low order goods\textsuperscript{24}. Consequently, handloom centers in AP producing both low and high order goods escaped the restructuring process in the early 1990s. This developed a heady feeling that AP was different, and the complacent private handloom producers failed to read the changing cloth and garment markets.

**Pochampalli Crisis: Local Causes**

The crisis is the handloom sector is generally ascribed to scarcity of adequate quantities of cotton yarn, dyes and chemicals; failure of state intervention; non payment of dues to cooperative societies by APCO; competition from powerloom cloth; complete dependence of weavers on intermediaries; payment of subsistence wages to weavers; and continued mismatch between demand and supply (Rao et al. 1990; Mukund and Sundari 2001; Niranjana and Vinayan 2001; Mooij 2002). If the entire handloom sector in AP was in crisis, why did suicides happen predominantly in Pochampalli? The answer lies in the unique characteristics of ikkat production and the self-destructive strategies followed by the Pochampalli entrepreneurs.

Ikkat weaving in Pochampalli is a household activity with the process divided into pre-loom (input preparation) and post-loom (dyeing and weaving) activities. Mainly women and girls do input preparation, and boys and men do dyeing and weaving. The most intricate part is the dyeing process – strips of rubber are used to cover areas on the yarn which makes them “resist” dyeing while the open parts absorb dyes – leading to yarn with dyed patches – a well known characteristic of tie-and-dye patterns. This dyed yarn is used for weaving. Ikkat production is exacting and precise, requiring expertise and talent (Crill 1998). This remarkable ability to create ikkat designs give the Pochampalli weavers higher returns for their skill. The flip side is that the ikkat weavers became are more dependent on weaving for their livelihoods (NCAER 1998a and b). Moreover, cloth production for the weaver is more than an occupation; it is a way of life. Therefore, loss of work resulted in joblessness, indebtedness (Mooij 2002), and “social alienation and loss of way of life” (Mukund and Sundari 2001, 103-04).

\textsuperscript{23} The “Janata Cloth Scheme” had twin objectives – to provide assured employment to weavers and to supply cloth at cheap prices to the poor. Janata Cloth (coarse cloth-lower order good) could not be sold in the market; therefore, the Government had to subsidize the sale of cloth, which was one of the reasons that led to its abolition in 1996.

\textsuperscript{24} During the early 1990s, 50% of APCO’s cloth sales were of low order goods (Mukund and Sundari 2001).
The fact that the weavers consider themselves to be artists makes them more vulnerable to joblessness and social pressures. A personality characteristic of crafts persons and artists is the awareness of their unique ability and pride in their creations. Weavers are aware of their unique craftsmanship (Mukund and Sundari 2001, 105; 143), which prevents them from, easily, switching jobs. Accordingly, the increased economic dependency on weaving for their livelihoods, the inability to change employments, and the social effects of joblessness set the stage for weavers to commit suicides in Pochampalli.

Compared to Pochampalli, other handloom centers producing ikkat cloth in Nalgonda District did not witness such large-scale weaver suicides. Vulnerability of Pochampalli weavers was increased due to shortsighted business practices followed by producers and inadequate stress on innovation and cost reduction. During the crisis period Kuriakose (2007) compared the conditions in Pochampalli with two other proximate handloom centers. Pochampalli products enjoyed above-average prices during the period 1985 and 1997 with demand peaking during 1994-95 (Kuriakose 2007; Niranjana and Vinayan 2001). High profits attracted new entrepreneurs, who established numerous trading firms in Pochampalli. The profits were, however, invested in property and financial markets in Hyderabad and not used for design development, weaver skill upgradation, and market expansion. In contrast, the small silk center producers continuously switched designs and introduced new products. For example, the small silk center had changed from the manufacture of headscarves to saris and silk fabrics after 1995, while the Pochampalli entrepreneurs failed to diversify and continued to produce saris with little design inputs from buyers (Kuriakose 2007).

