

THE SILK INDUSTRY AND ITS IMPACT ON POVERTY ALLEVIATION, RURAL UNEMPLOYMENT AND FOREIGN EXCHANGE

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His Excellency President Premadasa has time and again stressed the need to improve the quality of life of our people. He has spelled out that poverty alleviation, employment in the rural sector and improvement in our foreign exchange earnings, as some of the options available to meet this objective. It is for this reason that he has declared 1992 as The Year of Exports and has also launched a scheme to open 200 garment factories in the provinces.

It is in this context that the Silk Industry can be considered as one of the means to meet this objective. The silk industry or sericulture as it is generally understood today, is an agro-based and export oriented industry with a high employment potential requiring a very low initial investment. Silk is a poor man's business catering to the rich man's taste. As a luxury fabric it helps to transfer money from the rich to the poor. It falls under Mahatma Gandhi's classification of a technology based on production by the masses and not mass production. It is by and large one which has a high foreign demand.

The distribution of the sale proceeds from one metre of plain silk material before dyeing or printing is as follows:

Category of Persons	Soft Silk Fabric Weighing		
	40 gms. per metre	50 gms./metre	60 gms./metre
Cocoon producer (farmer)	51.5%	54.6%	56.8%
Reeler	6.2%	6.6%	6.8%
Twister	8.2%	8.8%	9.1%
Weaver	14.5%	12.3%	10.7%
Trader	19.5%	17.8%	16.6%
Total	100%	100%	100%

Source: Statistical Biennial, Central Silk Board, India — 1986.

Thus the maximum benefit goes to the primary producer, the farmer. Basically and in effect a sophisticated industry is helping a poor farmer. There lies the significance of sericulture to this country. The development of sericulture means automatically the upliftment of the poor cocoon producer in the main, the reeler, the twister, and weaver in addition.

The cost of cultivation of mulberry (1 acre) in the first year is Rs. 35,000 including cost of rearing room. The employment potential both in mulberry cultivation and cocoon production is 480 man days per year. The conversion of the production of cocoons from 1 acre into reeled silk, yarn and fabric requires another 600 man days. Of the total quantity of cocoons produced about 15% to 20% are rejected as unreelable cocoons. These can be processed into Floss silk which is used for the twisting of

Yuki Yarn a 100% cottage craft. This will provide another 300 man days per year. One acre of mulberry will provide in all, 1300 man days of work per year.

The nature of sericulture is such that it can provide employment, irrespective of age, sex and literacy to all members of a rural family from children to old according to their physical ability, thus making the entire operation a family team effort. While the adult males can contribute their share of labour for mulberry cultivation in the field, which is more laborious, the children, young females and old members remain engaged in the work of rearing and Yuki Yarn production. In addition rural labour will be required for reeling and weaving. It is this labour intensive aspect of sericulture that has made it a most powerful socio-economic measure to upgrade rural incomes and employment.

The current price for cocoons paid by the Silk & Allied Products Development Authority (SAPDA) is Rs. 125/- per kilo. It also enjoys the sole monopoly in this country for purchase of cocoons and conversion into raw silk (reeling).

A hand out titled "Benefits from Sericulture issued by SAPDA in 1988, has projected for 1 acre of mulberry an annual production of 300 kgs. of reelable cocoons and 60 kgs. of unreelable cocoons. These are expected by yield, after processing 39 kgs. of raw silk and 6 kgs. of Yuki Yarn. The out turn of woven material from 39 kgs. of raw silk is estimated as 600 metres. The current price of reeled silk and plain silk material sold at the SAPDA retail shop on Galle Road is Rs. 2000/- per kg. and Rs. 330/- per metre respectively (1991 prices).

The annual income earned by a family involved only in cocoons production and hand spinning of Yuki Yarn is as follows:

By sale of reelable cocoons - 300 kgs. @ 125/-	Rs. 3,75,000.00
By sale of unreelable cocoons - 60 kgs. @ 10/-	Rs. 600.00
By export of Yuki Yarn - 6 kgs. @ 3520/- *	Rs. 21,156.00
Total Gross income	Rs. 59,256.00

*The export price of Yuki Yarn in 1988 was U.S. \$82 per kg.

Less: Cost of fertilizer & other inputs for rearing	Rs. 10,000.00
Cost of Floss silk (raw material for Yuki Yarn) 6 kgs. @ 400/-	Rs. 2,400.00
Total costs	Rs. 12,400.00
Net annual income from 1 acre = Rs. 59,256 - Rs. 12,400	= Rs. 46,856.00

If SAPDA accepts the basis of the distribution by Indian Silk of proceeds from the sale of silk plain material it can easily pay Rs. 150 for a kilo of reelable cocoons or more. This will mean an additional Rs. 7,500 by sale of cocoons.

