



Making Markets Work for Weavers

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The occupation the Father of the Nation held close to his heart, a profession that was once the pride of our country and the sector that employs the largest number after agriculture is seemingly past its prime. The state of the handloom sector, as it is today, doesn't reveal a rosy picture. It is in this context that this market research asserts the ways forward, even as it spins through the history, changing trends and challenges of the sector. The paper also asserts the need for reviving the sector, more so in the context of environmental degradation.

India is next only to China in the production of cotton yarn and fabrics. It is also a major global giant in producing synthetic fibers and fabric occupying the fifth position in the world (USDA 2005).

The Indian Handloom Sector

The Indian handloom sector forms an overwhelming presence in the economic life of the country, primarily because it employs largest number of rural people after agriculture. Apart from providing one of the basic necessities of life - clothing, the sector also plays a pivotal role through its contribution to industrial outputs, employment generation and the export earnings of the country. The sector also represents the legacy of our nationalist ethos, rich cultural diversities and socio-economic traditions. The modern textiles captured major chunk of the consumer markets during the last century. At the national aggregate levels, the total production of cloth has increased from 50 billion sq. meters in 2005-06 to 57 billion sq. meters in 2007-08.

However, the production of handloom sector has fluctuated widely from four billion square meters in 1990, eight billion in 1996-97 to 6 billion in 2004-05 (CHIP 2005). This contributed to around 13% of the Indian cloth market. In real terms, while it is growing at the rate of 3, it lost the ground (from 22% in 1996-97) to the power looms. This is mainly because of the decline in the number of handloom, as downward trend effecting dominance of low cost and highly substitutable cloth. Meanwhile, the per capita consumption of handloom textiles is around 0.88 meters.

The Bottlenecks

The major constraints of the handloom sub-sector have been the unorganized nature of weavers, vulnerability to market fluctuations, lack of market information, lack of access and control over financial resources and the increasing distance between producer and

consumer. In fact, the actual weavers seldom engage in independent production, instead work under master weavers as wage earners. The sub sector is the game play of who controls the markets - a crucial aspect in supply chain.

However various players such as Fabindia and Anokhi intervened in this direction to create market access and re-discover market potential of handloom products. These players intervene in the supply chain, to link the specific focused segment of the urban consumers to the producers. However, this has its challenges in terms of ensuring that supply channels are streamlined, quality control measures, managing demand and supply cycles, diversity of products and standardizing across the retail chains.

Value Chain of Handlooms: in Need of Improvement

It is observed that handlooms are dependent upon several networks for supply of inputs as well as the trade. The cost prices of the products remain at acceptable limits until the weaver level since the wages are also cheaper owing to weavers usually working under master weavers as wage laborers. Further on the chain, the master weaver, who acts generally as wholesaler, adds to the major chunk of the end consumer prices to the extent of 30-40% for the generic fabrics. Another minimum 100% value addition happens at garmenting stage. The weaver derives the least from the entire process. Weavers' realization is hardly 8 - 10% of the total cost of final product sold to the consumer. Thus the structure of the value chain is lopsided towards the trade. The master weavers are the critical links in the chain ensuring production caters to the requirements of the consumer needs which he is well aware of.

Market environment

Markets are often cited as the debility of handloom industry in India. Disconnect between the producer and the modern-day consumers of the handlooms have critically affected the production structures and the product nature. Traditionally, weaving as an occupation produced clothes for the local consumer. Since the consumer is close by, weavers could understand the lifestyle needs of the consumer and make products accordingly. However, with improved technology, higher productivity, better durability and wider color choices, the power loom and mill-made clothes offered new choices to local consumers at lower prices.

This forced handlooms industry to look out for new consumers of different order. Fab India, Anokhi and other interventions targeted the new consumers, primarily the upper middle class and rich, while simultaneously exporting clothes to various countries.

The change in the market space provided new hope to the handloom industry. Although, the overall share of handlooms in the textile production has fallen in the last five years, in terms of absolute numbers, the quantity produced has been increasing.

The Domestic Markets and Structure

The handloom market in India is both organized and unorganized. The State owned handloom cooperative federations and, off late, certain companies like Fab India, Anokhi and Westside have dominated this part. While in the unorganized sector, the traditional master weaver and their relation with retailers accounts for major share of markets. The distributed nature of the industry and the complex chain of intermediaries for long have established their own markets in distant places either through retail shop owners across urban and rural areas or petty traders in rural shanties and fares.