Equally important, were the long-standing inventory control practices followed by the Pochampalli entrepreneurs. Compared to the cotton and the small silk centers, Pochampalli manufacturers kept large quantities of stock, which were not based on assured supply orders or samples given by buyers. In contrast,

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25 Two other handloom centers were a medium sized handloom producing center (Koyyalgudem) that specialized in producing cotton fabrics and make-ups; and a small sized silk manufacturing center producing (Narayanpur) saris, fabrics, and made-ups. Both the centers were located within 15 miles from Pochampalli and sold in the domestic and the export markets. In contrast, Pochampalli produced only one product – saris, primarily for the domestic market. The first cooperative was established in the cotton handloom center in 1950 followed by a branch in Pochampalli in 1955 (Mukund and Sundari 2001; Kuriakose 2007).
the small silk and the cotton centers followed a “just-in-time” inventory control system and production was linked to samples and color and design specifications given by buyers (Kuriakose 2007).

Consequently, the Pochampalli entrepreneurs were unprepared for the collapse of the sellers market in the late 1990s. Pochampalli entrepreneurs failed to respond to the market signals and did not adjust production and supply, accordingly. The result was stock accumulation, which led to a gradual reduction in production, and cessation of weaving activity. To survive, jobless weavers took loans and were unable to repay debts and this triggered weaver suicides in early 2002.

Using Craft

The image of administrators in India is that they fail to communicate with citizens, give a passive role to the political actors and processes, follow a rational decision-making approach, and confuse political neutrality with program neutrality leading to non-achievement of strategic goals. The course of action followed by administrators in Pochampalli was the antithesis of this image.

Based on the unique circumstances prevailing in Pochampalli, administrators designed innovative strategies, which are used in this article as raw material for theory formation. Administrators in Pochampalli did not depend on an existing model to guide action, but reshaped strategies depending on the outcomes of the last experience. They took advantage of the single point political agenda – “whatever the cost, suicides must be stopped” to advocate compromise as a strategy during the design, management, and implementation of the plan. Compromise became the guiding strategic principle due to political engagement and interest group involvement. The idea of compromise was sold to the interest groups, but only after administrators had used planning craft to convert a conflict of principles to a conflict of interests.

Selling the Idea

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26 Numerous researchers have reported joblessness and indebtedness among weavers (Mukund and Sundari 2001; Niranjana and Vinayan 2001).
27 See Appleby (1953), Kothari and Roy (1969); Taub (1969); and Potter (1986).
28 See Liggett (1996) for the concept of Practice Movement.
29 Compromises are required during conflicts between actors. The set of conditions that favor compromise are – partial coincidence of interests, willingness to give mutual concessions to terminate the conflict, and confer a moral legitimacy to the other side (Golding 1969).
30 See Bis Sanyal (2002) who has discussed this in detail and I have applied his theorizing
In the face of unrelenting suicides by weavers, administrators decided to directly purchase the surplus stock of saris available with the Pochampalli entrepreneurs. The assumption underlying the strategy was that reduction in the stock of saris and availability of liquidity with entrepreneurs was likely to kick-start the production process. Purchase from the private sector (entrepreneurs) was critical because sari production in Pochampalli was primarily done outside the cooperative sector and work could only be provided to jobless weavers if the excess sari stock, available with the private manufacturers, was reduced and the production system got off the ground. Provision of work to weavers was expected to reduce and possible stop suicides by weavers.

Purchase of saris by APCO from the private sector and paying them promptly, was a difficult idea to sell to the interest groups in the cooperative sector. First, APCO byelaws permitted purchase of material from non-members. Second, APCO’s capability to procure stocks in a short period was doubtful. During the past 10 years APCO had only intermittently purchased stock from the societies. In fact, the purchases were completely stopped between 1998 and 2000. Moreover, payments were delayed by APCO or not made at all. This had reportedly jeopardized the financial existence of all the Primary Handloom Cooperative Weaver Societies (Niranjana and Vinayan 2001; Mukund and Sundari 2001; Mooij 2002).

