

EXPORT-IMPORT BANK OF INDIA

WORKING PAPER NO. 80

**INDIAN HANDLOOM INDUSTRY:
POTENTIAL AND PROSPECTS**

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CONTENTS

	Page No.
List of Tables	5
List of Exhibits	7
List of Boxes	7
Executive Summary	9
1. Introduction	19
2. Indian Handloom Industry : An Overview	21
3. Trade Scenario	30
4. Government Support to the Indian Handloom Sector	41
5. Market Identification of Handloom Products for Indian Manufacturers	49
6. Challenges and Strategies	61

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LIST OF TABLES		
Table No.	Title	Page No.
2.1	Process-wise Cloth Production	21
2.2	Handloom Cloth Production Segregation	22
2.3	Select Major Handloom Clusters	26
3.1	Major Export Destinations of Indian Handloom Products	30
3.2	Major Handloom Products Exported by India (2013-14)	31
3.3	Major Handloom Products Exported by India (2017-18)	31
3.4	Major Sources for India's Import of Handloom Products	33
3.5	Major Export Destinations of Other made-up textile articles: sets; worn clothing and worn textile articles; rags	34
3.6	Major Export Destinations of Carpets and Other Textile Floor Coverings	35
3.7	Major Export Destinations of Articles of apparel and clothing accessories, not knitted or crocheted	36
3.8	Major Export Destinations of Woven Fabrics of Silk	37
3.9	Major Export Destinations of Cotton Handloom Products	38
3.10	Major Export Destinations of Woven Handloom Fabric of Wool, fine or coarse animal hair, horsehair yarn	39
3.11	Major Export Destinations of Special Woven Fabrics, tufted textile fabrics; lace; tapestries; trimmings; embroidery	40
4.1	Components of Comprehensive Handloom Development Scheme	42
4.2	Provision of Assistance under Marketing Incentive to Handloom Sector	43
4.3	Provision of Benefits under Mahatma Gandhi Bunkar Bima Yojna	47
4.4	Funds Released under Yarn Supply Scheme	47
5.1	India's Share in Global Exports of Silk Handloom Products	50
5.2	India's Share in Global Exports of Woven Handloom Fabric of Wool, fine or coarse animal hair, horsehair yarn	50
5.3	India's Share in Global Exports of Cotton Handloom Products	52
5.4	India's Share in Global Exports of Carpets and Other Textile Floor Coverings	54
5.5	India's Share in Global Exports of Special Woven Fabrics, tufted textile fabrics; lace; tapestries; trimmings; embroidery	55
5.6	India's Share in Global Exports of Articles of apparel and clothing accessories, not knitted or crocheted	56
5.7	India's Share in Global Exports of Other made-up textile articles: sets; worn clothing and worn textile articles; rags	57
6.1	Yield of Cotton Production in the Top 10 Producers of Cotton in the World (2016-17)	61
6.2	Number and Growth of Power Looms in India	63
6.3	India's Import of Silk and Silk Products	69
6.4	Physical Progress of Powerloom Inspections (as on December 2017)	71

LIST OF EXHIBITS		
Exhibit No.	Title	Page No.
2.1	Sector- wise Production of Cloth (2016-17)	21
2.2	Cloth Production by Handloom and Growth Rate (%)	22
2.3	Product- based Classification of Handloom Sector	23
2.4	Proportion of Number of Handlooms in North Eastern Region in India (2009-10)	24
2.5	Top 5 States in Number of Handlooms (2009-10)	24
2.6	Percentage of Handloom Workers in North Eastern India (2009-10)	25
2.7	Top 5 States in Number of Handloom Workers (2009-10)	25
2.8	Value Chain: Handloom Sector	25
3.1	India's Exports of Handloom Products	30
3.2	India's Imports of Handloom Products	32
3.3	India's Exports of Other made-up textile articles: sets; worn clothing and worn textile articles; rags	33
3.4	India's Exports of Carpets and Other Textile Floor Coverings	34
3.5	India's Exports of Articles of apparel and clothing accessories, not knitted or crocheted	35
3.6	India's Exports of Woven Fabrics of Silk	36
3.7	India's Exports of Cotton Handloom Products	37
3.8	India's Exports of Woven Handloom Fabric of Wool, fine or coarse animal hair, horsehair yarn	38
3.9	India's Exports of Special Woven Fabrics, tufted textile fabrics; lace; tapestries; trimmings; embroidery	39
6.1	Monthly Prices of Indian Cotton Yarn (Cones) in Rs. /kg	62

LIST OF BOXES		
Box No.	Title	Page No.
1	EXIM Bank's Assistance to Handloom Sector	48
2	GoCoop: Online Portal for Handloom Products	72
3	Exim Bank's Support to Kumaon Earth Craft Swayatt Sahakarita Limited	74

EXECUTIVE SUMMARY

INTRODUCTION

The handloom industry is one of the oldest and the largest cottage industry in India, representing and preserving the vibrant Indian culture. Indian artists are now distinguished worldwide for their hand spinning, weaving and printing elegance. The operations of this industry are primarily household-based, wherein various members of the family put in joint efforts for production. These activities are spread across thousands of towns and villages of the country, and involve transfer of skills from one generation to the next. The strength of the handloom industry lies in the fact that it involves hardly any usage of capital and power, is eco-friendly and suitable for innovations and transformation with respect to market requirements.

According to the Reservation of Articles for Production Act, 1985, the term handloom is defined as “any loom other than power loom”. The concept of handloom industry includes the process of operation by hand, of a wooden structure which is called the loom. The working and functioning in the handloom sector is entirely different from that of the power loom sector. Handloom weaving involves three primary motions- shedding, picking and beating. The handloom products produced by each region varies, as each state in India specializes in a different variety of handloom product determined by the culture of that region and the skill of the workers. A few examples of handloom products spread across various states include *Pashmina Shawls* in Jammu and Kashmir, *Kanchipuram Sarees* in Tamil Nadu, *Kutch Shawls* in Gujarat and *Eri* and *Muga* silks of Assam.

The handloom industry is presently regarded as the largest economic activity in India after agriculture, generating direct as well as indirect employment for more than 3 million weaver households. Furthermore, the Government has introduced various schemes for holistic development of the sector.

However, it cannot be denied that the economic liberalisation, rapidly increasing industrialisation, globalisation and advent of modern technologies has brought with it various challenges for the development of the handloom industry. Thus, it becomes imperative to undertake measures for the development of the Indian handloom industry. This study analyses the Indian handloom sector with particular focus on international trade and exports from the country and makes an attempt to draw out certain measures that can help realise the huge export potential that exists for handloom products in the international market.

INDIAN HANDLOOM INDUSTRY: AN OVERVIEW

Production

Cloth production using handloom has been displaying an increasing trend over the years. The aggregate cloth production by the handloom sector stood at 8.01 billion square metres during the year 2016-17 registering 4.8% year-on-year growth. Owing to the global downturn, cloth production by handloom had declined in the years following 2008-09; however since 2011-12, hand woven cloth production has been increasing continuously. The share of the handloom produced cloth in the total cloth production during the year 2016-17 was estimated at 17.4%.

