

CHAPTER II

HANDLOOM INDUSTRY

The handloom industry of Malaya may have relatively less economic importance as compared with the major industries like rubber and coconut, but it is interesting and useful to note that it represents the largest and the most important "cottage industry" of the country. By cottage industry I refer to those involving the manufacturing or processing of commodities for sale and in which the following features are found :-

- (a) where the production unit is independent
- (b) the production unit is located in the producer's home but it may, in certain cases, occupy a separate premise.
- (c) the workers engaged in such an industry consider it as a subsidiary occupation of their households with the main source of income derived from other activities.

The products produced by this long established industry are many, the principal item being "kain songket" which is a popular traditional Malay dress. The basic materials used in making this textile are spun silk yarn, rayon and cotton. The cloths produced are graded according to their qualities. The most exquisite of all is the "Kain Songket" which is woven from Chinese silk yarn, embroidered with patterns, the motifs and borders are woven with gold or silver thread to give a brilliant gaze to the cloth. Kain Songket is a widely used and a cherished Malay dress woven to grace official functions like attendance at the royal courts and weddings. The price varies within a wide range between \$20 to \$80 per length depending on the workmanship and complexity of the pattern design.

The second type of cloth turned out by the industry is the "plain silk" made from Chinese silk yarn with its pattern coloured. However, the popularity of this grade is declining owing to the people's preference for cotton sarong which is more suitable for ordinary occasion.

The third type is a mixture of silk and rayon or cotton and rayon. At present this grade of cloth has only a restricted market and is sold in limited quantity.

Owing to the cultural and economic importance of this industry (since it is the largest surviving cottage industry) the Rural and Industrial Development Authority has shown particular concern for it. A technical investigation of certain aspects of the industry with special regard for dyeing which is an important process affecting the ultimate quality of the finished product, was undertaken in 1956 at the request of R.I.D.A. by a United Nations expert J. Nunnikhoven (1). Soon after this investigation R.I.D.A. carried out a detailed and comprehensive survey of the industry in Trengganu in 1957/1958 and in 1958 a simpler and supplementary survey was conducted in Kelantan. This elaborate study has enabled R.I.D.A. to analyse the industry so as to determine the ways it can assist the industry and to help it overcome some of the problems so that it can flourish.

Distribution and Structure of the Industry

Weaving is done entirely by women labour force. According to the 1958 survey all the 4,170 weavers registered in Kelantan and Trengganu were females. Weaving is regarded as an important supplementary source of income to a large number of households in these two States. Very strangely, the bulk of this industry is concentrated in the East Coast States of Trengganu and Kelantan. The number of handlooms registered in the two States is 3,886.

This unique concentration of weavers in Kuala Trengganu and Kota Bharu areas can be seen in the map showing the distribution of handloom weavers in Malaya. The unusual conglomeration cannot be explained by the contiguity of market location because the present day markets for the finished products are widely dispersed throughout the Federation, Singapore, Thailand, the Borneo states and Indonesia. Since the "kain songket" is a popular Malay dress used for official function, the industry should also be found in the other royal towns which are more densely populated and wealthier but it is not.

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U.N. Technical Assistance Programme "Development of the Textile Cottage Industry in Malaya" by J. Nunnikhoven. Report No. TAA/MAL/6, New York 1957.

The availability of raw materials such as silk yarn, cotton, rayon, metallic thread and dyestuffs does not explain this concentration because the raw materials are imported from overseas. Concentration in these two areas have increased over the last fifty years but it is not due to the migration of weavers from other centres to Kuala Trengganu and Kota Bharu. The flourishing of the handloom industry in these two areas is aided by the virtual extinction of the industry in the west coast states.

Besides, certain economic factors also help to explain this phenomenon. First of all, the comparatively low cash wages paid for labour in terms of woman-hours worked in the East Coast is especially suitable for this labour intensive industry. The cash returns are very low compared with returns for activities like rubber-tapping. Moreover such alternative employment does not present itself in the East Coast where the cash income is lower among the rural people than in other parts of the Federation.