Third, in principle the private and cooperative sectors were perceived to be competitors if not adversaries and often the problems of the cooperative sector were ascribed to the entrepreneurs (Niranjana and Vinayan 2001). The commonly held view was that any intervention in favor of the entrepreneurs was likely to be at the cost of the cooperative societies, that is, only win-lose outcomes were possible.

The challenge was to make the purchase of saris from the Pochampalli entrepreneurs look beneficial to APCO and the cooperative societies. Administrators achieved dual positive outcomes by converting conflicts of principles to conflicts of interests. In the past decade APCO had nearly stopped purchasing cloth from its member societies and also defaulted in payments. Consequently, a majority of member societies had become bankrupt and were unable to provide adequate work to weavers. The societies were equally blameworthy in making APCO reach the point of bankruptcy. Societies had

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31 Since 1992, APCO had started to default in making payments to the primary societies and stopped payments completely in 1998. By 1999 APCO owed Rs. 465.8 ($ 11.6) millions to the primary societies (Asha Krishna Kumar, Frontline, http://www.infochangeindia.org/features85.jsp).
connived with APCO managers and sold outdated designs and poor quality cloth to APCO. Consequently, APCO outlets contained large quantities of unsaleable cloth and one way to turn around APCO was to replace the outdated stock by saleable products\textsuperscript{32}. In fact, this was one of factors that had made the government to decide to liquidate APCO. Preventing the winding-up of APCO was a high priority for the interest groups, because APCO gave them leverage and a platform to champion weavers’ issues.

In this conflict situation administrators understood that compromises\textsuperscript{33} were possible. AP Government made the first trade-off. Keen to settle the Pochampalli crisis the Government changed the liquidation of APCO to restructuring, and National Institute of Fashion Technology (NIFT) was appointed as consultants to prepare a restructuring plan for APCO\textsuperscript{34}. Next, administrators sold the idea to the interest groups that purchase of quality saris from Pochampalli entrepreneurs was likely to update the APCO inventory\textsuperscript{35}. The interest groups in the cooperative sector understood that this was an opportunity to save APCO, if they temporarily dropped their principled opposition towards weavers working outside the cooperative fold. Moreover, APCO’s access to high quality stock available with the private sector was expected to improve sales, and the additional cash flows could be used to repay the societies dues. Finally, effective intervention in Pochampalli was likely to make APCO more relevant for the entire handloom sector. Using craftsmanship a conflict of principles was converted to conflict over resource allocation, which permitted interest groups to negotiate trade-offs.

\textsuperscript{32} National Institute of Fashion Technology (NIFT) Diagnostic Report had found that large quantity of non-saleable cloth purchased by APCO from the cooperatives was one of the issues to be addressed during restructuring (Sharma 2005); See also Sharma (2005) for the strategies used by APCO to dispose off the surplus cloth.

\textsuperscript{33} In conflicts of principles the actors consider their position to be “objectively right”. The cooperative sector considered the entrepreneurs to be a cause of their present day problems (see the political economy perspective). As long as the cooperative sector based their argument on structural forces, compromise was difficult. The challenge was to convert the conflicts based on ideology to conflicts over allocation of resources between the cooperative and the outside sector. See Benditt (1979).

\textsuperscript{34} In fact the political thinking had begun earlier in 2001 after the suicides in Sircilla (Karimnagar District, Andhra Pradesh). Government in 2002 approved the restructuring. Reference about APCO restructuring and repayment of dues is available (Mooij 2002, 9).