In order to provide producers direct access to the markets, the governments and organization's in development sector/NGOs took initiatives to market the products directly or through a network of producer societies as well as state-owned bodies intended to take care of the supply chain problems.

They mostly operate through sales in exhibitions and retailing in urban areas. Several producer cooperatives came into existence and started dealing partly with the state agencies or traditional channels and partly with the direct sales to consumers. The primary cooperatives operate under the state level apex bodies that are generally inefficient in market functions and end up with huge accumulated losses and keep running on government subsidies.

Market oriented contract production systems were established by private entrepreneurs like Fab India, Anokhi, Westside, who tried to organize weavers into production contracts to suit market specifications for quality and quantity.

They established their own retail chain for different consumer segments, which, in a way, helped the sector to imprint an image of its own among the new generation consumers. Certain NGOs and private sector operators engage in gathering and disseminating market information and transfer a part of the margins to weavers in an attempt to make trade fairer.

Handlooms and Exports

Exports for handloom have shown an overall increase over the years from 1998 to 2003. In made-ups, there has been a year-on-year increase ranging from 7 to 14% and consolidated increase in handloom exports by 26% over the five years, from Rs. 1,414.76 crores in 1998-99 to Rs. 1,790.33 crores in 2002-03.

Consumer and Demand: Awareness And Purchase Behavior

It is well known that the cotton handloom cloth is preferred and used by almost all segments of the consumers. It cuts across geographical barriers such as rural, urban, social, economic strata of society albeit in different quantities. Even though much hype is being created on the prospects of the export markets for cotton handloom textiles, 80% of the fabric produced is consumed within the domestic markets. Hence, understanding these domestic markets, the consumers, their profiles and preferences are more relevant for growth of the sector.

The consumer demand and purchase behavior of handloom products is affected by consumer awareness as noted below:

1. Awareness of Weaver Clusters
2. Identification of Handloom Products
3. Purchase Behavior based on Segments
4. Factors Impeding Demand

Awareness of Weaver Clusters

Awareness about the handloom cluster is an important aspect in branding handlooms. Inherently, handloom products have enjoyed brand recall and royalty due to uniqueness of the products belonging to different clusters. For instance, the Pochampally, Mangalgiri and Chirala clusters from Andhra Pradesh. However, since products from Andhra Pradesh are known as south cotton many traders still do not know the place of origin.

Identification of Handloom Products

There is a general tendency in several stores to sell mill-made clothes as handlooms to consumers. Consumers are unable to differentiate between genuine handlooms and fake products. Mill-made clothes offer product features that are similar to that of the handlooms along with the features of mill, like wrinkleless and easy maintenance. Thus, in real terms, it is a difficult proportion to interpret the demand for handlooms to be on the rising or decreasing side.

Purchase Behavior based on Segments

In general, the Indian consumer is showing growing appetite for consumption due to increasing purchase power. All-India statistics show that 51.28% of the textiles consumed are accounted by middle income group followed by 41.68% and 7.04% by higher and lower income groups respectively (BW Marketing white Book 2007-08). Age wise, India has got young population with nearly 60% of population below 30 years of age. Among rural consumer the demand for sarees, dupattas and towels is more for the elder lot, whereas in the younger group, demand for ladies suits, kerchiefs and curtains is more. The demand from middle-aged consumers is more or less uniform across products. Similarly the elderly in urban areas demand more of curtains, lungies and towels, whereas the younger ones prefer pyjamas (BW Marketing white Book 2007-08).

The reasons for not stocking handlooms by non-sellers of handlooms are:

1. Lack of product range for different segments of the consumers.
2. Lack of versatility and variety in handloom products.
3. Expensive when compared to power looms/mill-made.
4. Lower margins in case of mass products and low- priced handlooms.
5. Lack of supply chain efficiencies like the longer lead time, quality issues and yet-to-be- integrated supply systems.
6. Image of handlooms as seasonal, expensive, not-in-fashion product.