Characteristics of the Handloom Sector

The handloom industry is primarily a rural based economic activity with a vast majority of handloom households residing in rural areas. As per the third Handloom Census, there were a total of 23.77 lakh looms in the country, of which approximately 87% were being operated in the rural areas. Further, out of a total of 43.31 lakh persons engaged in weaving and allied activities, 84% were in rural areas.

A vast majority of handlooms are located in the North east region of India. In terms of proportion of handlooms, 65.2% of the total handlooms in the country were being operated in the north eastern

states. Assam was the leading state accounting for nearly 46.8% of the aggregate number of handlooms in the country. Other major states with respect to number of handlooms in the country were West Bengal (12.9%), Manipur (8.0%), Tamil Nadu (6.5%) and Tripura (5.8%).

TRADE SCENARIO

Exports

India was the second largest exporter of handloom products in the world, with exports valued at US\$ 353.9 million in 2017-18. Although, there is a considerable demand globally for handloom products, India has not been able to properly position itself in the discerning international market, reflected in exports registering a consistent decline in each of the last five years between 2013-14 to 2017-18. The value of handloom exports stood at US\$ 370.2 million in the period 2013-14, recording a negative CAGR of (-)1.1% during the period 2013-14 to 2017-18.

In the year 2017-18, the US was ranked as the leading export destination for handloom products; however, its share decreased from 32.0% in 2013-14 to 26.3% in the year 2017-18. The UK, with a share of 7.4%, was the second largest export destination, with exports to the country valued at US\$ 26.1 million. Spain emerged as one of the important destinations for exports, being ranked third as a market for Indian handloom exports in 2017-18 with a share of 6.0%. The other major markets in 2017-18 included Italy (5.1%), Germany (5.0%), UAE (4.7%), France (4.6%), the Netherlands (3.9%), Australia (3.3%) and Japan (3.3%).

Other made-up textile articles: sets; worn clothing and worn textile articles; rags was the largest handloom product segment exported from India with a share of 55.8% in total handloom exports. Carpets and other textile floor coverings were the second largest handloom export segment. Articles of apparel and clothing accessories, not knitted or crocheted was the third largest segment of export, with value of exports estimated at US\$ 14.8 million, and a share of 4.2%.

Imports

The imports of handloom products doubled from US\$ 5.4 million in 2016-17 to US\$ 10.8 million during 2017-18. However, over a larger time frame, imports recorded a negative CAGR of (-) 12.9%, as the value of imports declined from US\$ 18.8 million in 2013-14 to US\$ 10.8 million in 2017-18. Bangladesh has, by far, been the leading import source of handloom products by India. The share of Bangladesh in India's handloom imports rose from 68.0% in 2013-14 to 88.3% in the year 2017-18. China was the second largest import source, with a share of 7.4% during the period 2017-18. Other import sources for handloom products in the year 2017-18 were Japan, Germany, the UK, Greece, Belgium, the US, Singapore and Italy.

GOVERNMENT SUPPORT TO INDIAN HANDLOOM SECTOR

National Handloom Development Programme

The programme has been conceived with the objective of promoting the handloom industry. The two major constituents of this scheme are:

Revival, Reform and Restructuring Package (RRR) for Handloom Sector: The RRR Package was approved by the Cabinet Committee on Economic Affairs (CCEA) on 24th November 2011 and was effective till 31st December 2012. The RRR Package comprised one time waiver of overdue loans and interest of the handloom cooperative societies as well as the individual weavers as on 31st March 2010. It also aimed to recapitalize viable handloom cooperative societies and ensure provision of subsidised credit to handloom weavers and cooperative societies

Comprehensive Handloom Development Scheme: This scheme seeks to support weavers, both within and outside the cooperative umbrella, towards acquisition of raw materials, design inputs, technology up-gradation, marketing support through exhibitions, creating permanent infrastructure in the form of Urban Haats, marketing complexes, setting up of Weavers Service Centre (WSCs) and Indian Institutes of Handlooms Technology (IIHTs), development of web portal for e-marketing of

handloom products etc. This scheme has various other sub-components aimed at development of the handloom industry including:

- Cluster Development Programme
- Marketing Incentive
- Handloom Marketing Assistance
- Development and Strengthening of Handloom Institutions, including Handloom Census

Marketing Incentive to Handloom Sector

During the year 2016-17, an amount of Rs. 40.96 crore was released as marketing incentives. The beneficiary unit is expected to use this amount towards activities that would attract the consumers in order to enhance overall sales of handloom goods. Eligible agencies for availing of Marketing Incentive include State handloom corporations, apex co-operative societies, primary handloom weavers' co-operative societies and national level handloom organizations.

Indian Handloom Brand

The Indian Handloom Brand was inaugurated by the Hon'ble Prime Minister on the event of the First Handloom Day which was celebrated in India on the 7th of August 2015. The India Handloom Brand was launched to increase awareness about the exemplary advantages of using Indian handloom products including their quality with regards to raw materials, processing, weaving and also the environmental friendly feature of handloom output. The Brand is an initiative for positioning high quality handloom products with zero defects and zero effect on the environment, and is granted exclusively to superior quality products without any deficiency in standards. This initiative enables the creation of a special brand of handloom products for environmentally conscious consumers who demand supreme quality handloom products.

Handloom Mark

The Handloom Mark was introduced to act as a guarantee regarding the genuineness of handwoven handloom products. The Textile Committee has been

entrusted with the responsibility of promotion of the Handloom Mark. According to Ministry of Textiles, an aggregate of 9.85 crore (cumulative) Handloom Mark labels had been sold and approximately 19,963 registrations had been issued up to the period September 2017.

MARKET IDENTIFICATION OF HANDLOOM PRODUCTS FOR INDIAN MANUFACTURERS

Woven fabrics of silk or of silk waste; of handloom

The major markets globally for silk handloom products include Pakistan with a share of 14.1% in the year 2016, followed by France (8.4%), Italy (7.9%), US (6.4%) and Vietnam (5.8%). With regards to the world export of handloom products, India was the third largest exporter globally, accounting for nearly 8.3% of world exports. There exists opportunity for Indian handloom exporters to augment their exports in major markets such as Pakistan, France, Italy and Vietnam. China is a major competitor in the export of these products, and the Indian handloom exporters should enhance their focus on quality and design to have an edge over their Chinese counterparts.

Wool, fine or coarse animal hair, horsehair yarn and woven fabric

The world imports of wool, fine or coarse animal hair, horsehair yarn and woven fabric was valued at approximately US\$ 165.1 million in 2016. The major market for wool, fine or coarse and woven fabric was China with a share of 11.7%, followed by Vietnam (11.0%), Dominican Republic (7.0%), the Netherlands (6.2%) and Cambodia (4.8%). India does not feature among the top 5 suppliers in any of the major markets for the products wool, fine or coarse animal hair, horsehair yarn and woven fabric. Overall, India's competitors in the export of this product are Italy, China, Japan, Thailand and Germany.