\textsuperscript{35} Pochampalli entrepreneurs possessed more “marketable’ saris as compared to APCO. This was demonstrated by the quick sale of saris procured by APCO from entrepreneurs in Exhibitions and Fairs, and the turnaround by APCO after 2002 (Sharma 2005).
The compromises made by the administrators were the conversion of the liquidation of APCO into restructuring and payment of past dues to weaver societies. The interest groups representing the cooperative sector dropped their explicit opposition to the proposal of APCO to buy stocks from Pochampalli entrepreneurs. The Pochampalli entrepreneurs agreed to sell the best saris to APCO on part payment. The most extraordinary planning strategy was the purchase of saris from Pochampalli entrepreneurs, which was never attempted again in any handloom center in Andhra Pradesh (Kuriakose 2007, 117 & 200).

**Malleable Organizations and Procurement Strategy**

The major actors who influenced events during the Pochampalli crisis were – (1) the Government represented by the Commissioner of Handlooms and her officers, (2) the Managing Director of APCO and her managers, and (3) the local interest groups belonging to the entrepreneur network consisting of the manufacturer-trader associations (M-T Associations), the tie-and-die weavers associations, and the weavers associations, and (4) the Pochampalli Primary Cooperative Society. The Commissioner of Handlooms wore two hats – she was the regulator and developer of the cooperative sector in the state. Additionally, the Government had assigned the job of APCO Managing Director (APCO-MD) to the Commissioner. In fact, this combination of the assignments of the regulator, developer, producer, and seller in one person made coordination more efficient during the Pochampalli operations.

The main interest group consisted of manufacturer-trader associations (M-T Associations), which were groups of firm owners, initially created to regulate sale product prices and negotiate wage rates. The M-T Associations were active during the boom period (1985-1995) and their main activities consisted of resolving conflicts among members, information-sharing, prosecuting buyers who defaulted in payments, enforcing minimum level of product prices, social welfare work (e.g. education activities) and lobbying for governments benefits. They became dormant after the sellers market changed, but the Pochampalli crisis

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36 During a compromise claims are diluted, interests not compromised (Benditt 1969).
37 Under the DDHPY, the Federal and the State Governments infused an equity of Rs. 400 million ($10 million) into APCO in 2002.
38 APCO had already started repaying dues to societies in 2002 (Mooij 2002).
39 Firms here refer to mostly registered manufacturing trading firms in Pochampalli and do not include subcontracting firms.
reinvigorated the dormant M-T Associations and they formed alliances with other interest groups to lobby with the administrators to purchase excess cloth available with the private firms\textsuperscript{40}.

Administrators discovered a clause in the APCO byelaws that permitted APCO to procure stocks from non-member weavers under exceptional circumstances\textsuperscript{41}. The flexible provision was used to purchase saris from the entrepreneurs of Pochampalli. Table 2 gives a simplified logframe\textsuperscript{42} matrix showing the design of the Pochampalli procurement program. The inputs were infusion of equity into APCO by the Federal and State Governments and identifying of appropriate human resources to do the purchase. The main activity was sari procurement, which was done by teams consisting of stakeholders and the administrators. Experts evaluated the seasonal marketability and the technical quality of the saris. The Department officers coordinated the procurement operations.

Purchase of saris (output) and provision of work to the weavers (outcome) were two critical elements in the program design. The strategy was to procure only some of the saris available with the Pochampalli entrepreneurs in order to provide work to the weavers. Administrators assumed that the firms would be able to agree on a sharing agreement thorough the M-T Associations. This was contingent on the maintenance of credible and verifiable stock statements by the firms. Another assumption was that once the entrepreneurs were able to sell the surplus saris, they would use the resources to provide work to the weavers.

Table 2. Pochampalli procurement program logframe matrix

<table>
<thead>
<tr>
<th>Components</th>
<th>Indicators</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inputs</td>
<td>Availability of human and financial resources to purchase the saris.</td>
<td>Input to Activity: Government provides equity in time; APCO managers, Department officials, and NIFT designers are able</td>
</tr>
<tr>
<td>Activities</td>
<td>Purchase of saris in Pochampalli.</td>
<td>Input to Activity: Government provides equity in time; APCO managers, Department officials, and NIFT designers are able</td>
</tr>
</tbody>
</table>

\textsuperscript{40} The joint strike was organized by the three formal organizations were in existence in 2001 –.