Factors Impeding Demand

Understanding of demand is not possible without looking at the reasons that dissuade people from purchasing handloom products. Fading of colors and shrinkage of cloth are two of the main reasons, for not use of handloom products across both the rural and urban segment. Surprisingly, high cost of products is more of a disincentive for the urban wealthier lot, than the rural masses. This may be on account of the fact that, despite good intentions, different retailing models have not been able to economies distribution and make handloom products available for the growing middle, and lower middle class at affordable prices. High cost of maintenance, weaving mistakes,

and the fact that handloom products do not conform to “modern” fashionable tastes are some of the other contributing reasons. On the other hand, present day consumer in the rural areas cite the following reasons that dissuade them from increasing their purchases: cost of maintenance (33%), limited colors (31%), and shrinkage of cloth (36%). The major complaints in the urban areas are: fading of colors (51%), and shrinkage of cloth and limited colors (49%) (Market Research conducted by Chitrika, an Artisan Development Foundation).

Challenges

The encouraging trends in some sections of the handloom sub-sector are equally challenged by the changing labor, market and natural resources scenario. On the one hand with shift in preference of the consumer towards cotton as a new age clothing option, there is a threat to the handloom subsector due to increasing price competition and decreasing economic realization for the weavers. Weavers, especially the youth, are slowly migrating to other occupations not just for financial reasons but due to pressure from the changing social milieu - salaried jobs with fixed time frame with time for leisure.

Handloom sub-sector may not be in peril just because of the shrinking markets, but also due to the changing attitude towards work. The key challenges facing the weaving sub-sector are changing labor markets, changing social context and aspirations of the youth and depleting natural resources. Also these factors are influencing other traditional, labor intensive livelihoods; there is an urgent need to address them as they have direct impact on the production and thus marketing aspects.

The other challenges are:

1. Balancing the use of technology and employment generation
2. Balancing cost reduction and retaining the favor of handlooms
3. Support in safe migration of weavers to other occupations or providing opportunities within weaving value-chain as marketers or other service providers
4. Developing trust of the government and promoting organization's to support weavers in owning the marketing function Building flexibility in production systems that are geared
5. towards mass production and high standardization which are not suitable for handloom production
6. Developing quality assurance systems customized according to varied weaving techniques

Way forward

1. There is enough scope for handlooms to coexist with the man-made fibers, provided some of the features in manmade fibre that have contributed to the ease of maintenance as well as correction of the complaints about handlooms are considered. Simple improvements in marketing mix – product features, pricing, place and\ promotion can drastically improve the handlooms market potential. The critical points identified are: Most consumers are confident in identification of the handloom clothes but providing distinctive features
2. through certification or unique product features is important to ensure that they are not fooled in the market space.
3. The future demands can be improved if the major barriers for consumers like high cost, poor colors and shrinkage of clothes are addressed.

4. Handlooms need to expand its promotion practices drastically. Using new techniques, they should attract consumers and provide quality products. Awareness of eco friendliness and the benefits of handloom clothes have to be used in their advantage.

E-commerce and fair trade are emerging market opportunities for handlooms sector. Fast growing rural markets also offer immense potential for the weavers or their collectives to access the consumers directly

Handloom products are still considered as important choice for clothing. Consumers of different age groups, income classes, sex and geographical location do still value handloom clothes. Finally, the profession can be revived only when the producers are directly linked with consumers helping them derive better value,

develop better understanding of their changing needs and promote innovation based on contemporary needs.

NGO-led initiatives, CSR initiatives and some independent ideas have tried to offer alternative models for dealing with the market. But their efficacy in challenging the trader-controlled value chain has been limited. Fair trade channels for marketing are indeed opening small avenues to the weavers. Exports remain a preserve of few who have the knowledge of the export and certification procedures. Most of these interventions claim that they will transfer a fair amount of consumer rupee to the producer.

However restoring the pride of weavers and helping them innovate in designs and products through market intelligence systems which are under control of weavers is the key in way forward.

Therefore the key question is who should have control over the market - the weaver, the intermediary or the promoting Organization?"

Apart from market factors, on one side, there are changing cultural and social factors and, on the other, the environmental. Looking at the imminent concerns for the environment, unless we go back to nature-friendly sustainable ways, it is difficult to sustain life on earth.

Responsible clothing is assuming even more importance than before because of the changing climatic conditions and threat of global warming. Though power looms too produce cotton, where is the "power" to run them? Even though the market may dwindle further, the time is not far when only environmental-friendly processes have to be adapted from clothing to living.