

Strategy for Sustainable Development of Handloom Industry

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Abstract

The handloom sector of India is an important part of the country's economy as well as socio-cultural traditions. It has been sustained by transferring skills from one generation to another. In the country today handloom production is the 2nd largest employment generating activity after agriculture. According to Third National Handloom census (2009-10) there are 43.31 lakh weavers in India. Presently handloom industry is facing multifarious problems that some other industries do not have. The government of India is consistently pursuing to bring about improvement in the productivity and marketing of handloom sector still it can be seen that weavers are facing severe livelihood crisis. In order to make the industry profitable the problems should be identified, strength and weaknesses should be estimated.

Therefore the objective of this paper is to explore the problems of the handloom industry and further suggest a suitable strategy. To accomplish these objectives senior officials (50) of the two government organizations viz. Rajasthan Rajya Bunkar Sahkari Sangh (RRBSS), & Rajasthan Handloom Development Corporation (RHDC) were included in the study. The data was collected through semi structured interview schedule, observation method & secondary sources. The results revealed that the handloom organizations were not following

any suitable strategy for procurement of raw material, product planning and promotional activities. On the basis of the challenges, a strategic plan that brings profit and grasps every opportunity available in the market is suggested.

Keywords: Strategy, Handloom, Raw Material, Marketing

1. Introduction

Handloom industry is a traditional cottage industry in India. In the country today handloom production is the 2nd largest employment generating activity after agriculture. According to Third National Handloom census (2009-10) there are 43.31 lakh weavers in India [11]. The technology of the loom has the advantage of being affordable and accessible to large numbers of people who have no other work option. In Rajasthan for the development of handloom industry two organizations are working. These organizations are Rajasthan Rajya Bunkar Sahakari Sangh (RRBSS), which was established in 1957 with the main objective to provide raw materials & form handloom co-operative societies in the state. Another government organization is Rajasthan Handloom Development Corporation (RHDC), which was established in March 1984. The main objective was to promote and assist the growth and development of individual/non cooperative handloom weavers. Jaipur being the next metro city after Delhi, Mumbai and Calcutta has great potential for marketing and export of handloom products still it was seen that sales were coming down recurrently of handloom organizations situated in Jaipur. Therefore the objective of this paper was to explore the problems of the handloom industry in Jaipur district and to overcome the drawbacks in future and for sustainability and success of this industry, suitable strategy is also suggested.

2. Methodology

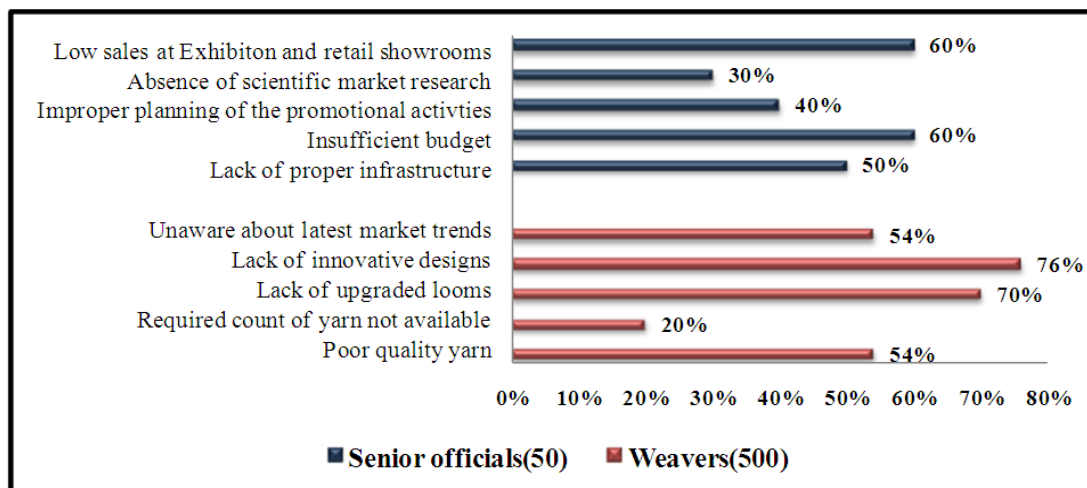
The present study was carried out in Jaipur district. Primary data from 500 weavers and 50 senior officials attached to the two government organizations i.e. RRBSS & RHDC was collected. The weavers and senior officials were administered with the structured and semi structured interview schedule respectively. Secondary data from government reports, newspaper articles was also collected.