The economics of scale is another factor which favours concentration. It is difficult to operate a group of two or three looms in isolation as an economic unit. Cost can be lowered to benefit the weavers if the weavers group together. For example a warp machine can best serve 15 to 20 looms, and it will not be economical to own one if the weaver operates two or three looms only.

Certain skilled process require the services of specialists who are employed by middlemen and they charge a moderate fee for their services to a large number of looms. If the weavers are isolated they may not find it worthwhile unless they can receive high fee from the weavers.

Concentration of the industry also facilitates the supply of raw materials and the marketing of finished products. The entrepreneurs who renders such services require a substantial volume of business to make their operations practicable.

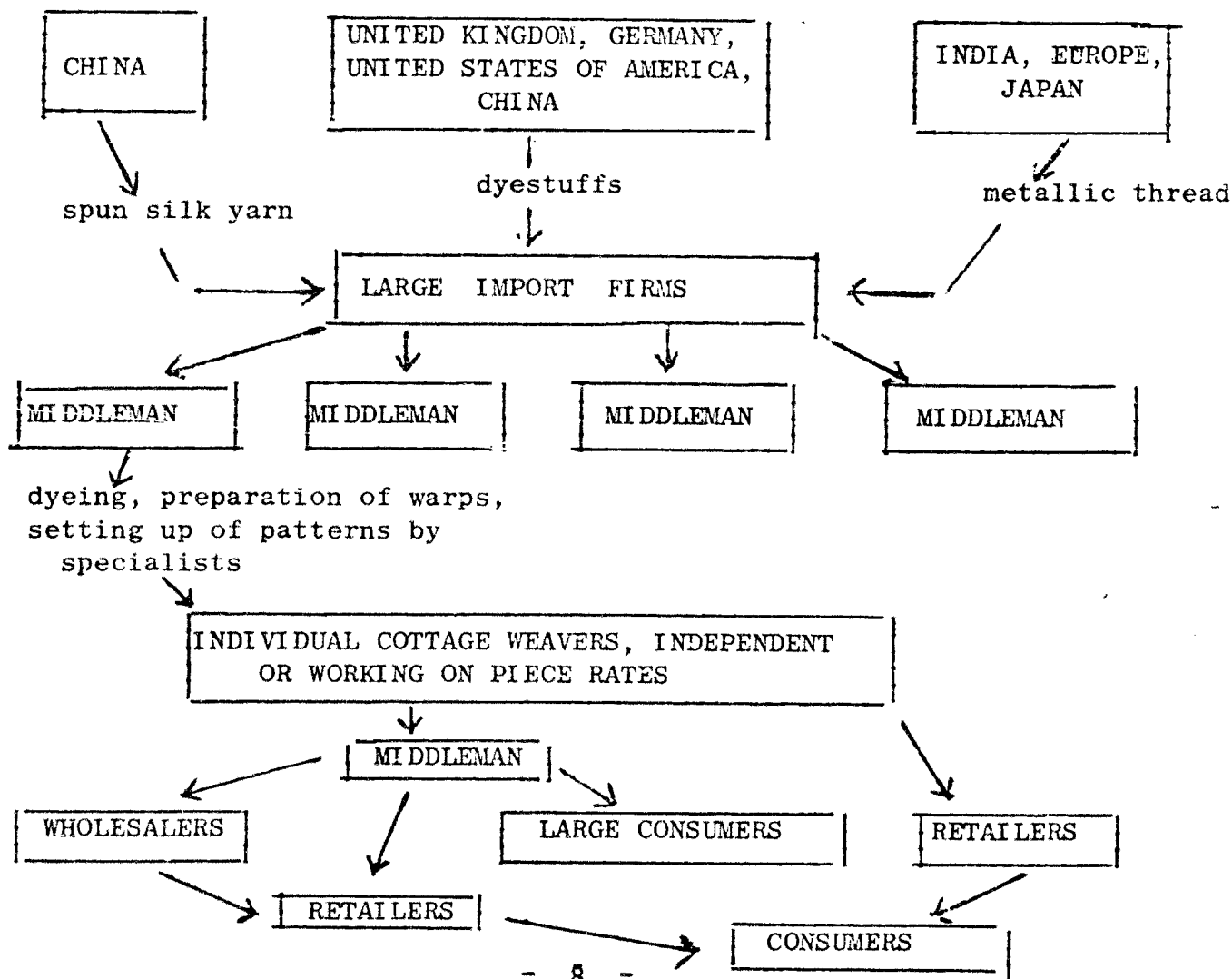
Structure :