Cotton Fabrics; of handloom

At the HS-6 digit level, there are 6 commodities that can be classified under cotton handloom products. Further analysis reveals that within these, there were 3 commodities where India ranked among the top 5 exporters globally. Given India's competitiveness in

these products, the possibility of India to further enhance its exports into the major import markets remains high. In the case of HS Code 520831, i.e. plain woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing $\leq 100\text{g/m}^2$, dyed, the value of world imports during the year 2016 was estimated at US\$ 150.4 million. India was the fourth largest supplier of this product globally with a share of nearly 7.5%, behind China (23.2%), France (19.2%) and Italy (11.4%). The major markets for this product in 2016 were Tunisia (30.7%), Hong Kong (9.2%), UAE (4.8%), Malaysia (4.6%) and Indonesia (4.6%). India has substantial scope for increasing its exports in each of these markets.

Carpets and other textile floor coverings

At HS- 6 digit level, there are 2 commodities which have been segregated under the carpets and other textile floor coverings category. For HS Code 570242 (carpets and other floor coverings, of man-made textile materials, woven, not tufted or flocked, of pile construction, made-up), the value of global imports was estimated at US\$ 1811.4 million during the year 2016. The major markets for this product were US, Saudi Arabia, Germany, Austria and UK. India has a miniscule share of 3% in the exports of this product to the US, and is not identified among the top 5 suppliers to the other major markets of Saudi Arabia and Austria. These markets should be targeted to amplify India's exports by focusing on product quality and customisation as per demand.

The value of global imports of carpets and other textile floor coverings, whether or not made up (HS Code 570500) was US\$ 1157.5 million. India has the potential to penetrate the Japanese market for carpets and other textile floor coverings and its major competitor is China which holds a significant share of 95.4% in the Japanese market.

Special woven fabrics, tufted textile fabrics; lace; tapestries; trimmings; embroidery

The total world imports market for terry towelling and similar woven terry fabrics, of cotton (HS Code 580219) was estimated at US\$ 75.8 million during the

year 2016, with key importers being Hungary (14.1%), Cambodia (11.6%), Japan (9.7%), Argentina (7.0%) and Russia (4.5%). India accounted for a share of 6.4% in global exports of this product. However, India did not have a significant share in the top 5 markets, reflecting the untapped potential. There exists substantial opportunities for exports of special woven fabrics, tufted textile fabrics; lace; tapestries; trimmings; embroidery by India to these major markets.

Articles of apparel and clothing accessories, not knitted or crocheted

There are two products categorised under the segment of articles of apparel and clothing accessories, not knitted or crocheted. These include shawls, scarves, mufflers, mantillas, veils and similar articles of silk or silk waste (HS Code 621410) and gloves, mittens and mitts, of all types of textile materials (HS Code 621600).

In case of shawls, scarves, mufflers, mantillas, veils and similar articles of silk or silk waste (HS Code 621410), France was the largest import market, accounting for nearly one-sixth of the world imports of this product. India was the fourth largest supplier to France with a share of nearly 4%. The other important import markets for this product included the US, Italy, Hong Kong and Japan.

The leading import markets for gloves, mittens and mitts, of all types of textile materials (HS Code 621600) included US with a share of 31.2%, followed by Germany (6.6%), France (5.7%), Canada (4.8%), and UK (4.5%). Indian exporters of handwoven gloves, mittens and mitts need to target the major import markets of this product such as Germany, France and Canada.

Other made-up textile articles: sets; worn clothing and worn textile articles, rags

There are 8 commodities listed in the category of other made-up textile articles: sets; worn clothing and worn textile articles, rags. The value of global imports of one of these product segments namely,

printed bedlinen of cotton was estimated at US\$ 2323.7 million, with India garnering a share of 11.2%. US was the largest importer of this product and India was the leading supplier to this country with a share of 26.9% during the year 2016. Other leading import markets for this product included Germany, France, UK and the Netherlands. The share of India in the imports of printed bedlinen of cotton by the major importing countries needs to be augmented. Similarly, for other product categories there is immense potential for the Indian handloom sector to expand into major markets, which it currently is not serving. The country needs to tap such opportunities for bolstering its position in the global market for handloom products.

CHALLENGES AND STRATEGIES

Challenges

Shortage of Raw Materials

In spite of India being the leading producer of cotton in the world, the yield in production remains low as compared to global averages and also relative to other cotton producing countries. During the year 2016-17, while the cotton yield in India was 542 kg/ha, the global average was 784 kg/ha. The yield of cotton production in India is substantially lower when compared to that of the second largest producer of cotton, China (1708 kg/ha). Moreover, wide fluctuations are observed in the case of cotton production. The variations in production and low yields cause hurdles in production planning.

In recent years, there has been a fluctuation in the prices of yarn on account of sharp fluctuation in the prices of cotton. There have been occasions of shortage of cotton domestically, that can be attributed to low levels of domestic production coupled with augmentation in exports. This has led to an escalation in the domestic prices of cotton, sometimes at levels higher than the international price. This creates difficult circumstances for the weavers, who then have to forgo profitability, to maintain capacity utilisation. The variations in the prices of raw materials and the unreliability in the availability of raw materials has led to serious negative consequences and decline in production of

handloom products.

Increase in Competition from Power Loom and Mill Sector

The time consumed in the production of cloth when produced by handlooms is substantially higher as compared to the time involved in the power loom industry. The cloth/fabric produced by the power loom industry is cheaper and the delivery is faster. According to industry sources, while the fabric produced by the power loom would cost Rs. 30 per metre, that produced on handloom would be around Rs. 500 per metre. Due to the higher prices of handloom products, a very limited section of the society can afford to buy the handloom produce, and a relatively larger section opts for the power loom fabrics. Rapid technological upgradation and automation in the modern textile industry has led to high volume of production of a variety of quality synthetic and cotton textile items, enjoying competitive advantage over their handloom counterparts.

Lack of Credit Availability

The two primary credit related issues faced by handloom weavers are lack of access to credit and the expensive cost of credit. The cost of availing credit is exorbitant and the build-up of debts by the handloom cooperatives worsens the situation. According to the third handloom census, it was estimated that approximately 44.6% of the weavers relied on the master weaver for the provision of credit, and nearly 13.4% depended on the money lenders. It was specified that only 14.8% of the handloom weavers had access to institutionalised sources of credit. The reasons behind the banks being constrained to lend to the sector include lack of recognition regarding the potential of the handloom produce and also the lack of awareness associated with the schemes for the welfare of the weavers.