\textsuperscript{41} Pochampalli entrepreneur association was active during the boom period (Kuriakose 2007, 197-200).

\textsuperscript{42} Government had to issue formal orders justifying the exceptional circumstances.

\textsuperscript{42} A logic model is a systematic and visual way to present understanding of the relationships among the resources to operate a program, the activities, and the changes or results expected to be achieved. The program parts are connected by a “If . . . then” reasoning between program components (United Way of America 1996).
Conflicts, Compromises, and Unintended Consequences

Unanticipated conflicts among the firms led to assumption breakdown, which in turn resulted in unintended consequences. The purpose was to procure only part of the excess stock available with the entrepreneurs. The M-T Associations were unable to fix the numbers of saris to be purchased from each manufacturer and requested the administrators to do the allocation after consulting the entrepreneurs individually. Administrators were unaccustomed to dealing directly with the entrepreneurs. For the past 50 years they had implemented programs for the cooperative sector and were familiar and comfortable dealing with cooperative societies. This new and unexpected turn in events placed additional responsibilities on the administrators and required the administrators to actively engage with the political processes and understand the internal power relationships among firms.

Leaning in to the system was a learning process for the administrators. Firms in Pochampalli operated informally and maintained accounts and stock statements in different formats. Moreover, administrators learnt about existing latent differences among the entrepreneurs. The small/medium entrepreneurs distrusted the large manufacturers\(^{43}\) because of the earlier experience of inequitable fixation of product prices. Product prices were controlled for general items\(^{44}\) produced mainly by the

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\(^{43}\) Based on their turnover and market share there were 17 large-sized firms (annual turnover = $220,000 - 1.8 million), 42 medium-sized firms (annual turnover = $111,000-222,000), and 32 small sized firms (annual turnover = 4,400-11,100).

\(^{44}\) Relatively older, somewhat simpler to weave, and more widely designs
small/medium-sized firms; but the M-T Associations did not impose any restriction on product price manufactured by larger firms45.

This simmering conflict was exposed during the negotiations among the members of the M-T Associations over allocation of number of saris to be purchased from each entrepreneur. Negotiations broke down over the criterion to be used to purchase saris from the manufacturers. Large entrepreneurs were advocating purchase of an equal number of saris from each firm, which was likely to be advantageous to them because they held stocks of more expensive saris. In contrast, medium/small entrepreneurs supported purchase of equal value of saris from all the firms, which was expected to benefit them.

Inability to build consensus delayed procurement and generated commotion in Pochampalli. Daily administrators went to Pochampalli and spent the entire day attempting to resolve the differences among the M-T Associations. Occasionally, aggressive entrepreneurs and administrators would exchange words. Despite delays in saris procurement administrators noticed a dramatic reduction in the number of weavers committing suicides. The commotion accompanying the engagement of administrators with the Pochampalli interest groups had attracted the jobless weavers on to the streets. The excitement and the furor46 had two unintended positive effects – one it diverted the weavers’ attention away from their conditions and second, it gave visibility to administrators’ efforts and created hope among the weavers that work was coming. Unknown to the administrators, the friction and negative publicity had reduced the number of weavers committing suicides. The process of building compromise had led to an unintended positive outcome – reduction in the number of weaver suicides.

Administrators again used compromise to resolve the impasse over the number of saris to be purchased from each firm. The conflict was over resources – which types of firms were to sell more stocks to APCO. Administrators advocated another compromise – increase the number of saris to be purchased by APCO in return for part payments to manufacturers. The elements of this compromise were that APCO would purchase an equal number of saris from all the firms and make part payments at the time of purchase, which would be used to provide work to jobless weavers. Arrears would be paid only after the

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45 See Kuriakose (2007).
46 Some of this documented indirectly by Kuriakose (2007)
sarlis were sold in special exhibitions to be organized by APCO. The entrepreneurs accepted the compromise and, in fact, the success of the strategy was one of the factors that contributed to the turn around of APCO\(^{47}\).