The structure of the industry is quite complex and it is greatly influenced by the source and control of the scarce factors of production. The weavers belong to the lower income groups, having little capital resources, no formal education and little knowledge of economics.

The raw materials required like spun silk yarn, dyestuffs and metallic thread are imported from foreign countries like China, United Kingdom, India and Japan by large importing firms or agency houses. These raw materials are then distributed to the various middlemen who have good business connections and good marketing knowledge. These middlemen employ skillful specialists to perform services in the various processes like, dyeing, preparation of warps and setting up of patterns. The weavers whether working for themselves or for the middlemen on contract basis on piece rates will have to engage the expert services of the specialists in such processes. Owing to the lack of business connections scarcely of resources and marketing knowledge, the weavers have to turn over their finished products to the middlemen who have established their own sales outlets. They either sell the finished products to wholesalers in large quantity or sell them directly through retailing. Occasionally the weavers may have their own retail shops and thus able to sell the finished product themselves.

A summary of the structure of the handloom industry, from the acquisition of raw materials to the distribution of finished products to consumers, may be prosecuted in diagrammatic form :

CHART SHOWING THE STRUCTURE OF THE HANDLOOM INDUSTRY (I)



The basic capital equipments required for weaving are small but there are other factors which mar the growth of the industry :-

(1) The supply of raw materials :

Raw materials imported from overseas are required in big quantities to serve the needs of the industry as a whole. Evidently it is beyond the resources of the isolated cottage weavers to acquire these basic materials in bulk. Therefore the supply of raw materials is undertaken by large wholesaling firms. By the time they reach the hand of the weavers the prices of these materials have been proportionately higher than when imported due to added profit margin.

(2) There are a large number of technical and highly skilled processes which are beyond the capacity of the individual weavers to provide but these processes are only efficiently and economically performed on a larger scale as common facility services for group of twenty or more looms. These processes include the dyeing of yarn, the preparation of the warp and the setting up of patterns on the looms. Such services are normally performed by master weavers who also commonly operate as middlemen.

(3) Marketing is also a serious handicap to the weavers. There are certain skill and services associated with the marketing of the finished product which are not possible for the individual weavers to obtain. Moreover, the provision of working capital to finance the production from the time of the purchase of raw materials to the time the eventual purchasers pay for the product, involve a substantial sum. Since the weavers are from the lower income group it is quite impossible for them to get this essential amount of working capital during this period. Marketing also entails up-to-date knowledge of market conditions in distant towns and countries, trade contacts with wholesalers and retailers, substantial capital and trusted business reputation.

In case of large scale orders by the police or armed forces, individuals cannot cope with the demand since a co-ordinated effort is essential to satisfy such bulk purchase. This implies the urgent need of the weavers to group together to gradually provide the services now rendered by the middlemen. In the meantime these services are performed by the middlemen who thus absorb a large proportion of the weavers' income. Weavers working on piece rates basis are not uncommon. They work on the raw materials supplied by the middlemen and the finished products are turned over to them and they perform their own marketing. The Trengganu survey shows that 86.6% of the active weavers work regularly and exclusively for the middlemen.

Production :

The fact that weaving only constitutes a subsidiary source of income to the weavers means that production will vary from month to month. For example in the fasting month before Hari Raya⁽¹⁾ some workers stopped work though demand is at a peak at the end of the fasting period. At this festive occasion the Malays are seen in their national dress and "Kain Songket" becomes a common feature.