Marketing Issues

The weavers of handloom products do not have an opportunity to receive direct feedback from customers and are unable to assess the type of

demand forthcoming from the market. As a result, they continue to produce traditional designs without having any incentive to attempt innovation in their style of production and engage in novelty of designs, texture and colours. Moreover, customers are unable to distinguish between the products produced by the handloom sector from those produced on power looms. This has been a major constraint in the development of handloom products and it is of supreme importance to render knowledge to the customers about the exclusiveness of the handloom produce. The limited endeavours to highlight the attractive features of handloom products has led to a major setback for the sector. The attempts towards advertising the handloom produce is done occasionally, which leads to periodic sales. Additionally, handloom products lack consistency of quality in terms of finishing, colour and dye.

Institutional Inefficiencies

The Primary Weavers Cooperative Societies (PWCS) have not been able to adapt themselves to transformed scenario of the globalised world. These societies face the problem of deficiency in financial robustness and ineffectiveness intensified by their unorganised nature. The dearth in proficiency of the institutions involved in the financial flow of credit add to the woes of the handloom weavers. The District Central Cooperative Banks (DCCB) provide credit to the PWCS for their operations. In some occasions the DCCBs are financially weak, while in some cases the PWCS lack monetary soundness – in either cases, the handloom weavers are adversely impacted.

Unorganised Nature of Industry

The handloom sector is typically fragmented and involves numerous players, without any integration in activities. They operate on small scale and are generally owned locally, without any clarity regarding the legal status. Handlooms production is predominantly a household operation in which the entire family engages. Thus, the fragmented and unorganised features of Indian handloom units serves as a disadvantage.

Technological Backwardness

Traditional methods of weaving are largely practised by the handloom weavers, without any application of technology. The looms employed in manufacture of handloom products are worn out and unproductive and it is crucial for the handloom weavers to acquire new looms and maintain the old ones. The utilization of technology which can enhance labour productivity can improve price competitiveness of handloom products, thereby boosting their sale.

Paucity of Novelty in Designs

The designs made by weavers on their own are mostly outdated, unappealing and fail to satisfy the needs of consumers. To survive in the present scenario of intense competition, making an attempt to highlight creativity and innovation in designs will be critical. Efforts have been taken in this direction, wherein young designing students of reputed fashion institutes are employed for contemporising the craft of the weavers through skill enhancement and product development.

Inconvenient Working Conditions

The process of weaving involves the weaver to sit and operate the loom using his hands and run the pedals by his feet. This incorporates recurring and stressful movement of the upper and lower parts of the body. The fundamental needs of the weavers such as clean drinking water, electricity and sanitation needs are not met, which indirectly obstructs the productivity of the handloom weavers.

Insufficient Research and Training

The handloom sector has been largely ignored by the formal education system, including by the research institutes. The responsibility of introducing innovation and creativity to the traditional handloom industry has been overlooked by the related research institutes. The job of originating innovative patterns and designs in the handloom produce is reserved solely for the weavers, which they are unable to perform competently.

Inappropriate Quality of Dyes

There have been complexities in relation to colour matching and fastness of handloom products and the lack of good quality dye supply. The individual weavers require dye in minor quantities for their small scale operations, and procurement of dye in small quantities pose a challenge. To meet their needs, the individual weavers source dyes from local dye houses and local traders. These dyes are often adulterated with common salts and are exposed to the atmospheres, both of which reduces their effectiveness.

Lack of Information on Schemes

The handloom weavers are generally ignorant about the various schemes implemented for their welfare, acting as a significant deterring factor in the development of this sector. Furthermore, many government departments and executing agencies also experience inadequate awareness and knowledge, making policy formulation unproductive because of no implementation.

Reduction in Number of Weavers

It has been noted that the younger generations of handloom weavers do not prefer weaving as a profession. As the wages being offered to the weavers are considerably low and the volume of sales are scanty and irregular, the prospective younger weavers refrain from adopting this occupation. The cutback in number of weavers is another area of concern for the handloom sector.

Strategies

Increasing Quality and Availability of Raw Materials

To extend the availability of raw materials, private mills can be prompted to establish depots in the large handloom clusters, such that uncomplicated supply of yarn can be facilitated. The Mill Gate Price Scheme needs to be refurbished for augmenting the supply of hank yarn. The NHDC is individually and exclusively responsible for undertaking the implementation of the scheme. Other agents such as Federation of Weavers Society, producer organisation of weavers,

designated state government organisations can also be made to participate in the effective functioning of the scheme. It is pivotal to revamp the operations of the NHDC to enable the weavers to procure yarn conveniently. The weavers must be encouraged to utilize the E Dhaga app facility launched by the Ministry of Textiles, Government of India in the year 2016.

The primary weaver societies may be suggested to merge as consolidation, which will bolster their bargaining position in the open market. These merged societies can then purchase yarns, chemicals and dyes from the open market at discounted rates. The production of silk in India needs to be increased. As per the Handloom Policy of Assam, the quantity of *muga* silk production in the State can be increased by at least three fold. Moreover, the utilisation of silk in the production of handloom products also needs to be stimulated by the Government.

Standardised norms should be formulated for the raw materials of handloom products to ensure the superiority of quality. Higher level of quality will assure higher prices for the produce and would act as a motivation for the weavers. Export markets are highly particular regarding the assessment of the quality of output. It is crucial to organise training workshops for the weavers and educate them about the various techniques of dyeing. Information booklets composed in their local languages, elaborating on the recipe and method of dyeing should be disseminated to the weavers. The weavers should be briefed regarding the ban on Azo dyes and the appropriate procedure to be adopted for the disposal of dyeing waste.

Encourage Renewed Designing

Training programmes in internationally reputed institutions abroad can be of great use in improving the designs of handloom products. The master weavers and other craftsmen can be sent to these institutions to attend guidance sessions on design, innovation, product quality requirements, technology and production methods. Likewise, the

designers in other countries can also be requested to come to India for similar programmes, in which they can be briefed about the Indian methods of production of handloom products, and requested to share information related to technical methods used and consumer preferences in other countries. The industry and academia can engage in collaborations for the purpose of knowledge sharing. Interactive sessions can be held between the artisans and the professors in designing colleges such as NIFT and NID. This shall facilitate the flow of information and generate innovative designs for the weavers. Some foreign universities such as Illinois Institute of Technology located in Chicago and Massachusetts Institute of Technology situated in Boston which undertake research studies related to the handloom and handicraft segment, could be roped in for curriculum development.

Adoption of Effective Marketing Strategies

The operations of handloom cooperative societies and the Handloom Development Corporations need to be substantially revamped to increase their effectiveness. These cooperatives can create showrooms in potential areas of sales to attract the attention of customers. The management of these concerned organisations can be handed over to trained professionals who can supervise their working. Furthermore, for the purpose of safeguarding the handloom industry from the tremendous competition from the power loom and other mechanised sectors of the textile industry, it should be ensured that the Handloom Reservation Act is strictly implemented.

To boost sales of handloom products the Government could persuade state run hospitals, schools and hotels to purchase handloom products for meeting their uniform requirements. Display of products in markets situated abroad is critical in supporting the export of these products. Such display, primarily through trade fairs, is an effective channel to introduce new range of designs and expanding the consumer base. These trade fairs give an opportunity to the organisers to have an overview of the consumer responses, desires

and feedbacks at a global level.