Then the net income per family for 1 acre is **Rs. 54,356.00**

In terms of foreign exchange, this means an annual income of U.S. \$ 1265 as against a capital investment of Rs. 35,000. How many other agro-based products can match this income? This fact alone should prompt the government to intensify its efforts to develop this industry.

The income generated by the conversion of cocoons to raw silk and silk fabrics is very attractive. A UNDP/FAO Consultant has stated that the added value of the silk cocoon increases to 173% in the reeling stage; 298% at the weaving stage and 759% at the made up garment stage.

The current price of a metre of plain silk fabric sold by SAPDA at its sales outlet on Galle Road is Rs. 330/-. On this basis alone the country can earn as much as (600 x 330) Rs. 19,800. This can be in foreign exchange as sales are mainly to tourists. In terms of foreign exchange it means approximately U.S. \$ 4600 per acre per annum. This figure can be more if the plain fabric is batik printed. SAPDA retails its batik printed sarees around Rs. 3,800 each. The Tourist shops retail batik printed 2½ metre dress lengths at over Rs. 2,500 a piece.

The income generated by this industry is earned by various groups engaged in silk production. It is a complex industry needing both

processing and agricultural skills. The advantage of sericulture over most other crops is the transfer of high value from the rich to the poorer sections of our society. The majority of farmers can significantly boost the growth of our national income. As a labour intensive occupation it can prevent migration of labour from the village to the town. It requires low investment but provides high returns which no other cash crop can match. (see table below). Its gestation period is between 6 to 12 months while providing over 10 to 12 crops in one year.

Considering the advantages of this industry, it is a matter for regret that the private sector entrepreneurs as well as government has not appreciated the economic potential of this industry and developed it in a big way.

In the above context, it is relevant to observe the programs made in India since 1980. The Table below indicates the value of silk vis a vis the investment made both by the Central Government and the States, return on investment, employment generated and export earnings, up to the end of 1988. These figures are most revealing and should induce this country to double its development efforts.

In spite of the significant contribution sericulture can make towards

Year	Expenditure on sericulture Central Govt. & States (Rs. Crore)	Estimated Value of silk products (Rs. Crore)	Estimated Income generated per		Exports (Rs. Crore)
			Re. Invested Rs.	Employment Lakh No.	
1979-80	13.79	133.26	9.66	40.00	48.84
1980-81	12.69	130.82	10.30	42.30	53.12
1981-82	17.63	197.62	11.21	44.55	69.73
1982-83	24.21	209.24	8.64	46.00	82.85
1983-84	34.70	246.55	7.10	50.50	111.67
1984-85	37.15	317.43	8.50	51.52	129.05
1985-86	52.60	359.91	8.72	53.64	159.82
1986-87	52.66	409.23	7.77	55.00	201.49
1987-88	53.66	512.43	9.55	57.65	254.96

Source: Indian Silk, April '89.

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the economy, it is most regrettable that sericulture as an agro-based industry has been totally ignored by the Presidential Task Force on Export and Import Competitive Non-Traditional Agricultural Development. This appears to be a serious lapse on the part of those responsible for the development of this industry by failing to address the Task Force and invite its attention to its potential.

The progress of this industry during the last two decades has been extremely slow. It is not at all commensurate with the great expectations it gave birth to in 1971. Perhaps the answer to this situation may be the fact that government through the Silk & Allied Products Development Authority exercised control and enjoyed the sole monopoly of

Research & Development, production of eggs and cocoons, reeling of silk and processing as well. Government today has accepted the policy of privatisation. Should it not consider privatising the silk reeling and processing sector and confine itself to Research & Development and production of Disease Free silkworm eggs as is the practice in all sericulturally developed countries? Perhaps it would be worth while to quote Sir W. Lawrence who was a pioneer organiser of the silk industry or Kashmir. He states in his book "Valley of Kashmir" as follows:- "I am of the opinion that the state should confine itself to the production of healthy seed and should give up silk rearing and silk reeling. It is impossible to exaggerate the potentiality of silk in Kashmir, but these potentia-

lities will never be realised while the industry remains under the hands of State."

It is the present set up that has to play a vital role in the development of sericulture. Do we need a fundamental change in this set up? No set up, organisation or office is greater than the purpose it is expected to serve. Therefore we should have the courage of our conviction to sweep away whatever comes in the way of progress if we want to turn this industry into an effective tool in poverty alleviation and the generation of much needed foreign exchange. If the great expectations raised by sericulture are to be fulfilled, let there be an honest and concerted effort to accelerate development.