During the North East monsoon period (occurring at the end of a year and at the beginning of the next) work is forced to be curtailed due to the rain and wind. The damp atmosphere swells the yarn and impedes the smooth operation of the comb.

The period of the padi harvest also affects many weavers in the East Coast. During this period all the available hands are required to harvest the crop. Under such conditions it is quite understandable that those farmers who are engaged in weaving in their spare time have to lay off temporarily. Since the whole of the East Coast weavers are females other personal factors like birth, sickness, changes in sources of income, fluctuation in demand will cause disruption and affect production in the industry.

Since weaving is only a spare time activity production figure is difficult to obtain and moreover, the number of weavers increases and decreases constantly (the number increases when demand grows and weavers leave the industry when the monsoon comes or when it is harvesting time.)

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Malay New Year celebrated after a month's fasting.

The estimate value of total production in Trengganu is \$1,301,000, while for the whole of the East Coast the value is estimated at \$1,564,000.

(1) TABLE SHOWING THE ESTIMATED TOTAL PRODUCTION IN TRENGGANU

TYPE OF CLOTH	NO. OF PIECES	NO. OF YARDS	VALUE
Kain Songket	60,400	120,800	\$ 1,069,000
Others	32,560	65,120	232,000
TOTAL	92,960	185,920	\$ 1,301,000

(2) TABLE SHOWING ESTIMATED TOTAL PRODUCTION OF EAST COAST
HANDLOOM INDUSTRY

TYPE OF CLOTH	NO. OF PIECES	NO. OF YARDS	VALUE
Kain Songket	72,700	145,400	\$ 1,284,000
Others	39,180	78,360	280,000
TOTAL	111,880	223,760	\$ 1,564,000

Capital :

The fact that there are more than four thousand weavers in Malaya who belong to the lower income group speaks for itself that the fixed capital, in the form of equipments, required in the handloom industry is relatively small. The main item of equipments essential for the setting up of the production unit are : a loom, a warping machine and a spindle winding machine. In Trengganu majority of the weavers (about 85%) possess their own looms. But only 21% of them have their own warping machine.

(3) MAIN ITEMS OF WEAVING EQUIPMENT BY NUMBER AND COST IN TRENGGANU

ITEM	NO. OF WEAVERS OWNING ITEM.	PERCENTAGE OF TOTAL WEAVERS	NO. OF WEAVERS NOT OWNING ITEM	PRESENT DAY COST OF ITEM WHEN NEW
(1) Loom	2,850	85%	490	\$ 60.00
(2) Warping Machine	710	21%	2,630	\$ 30.00
(3) Spindle winding machine	Not Available	-	Not Available	\$ 1.50

Since fixed capital forms only a small proportion of the total investment, the capital invested are mainly working capital used to cover the costs of raw materials; advance to weavers between the period of acquiring raw materials and the marketing of the finished products, it may also form the expenses involved in the distribution of the finished product.

Raw Materials : SPUN SILK YARN

The basic raw materials needed in the handloom industry, as indicated by diagram I, are spun silk yarn, metallic gold and silver thread and dyestuffs. The spun silk yarn are mainly imported from China by the main importing firms. All the imported silk yarn are used by the handloom industry since there is no other industry or trade in Malaya which require this raw material.

(4) The table below shows the net Pan Malayan imports of spun silk yarn for the year 1953 - 1957 :-

YEAR	QUANTITY IN LBS.	C.I.F. VALUE (S'PORE)	AVERAGE C.I.F. VALUE PER LB.
1953	44,934	\$ 454,000	\$ 10.12
1954	43,601	378,000	8.69
1955	83,028	662,000	7.97
1956	51,770	420,000	8.11
1957	31,994	331,000	10.37
TOTAL	2,55,277	2,245,000	
AVERAGE	51,055	449,000	

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Therefore an average of about 50,000 lbs. of spun silk yarn is imported for the industry annually. After adding handling charges, transport from Singapore to the weaving areas in the North-East Coast, this would cost about \$500,000 per year. However, the sale figure for spun silk yarn in 1961 has increased to about \$68,000.