The State Handloom Development Corporations should be encouraged to undertake establishment of handloom showrooms in regional tourist spots such as Agra, Jaipur, Udaipur and Kerala for promoting the craft, given that these cities attract a lot of foreign tourists. Another strategy can be the creation of flagship stores in marketing complexes or malls, airport and bus depots and stations with the objective of establishing a marketing channel for the weavers from different parts of the country in the same area. When the handloom product is displayed on an online channel, the option of selling directly to the consumer opens up, and the participation of middlemen can be averted, who offer relatively lower prices to the weavers. There are various initiatives which need to be taken to ensure the widespread growth of online handloom sales.

Creating a Niche Premium Market

Handloom products are eco-friendly and are largely organic, and this attribute can be used to attract the attention of customers. There is huge potential for green clothing among environment conscious consumers and this trend has to be leveraged fruitfully for the handloom sector. Taking this into consideration, organically made handloom products can be promoted, which have been manufactured in an eco-friendly way at each level of production using hand-woven fabric and natural dyes. These eco-friendly handloom products can be sold under a new brand name, which emphasizes on the fabric quality and eco-friendliness, as brand association with these handloom products will boost the demand of the output.

Enhancing Efficiency of PWCS

The management of the primary weaver cooperative societies needs to be improved, and a skilled set of management executives, who have a grounding in the handloom sector should be engaged. The commencement of the involvement of private public partnerships to supplement the functioning of the PWCS would be advantageous.

Extension of Credit

To propel growth in the handloom sector, the weaver societies must deal in large scale investments such as opening showrooms, hiring designers, acquiring data and direction on market trends and upgradation of the dyeing process. These operations necessitate supply of abundant credit; thus, term loans can be offered to weaver societies for these extensively large expenditures. The most fundamental measure in this relation would be to build up the financial literacy possessed by the handloom weavers.

Infrastructural Development

Ensuring regularity in the supply of power and upgraded standards of highways and ports are crucial to assure and safeguard the favourable outcome of the efforts of the handloom weavers. When compared to the international logistics network, India's transport facilities are comparably less advanced, resulting in additional operational costs. Monitoring and refining the supply chain is essential in the efficient production of all products, including handloom products.

Quality Upgradation and Increased Emphasis on Packaging

Higher level of quality will assure higher prices for the produce and act as a motivation for the weavers. Export markets are highly particular regarding the assessment of the quality of output. In the handloom industry, packaging of products plays a crucial role both in augmenting domestic sales as well as exports. The packaging and labels should transmit clear and complete information regarding the usage, recycling or disposal processes of the product. In addition, the handloom weavers need to be educated and advised on the subject of global standards of packaging and meeting the consumer's quality requirements.

Adopt Cluster Development Approach

The competency of handloom weavers will be intensified if they operate jointly in clusters, having collective goals, putting in collaborative efforts and cooperating amongst themselves. The sourcing of

raw materials and marketing of output will be more convenient as the bargaining abilities of weavers will be amplified. Moreover, the clusters can cumulatively engage in innovative activities and appoint designers.

Market Diversification

The handloom products from India have been exported largely to the US and the EU. India should explore other importing countries, rather than depending on the traditional markets. There are markets such as South Korea, Malaysia, Indonesia, Vietnam, Egypt and Tunisia in which the Indian handloom exporters can expand their operations. Indian handloom exporters face tough competition from its Chinese peers, as it is the leading exporter of handloom products. Measures should be taken in improving quality and intensifying the marketing and promotional activities to address this challenge.

Product Diversification

The Government should conduct market surveys at regular intervals in order to get a pulse of the consumer demand. Experts from management institutes can be requested to engage in these operations. The production of high value handloom garments should be emphasized, by encouraging collaboration between fashion designers and the artisans, time and again. Moreover, the creation of new varieties of household linens and furnishing should also be attempted.

Spreading Awareness

There is minimal awareness regarding the Indian Handloom Brand. It has been noted that even designers and handloom retailers are not completely informed and often confuse it with the Handloom Mark. Arrangements need to be made for campaigning and advertising about the positive impact of the India Handloom Brand, and information needs to be furnished to the handloom weavers, cooperative societies and even the retailers and students in fashion and designing colleges. Information about the various details of the Government schemes need to be communicated to the weavers.

The training modules for the artisans and weavers should be drafted taking into consideration the latest trends in global demand. The existing training modules should also be revised and updated to enhance the competitiveness of the weavers. The instructors in training programmes should also be made to attend refresher courses.

Improve Working Conditions

Measures should be taken to enable the provision of safe and hygienic working conditions of the weavers.

Productivity of labourers will be favourably impacted with the unconstrained supply of drinking water and sanitation facilities.

Strengthen Handloom Database

It is imperative to maintain a comprehensive database related to the handloom sector to ensure the growth of the industry. Statistical records are essential to review the trends of the past and the prevailing growth rates. This successively facilitates the estimation of future growth and scope for further development.

1. INTRODUCTION

The Handloom industry in India depicts the richness, diversity and cultural heritage prevalent in the country. Indian handloom products are renowned globally, for the admirable artistry of weavers, exclusive designs and finesse. The handloom industry is one of the oldest and the largest cottage industry in India, representing and preserving the vibrant Indian culture. Indian artists are now distinguished worldwide for their hand spinning, weaving and printing elegance. The contemporary handloom producers undertake production by synergising old designs with modern techniques of production.

The operations of this industry are primarily household-based, wherein various members of the family put in joint efforts for production. These activities are spread across thousands of towns and villages of the country, and involve transfer of skills from one generation to the next. The strength of the handloom industry lies in the fact that it involves hardly any usage of capital and power, is eco-friendly and suitable for innovations and transformation with respect to market requirements. The handloom sector is of paramount importance due to its association with the agricultural sector. The handloom weavers use agricultural produce such as cotton, jute, wool and silk as key raw materials, thereby facilitating the sales of agricultural goods. Moreover, the handloom industry provides employment to millions of people in India and is the second largest employment provider for the rural population in India after agriculture¹.

Under the Reservation of Articles for Production Act, 1985, the term handloom is defined as “any loom other than power loom”. The concept of handloom industry includes the process of operation by hand, of a wooden structure which is called the loom. The working and functioning in the handloom sector is entirely different from that of the power loom sector. The movement of the handloom is controlled by skilful hands, and it does not incorporate the

utilisation of any sources of energy other than the manual efforts. Handloom weaving involves three primary motions- shedding, picking and beating. Shedding separates warp threads according to pattern to allow for weft insertions or picking prior to beating. Picking is when after the shed has been formed the length of weft is inserted through the shed. As soon as a weft yarn is inserted, the reed beats up the weft to the fell of the cloth². Depending on the structure and technique of working, handlooms are classified into four categories namely

- Primitive Looms
- Pit Looms
- Frame Looms
- Semi-Automatic Looms

The varieties of clothes produced by the handloom sector are considered to be superior in quality as compared to the ones produced by the power loom sector. The handloom sector clothes are believed to be stronger due to the double reeds, proper sizing and lower speed of weaving. It has a monopoly in producing a magnificent variety of clothes which cannot be replicated using the power loom. The handloom products produced by each region varies, as each state in India specializes in a different variety of handloom product determined by the culture of that region and the skill of the workers. A few examples of handloom products spread across various states include *Pashmina Shawls* in Jammu and Kashmir, *Kanchipuram Sarees* in Tamil Nadu, *Kutch Shawls* in Gujarat and *Eri* and *Muga* silks of Assam. It has been noted that each state in India produces a unique kind of handloom product which is difficult to reproduce elsewhere.