**Program Plasticity**

Administrators continued to use planning craft even after the Pochampalli crisis had subsided. Pochampalli had demonstrated that handloom production was delinked from the market and one of the reasons was lack of timely access of weavers to contemporary designs. Administrators used the political agenda to contextualize the “one-size-fits-all” Government programs, such as the Project Package (PP) Scheme\(^{48}\). The PP Scheme was designed by the Government to modernize handlooms, provide financial incentives, and marketing support, and design and technological services to the handloom producers.

Ignoring regional and local variations was the main drawback of the universal and homogeneous program (Mukund and Sundari 2001; Mooij 2002). The Pochampalli crisis provided an opportunity to administrators to adapt the PP Scheme to the local areas of AP.

In partnership with NIFT, unused resources in the PP Scheme were utilized to produce creatively designed handloom products\(^{49}\). Two students were assigned to each society - a designer from NIFT and a textile technology specialist from the Indian Institute of Handloom Technology\(^{50}\). NIFT provided the technical know-how and support (e.g. color forecasting). The first phase consisted of an assessment of the design and marketing gaps by the student teams. In the next phase the student team was based in the villages to translate designs from CAD\(^{51}\) programs and graph papers to the looms. Fabric blending and use of vegetable designs were some of the innovations attempted by the students. This two-year collaboration produced 600 new designs and was emulated by the Tamilnadu State (Kuriakose 2007, 233).

\(^{47}\) Complete details of restructuring are available in Sharma (2005).

\(^{48}\) The Project Package Scheme is funded equally by the Federal and State Governments and was started in 1991-92 to provide inputs, design, financial, and marketing services to Cooperative Societies (GOI. Ministry of Textiles. 2001)

\(^{49}\) In the original version of the scheme, freelance designers prepared designs for the societies, which often could not be woven on the looms.

\(^{50}\) There are four Indian Institutes of Handloom Technology – Venkatgiri (AP), Salem (TN), Varanasi (UP), and Guwahati (Assam).

\(^{51}\) Computer Aided Design.
Conclusion

Planning theory provided little guidance to administrators during the Pochampalli crisis. The socio-political space of Pochampalli was complex and conflicts existed among interest groups. Any response had to factor in the political processes in decision-making; therefore, the rational planning model was of little use. A supportive political agenda gave latitude to administrators to use administrators craft. Malleability was discovered in the “cold and stiff” plastic (McDougall 1996, 197) of APCO’s procedures and practices. Purchase of cloth by APCO from the private entrepreneurs led to dual positive outcomes – APCO’s inventory was refurbished and the jobless Pochampalli weavers got work. The concept of innovation was redefined to mean the application of planning craft to utilize the plasticity in form and process to achieve strategic goals.

The Pochampalli intervention demonstrated the role of compromise as a “practice-based theory (strategy)” that has the potential to “enable (administrators) to redefine a role for themselves in practice that it is both efficacious and politically realistic” (McDougall 1996). Administrators found that the handloom sector contained numerous interest groups and each had a different view of the future and how best it should be reached. Interest groups and actors were unable to compromise because of a perception that the two different business models – entrepreneur and cooperative networks - were antagonistic and any intervention was likely to lead to zero sum outcomes only. The Pochampalli intervention transcended the divide and demonstrated that the solutions to real world problems are often found between extremes - in the compromise.

(Views are those personal and not of the IICA or the Government)

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52 I have applied relevant concepts present in Part II of Mandelbaum et al (1996).
53 Scientific-technical rationality guides decision-making.
54 See Brooks (2002).
References