Problems faced by Handloom industry

Presently handloom industry is facing many problems related to raw material, marketing and sales network.

The various problems faced by the officials of the handloom organizations of Jaipur district are depicted in Fig 1. These were low sales at exhibition and retail showroom(60%), absence of scientific market research(30%), improper planning of promotional activities(40%), insufficient budget(60%) and lastly lack of proper infrastructure(50%).

Fig1: Problems faced by senior officials and weavers of Jaipur district



Source: [4]

The various problems faced by weavers were that they were unaware about market trends (54%), lack of innovative designs (76%), looms were not upgraded (70%), yarn was not of required count (20%), last but not the least poor quality yarn (54%) as shown in Fig 1.

Similar problems such as untimely supply of yarn, low quality yarn, & inadequate yarn supply were also identified in Rajasthan, Andhra Pradesh, Orissa, Jammu & Kashmir.[3, 5, 7, 8, and 10].Most of the weavers of Rajasthan, Madhya Pradesh, Andhra Pradesh & Tripura were making low quality products and they had no market exposure. Most of the weavers were not aware about the latest market trends thus making the outdated products which consumer didn't purchased. The distribution channel was also inadequate [1, 2, 6, 9, 12].

Thus from the above discussion it can be concluded that supply of yarn and marketing continues to be a major constraint for handloom industry.

Strategy for Handloom sector:

The present business model used by the handloom organizations is currently not viable and successful. For this overall business strategy needs to be reoriented.

To gain profit handloom industry has to market its products, and to compete with other products. For this customer needs to rate handloom products superior to other products. In marketing any industry has to face certain competitive forces which

govern the industry structure & its profitability. To cope up with these competitive forces there are three successful generic strategies approaches to outperform other firms in an industry[13]:

- Overall cost leadership
 - Differentiation
 - Focus
- **Overall cost leadership:** The overall cost leadership is to reduce overall cost, or play on cost so that one can supply the products at lower cost. This is possible through economy of scale i.e. mass production. Examples of firms that have employed this strategy are Wal-Mart & IKEA.
 - **Differentiation:** Another strategy to be competitive in market is differentiation. It involves making your products or services different from and more attractive to those of your competitors. Differentiation can be done through additional features packaging, design and positioning.
 - **Focus:** The final generic strategy, focusing (also called niche or segmentation strategy), involves concentrating on a particular customer, product line, geographical area, channel of distribution, stage in the production process, or market niche. For e.g. Ferrari and Rolls-Royce are classic examples.

Strategy suitable for handloom sector:

In Handloom industry overall cost leadership strategy cannot work. Since the products are handmade as it derives its name “*Handloom*” it’s quite labor intensive which makes it expensive. It seems handloom industry target lower to middle income group which are price sensitive & the handloom products are priced high due to manual labour that’s why on one hand the lower/middle income groups refrain to buy these products and at the other hand the products are not quality rich to tap the elite or higher class.

The focus strategy will limit to a particular segment. This strategy narrows the scope for handloom industry. Hence it is suggested that differentiation strategy should be adopted to improve the handloom sector.

Differentiation strategy is creating something innovative, which is best suited to handloom industry. Differentiation can be achieved by creating different set of activities which are as follows

- **Identification of new product:** The fabric can be woven with blending various yarns and designs as every yard can be changed to weave intricate designs which are impossible for the power loom to produce. Majority weavers involved in durrie making, can diversify to home furnishing material and upholstery material. In handloom sector specially for each cluster such as for Jaipur district products like reversible - weft backed furnishing varieties like yoga mats, floor carpets, pooja mats etc. can be produced.
- **Quality Assurance system:** The quality assessment of yarns, woven fabric, dyeing, finishing & packaging should be done nicely. To create a permanent

space for the handloom products in the national and international market quality assurance is of utmost importance.

- **Promotion:** In case of handloom, first of all, there is need to create awareness about the features and advantages of handloom products. Effective publicity through appropriate media mix should be done. Print and electric media can be used in right proportion. A regular buyer-seller meet is required so that the weavers get a platform to market their products.
- **Distribution channel:** The differentiation in distribution channel can be done through online sales through website, marketing personnel's can be consulted, a tie up with boutique owners can be done to sell the handloom products, chain selling readymade garments such as Westside & Big Bazaar can be approached.

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