Evolution of the Handloom Industry in India

Mahatma Gandhi's use of Charkha, the spinning wheel, as a symbol of national regeneration, marked an important event for the handloom weavers in India. The dawn of independence provided an

¹IBEF

²Handloom Export Promotion Council

opportunity to consider the handloom sector as a priority sector in India. During that time, there were approximately 3 million handlooms in India, majorly of poor quality due to inferior raw materials and inefficient marketing infrastructure. The situation deteriorated in the year 1952, propelled by the slump in the textile market causing immense accumulation of the handloom stocks.

With the objective of raising funds and creating weavers cooperatives, for the handloom industry, the Khadi and Other Handloom Industries Development Act was passed in the year 1953. During the year 1955, a national apex body named the All India Handloom Fabrics Marketing Cooperative Society was instituted to facilitate the marketing of fabrics in the handloom cooperatives. The Handloom and Handicrafts Export Council was set up during the year 1958, for the promotion of handloom exports. Moreover, the Government appointed a team for devising strategies intended for the growth of the handloom sector, and as per its recommendations, the Office of Development Commissioner (Handlooms) – a nodal agency at the Centre – was set up during the year 1976. The Office of Development Commissioner has been involved in introducing various welfare schemes for the handloom workers, including the enforcement of Handlooms (Reservation of Articles for Production) Act, 1985. Currently, 11 textile articles are reserved for the production using the handloom. There are three enforcement offices located at Delhi, Chennai and Ahmedabad for ensuring the implementation of the Handlooms (Reservation of Articles for Production) Act, 1985. The National Handloom Development Corporation (NHDC) was established in the period 1983 for ensuring regular provision of raw materials such as yarn, dyes and chemicals to the State Handloom Organisations.

Current Status

The handloom industry is presently regarded as the largest economic activity in India after agriculture, generating direct as well as indirect employment for more than 3 million weaver households. The quantity of cloth production by the handloom sector has increased considerably, from 6907 million sq meters

in the year 2010-11 to nearly 8007 million sq meters during the period 2016-17. Furthermore, the Government has introduced various schemes for holistic development of the sector. The Weavers Mudra Scheme launched during the period 2015, aimed at providing concessional credit to the handloom sector weavers, has benefitted approximately 52059 weavers, with the provision of loan worth Rs. 271.62 crore as at end March 2018. Under the block level cluster projects, which provides financial assistance, approximately 43 block level clusters were sanctioned nearly Rs. 2287.45 crore during the year 2017-18. The fund allocation in the Yarn Supply Scheme, which is intended to supply yarn to the weavers at mill gate prices, stood at Rs. 162.07 crore during the period 2017-18 (up to December 2017).

However, it cannot be denied that the economic liberalisation, rapidly increasing industrialisation, globalisation and advent of modern technologies has brought with it various challenges for the development of the handloom industry. The rising competition from the power loom and the mill sector, coupled with the alterations in consumer preferences and availability of other remunerative employment opportunities for the handloom workers have created perils for the handloom industry. Nevertheless, in the present economic conditions, the importance of handloom industry should be considered as a means for earning foreign currency through fostering higher exports from the sector. The operations in the handloom industry are relatively less energy intensive, require less capital and concomitantly generate significant employment opportunities for the masses. Additionally, the sector engenders indirect employment to other kind of workers such as loom manufacturers, dyers, twistors and processors whilst being in harmony with nature. Thus, it becomes imperative to undertake measures for the development of the Indian handloom industry. This study analyses the Indian handloom sector with particular focus on international trade and exports from the country and makes an attempt to draw out certain measures that can help realise the huge export potential that exists for handloom products in the international market.

2. INDIAN HANDLOOM INDUSTRY: AN OVERVIEW

Production

The Indian textiles industry is highly diversified ranging from the traditional handwoven sector to the capital intensive mill sector. The various categories of cloth produced on the basis of process of production include the mill sector, power loom and handloom. The total volume of cloth produced during the year FY 2017 through these techniques was approximately 45.9 billion square metres. While the aggregate cloth production declined by 2.1% year-on-year, it recorded a CAGR of 1.1% during the period FY 2007 to FY 2017.

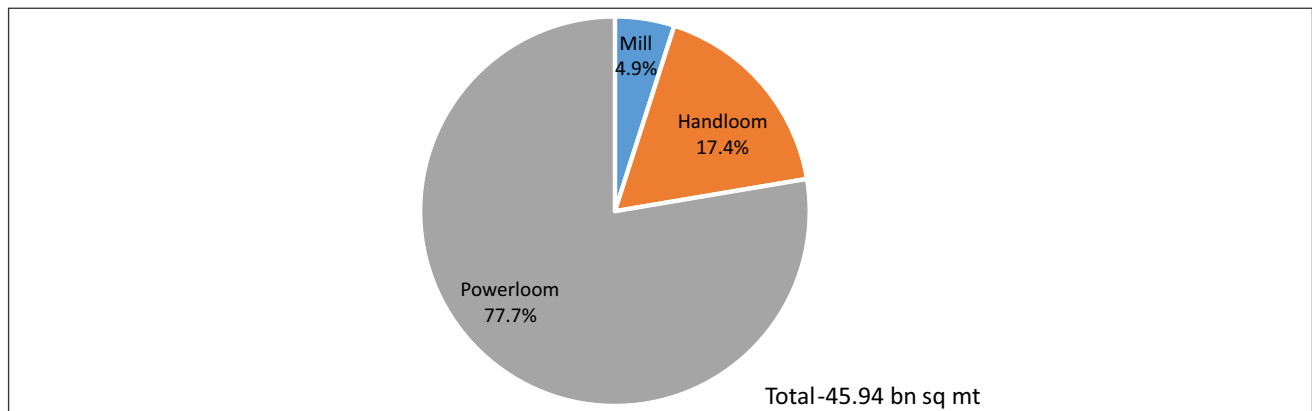
More than three-fourth of the cloth produced in the country was the power loom cloth, accounting for nearly 77.6% of the aggregate cloth production during the year FY 2017. The power loom cloth produced recorded a CAGR of 0.8% during the period FY 2007 to FY 2017. Handloom cloth production was the second largest with a share of 17.4% in the total cloth produced, registering a CAGR of 2.0% during the same period. The cloth production by the mill sector constituted approximately 4.9% of the aggregate cloth production and stood at 2.3 billion square metres in FY 2017.