Metallic Thread :

Metallic thread is an important raw material for the handloom industry and it gives the shining gaze to the finished product. It is wholly imported and it is correct to say that the majority of such imports are believed to be consumed by the handloom industry although small quantities are used in other forms of embroidery in kampongs and schools. However, the import figures of metallic thread is difficult to obtain because they are impaired by implication of alternative possible description of the material in the customs and import records.

(5) NET IMPORTS OF YARN OF TEXTILE FIBRE MIXED WITH METALS INTO MALAYA

YEAR	PAN MALAYAN IMPORTS (C.I.F.)	PAN MALAYAN EXPORTS (F.O.B.)	NET IMPORTS
1956	\$ 186,386	\$ 9,014	\$ 177,372
1957	161,994	5,969	156,025
TOTAL	348,380	14,983	333,397
AVERAGE	\$ 174,190	\$ 7,491	\$ 166,688

Dyestuffs

From the experience in the R.I.D.A. Textile Centre in Kuala Trengganu over the last few years, it can be roughly estimated that the costs of dyestuffs for dyeing 56,000 lbs. of silk yarn by the methods in use there in the colours and shades mostly in demand from the Centre are between \$30,000 and \$35,000. According to the Trengganu Survey a rough figure of the cost of the dyestuffs for the whole of the East Coast production amount to \$35,000 advances to weavers.

Weaving is a slow and time consuming process. One piece of "kain songket" may take as long as one month to complete and even the most popular and common designs require nine to fourteen days' weaving per piece. It is obvious that the weavers who do not have a satisfactory saving margin need certain amount of cash while work is in process since they are unable to wait till their finished products are sold. The weavers working for the middle-men obtain cash advances against the fulfillment of an order for weaving. 87% of the active weavers in Trengganu and 92½% of those in Kelantan work for the middlemen. The total amount of capital required for these advances is substantial although individual sum is small. Assuming a \$10 advance is required for each weaver, there are 3,304 active weavers in the two States and it means a sum of \$30,000 is needed.

Therefore in order to rid the weavers indebtedness to these middlemen who could depress the wage rate of the contractual weavers, it is imperative that the weavers have access to an alternative source of fund from which they could establish a more firm economic base and increase their margin of earnings. This will make them independent and thus be able to do without any advance when work is in process.

Distribution of finished products:

The marketing function is a vital link to the prosperity of the industry. Unless the goods reach the consumers in the form they desire it, at the right time and at the right place they want it, the success of the industry cannot be assured. Therefore, the importance of marketing need not be overemphasised.

The finished product of the industry being used as a popular national dress enjoys only a local market in the main. Small quantities do find their way into neighbouring countries like Indonesia and Thailand but they are relatively insignificant.

Since a majority of the weavers are working under contract with the middlemen who supply the raw material. The middle-men have wide experience of sales techniques and a thorough knowledge of the textile market. Marketing through middle-men is the general rule in the industry owing to many factors :

- (i) since the weavers operate as individual, marketing individually will require a good deal of time and resources beyond his capacity.

- (ii) the weavers are obliged to the middle-men who finance their purchase of raw materials or give them cash advances.

Thus the middle-men can collect the finished products from the weavers and sell them to wholesaling firms in exchange for raw materials or carry out direct selling in their own retail shops. Though marketing through middle-men is common, occasionally an independently weaver who owns a retail shop is able to do direct selling.

A big sum of capital is tied up in the form of stocks awaiting completion of order, disposal and good in transit. Based on the experience of the R.I.D.A. Textile Centre and the wholesaling and retailing section of the Small Industries Services Institute which has helped the weavers to perform marketing services, it is estimated that the amount of capital tied up in cloths at various stages of distribution and marketing system is not less than the value of 6 months output of the industry. In addition there are the cost of warehousing and storage accommodation.