Table 2.1: Process-wise Cloth Production

Year	Mill	Handloom	Power loom	Total
	billion sq mt			
2006 -07	1.75	6.54	32.88	41.16
2007 -08	1.78	6.95	34.73	43.45
2008 -09	1.80	6.68	33.65	42.12
2009 -10	2.02	6.81	37.00	45.82
2010 -11	2.21	6.91	38.02	47.13
2011 -12	2.31	6.90	37.45	46.66
2012 -13	2.42	6.95	38.04	47.41
2013 -14	2.53	7.10	36.79	46.43
2014 -15	2.49	7.20	37.75	47.44
2015 -16	2.32	7.64	36.98	46.94
2016 -17	2.26	8.01	35.67	45.94

Total Cloth Production includes mill, handloom and power sector; hosiery, khadi and wool have not been considered
Source: Office of the Textile Commissioner, Government of India

Exhibit 2.1: Sector- wise Production of Cloth (2016-17)

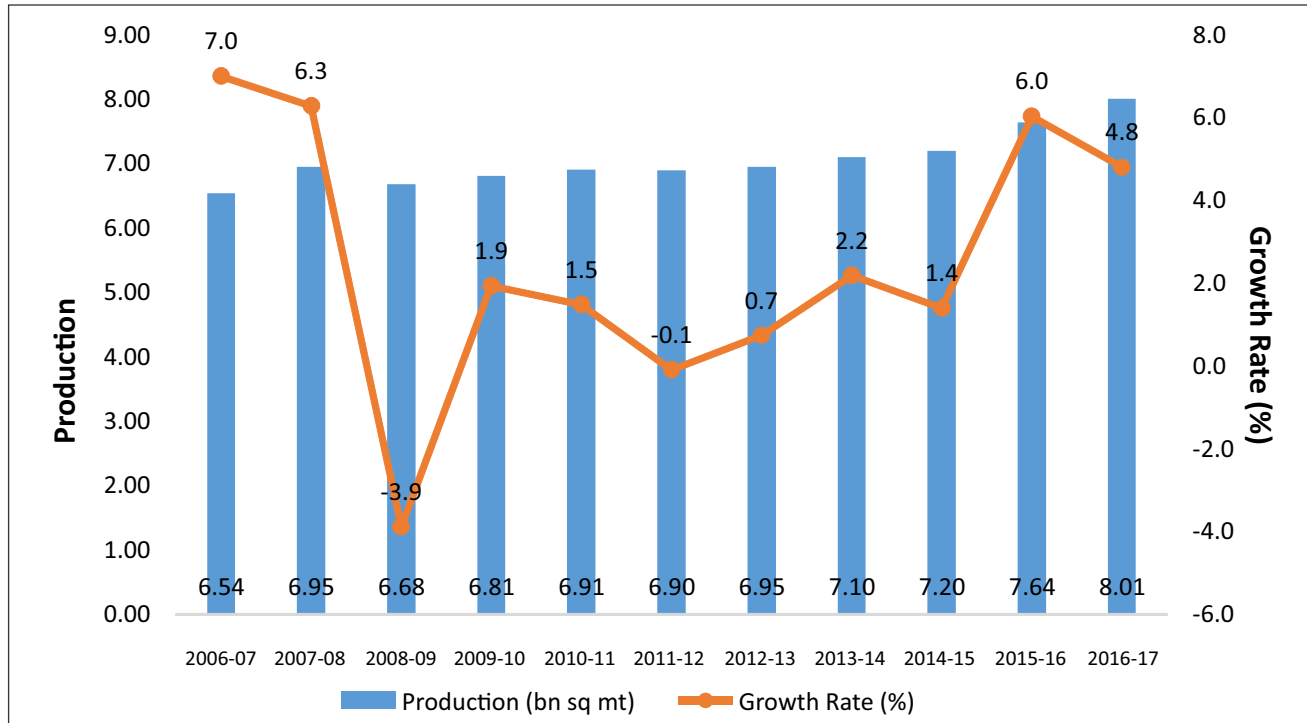


Source: Office of the Textile Commissioner, Government of India

Cloth production using handloom has been displaying an increasing trend over the years. The aggregate cloth production by the handloom sector stood at 8.01 billion square metres during the year 2016-17 registering 4.8% year-on-year growth. The handloom cloth production recorded a CAGR of 2.0% during the period 2006-07 to 2016-17. Owing to the global

downturn, the cloth production by handloom declined during 2008-09, however, since 2011-12, the cloth production by handloom has been increasing continuously. The share of the handloom produced cloth in the total cloth production during the year 2016-17 was estimated at 17.4%.

Exhibit 2.2: Cloth Production by Handloom and Growth Rate (%)



Source: Office of the Textile Commissioner, Government of India

Table 2.2: Handloom Cloth Production Segregation

Year	Cotton	Blended	100% Non-Cotton	Total
	mn sq mt			
2011 -12	6021	121	759	6901
2012 -13	6239	115	598	6952
2013 -14	6315	145	644	7104
2014 -15	6427	88	688	7203
2015 -16	6827	106	705	7638

Source: Office of the Textile Commissioner, Government of India

Cotton is the principal raw material used in the production of handloom products. The quantity of cotton cloth produced by handlooms constituted nearly 89.4% of the aggregate handloom cloth produced. The cotton cloth production registered a CAGR of 3.2%, as the quantity of production increased from 6021 million square metres in 2011-12 to 6827 million square metres in 2015-16. The blended cloth and non-cotton cloth produced in the handloom sector during 2015-16 stood at 106 and 705 million square metres, respectively.

Characteristics of the Handloom Sector
Predominantly Rural and Unorganized Sector

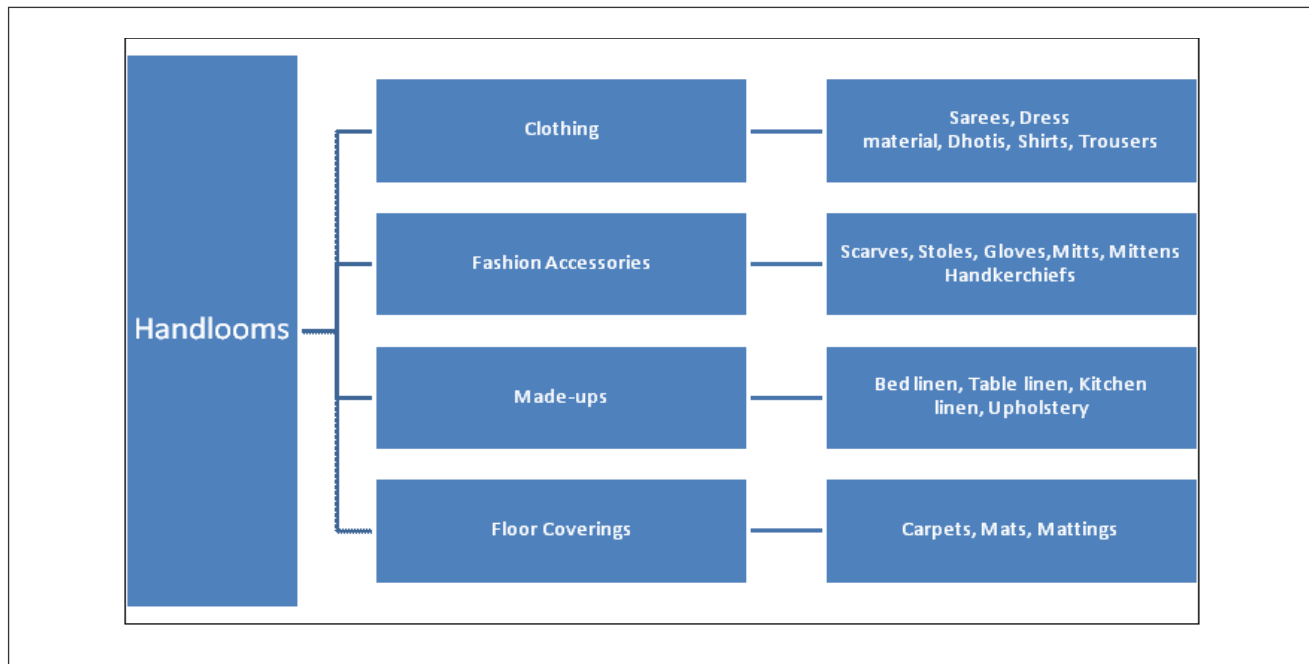
The handloom industry is primarily a rural based economic activity, with a vast majority of handloom households residing in the rural areas. As per the third Handloom Census³, there were a total of 23.77 lakh looms in the country, of which approximately 87% were being operated in the rural areas. Out of a total

of 43.31 lakh persons engaged in the weaving and allied activities, 84% were in rural areas. The handloom sector is considered to be the largest unorganised sector in India, second only to agriculture⁴. The sector is majorly fragmented and decentralised, rendering it unamenable to economies of scale.

Geographical Distribution

A vast majority of handlooms are located in the North east region of India. In terms of proportion of handlooms, 65.2% of the total handlooms in the country were being operated in the north eastern states. Assam was the leading state accounting for nearly 46.8% of the aggregate number of handlooms in the country. Other major states with respect to number of handlooms in the country were West Bengal (12.9%), Manipur (8.0%), Tamil Nadu (6.5%) and Tripura (5.8%).

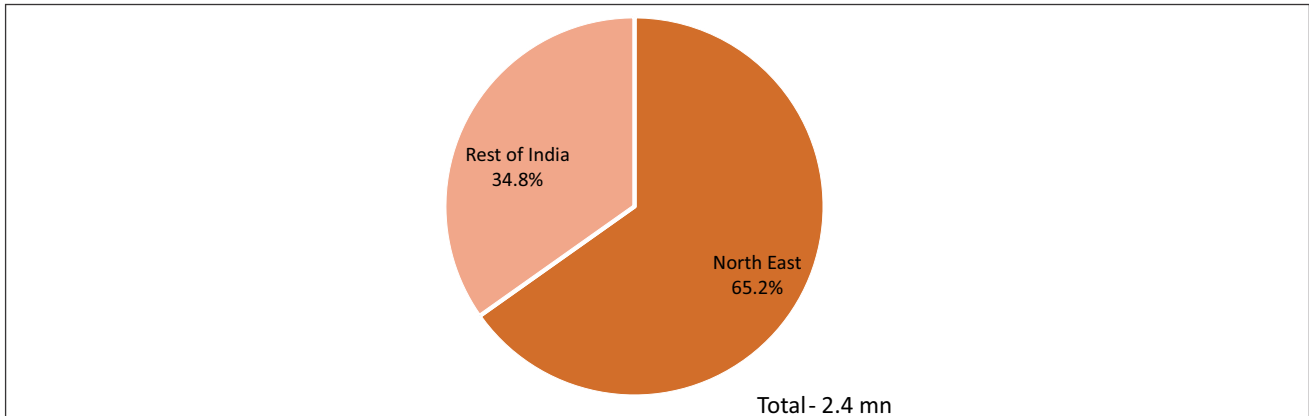
Exhibit 2.3: Product- based Classification of Handloom Sector



³The latest available data in public domain is the third Handloom Census conducted in 2009-10. The Fourth Handloom Census is reportedly underway

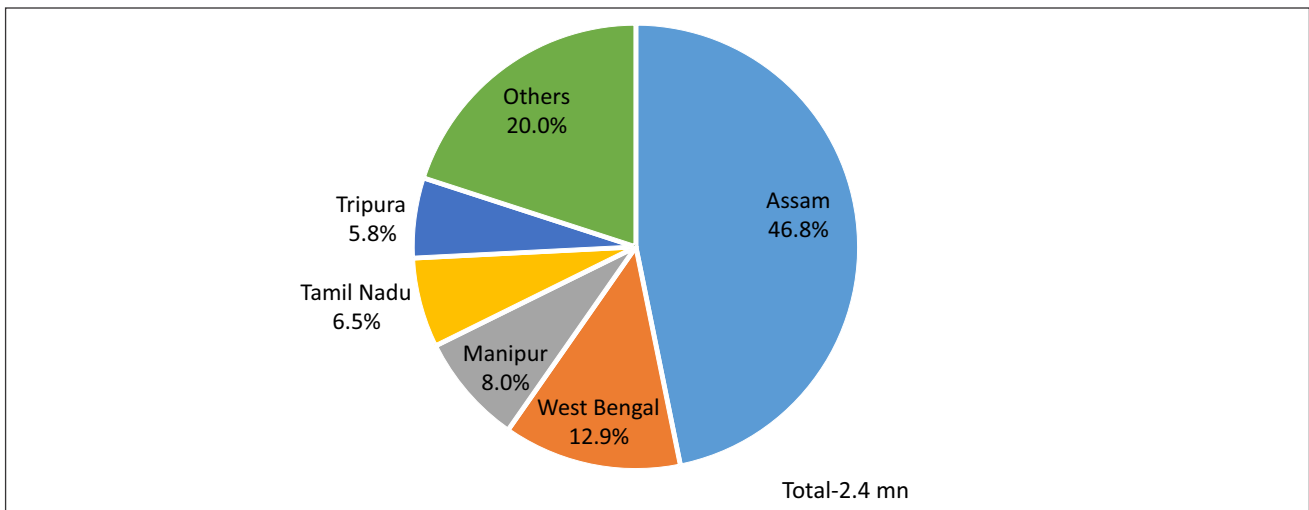
⁴Ministry of Textiles, Government of India

Exhibit 2.4: Proportion of Number of Handlooms in North Eastern Region in India (2009-10)



Source: Ministry of Textiles, Government of India

Exhibit 2.5: Top 5 States in Number of Handlooms (2009-10)



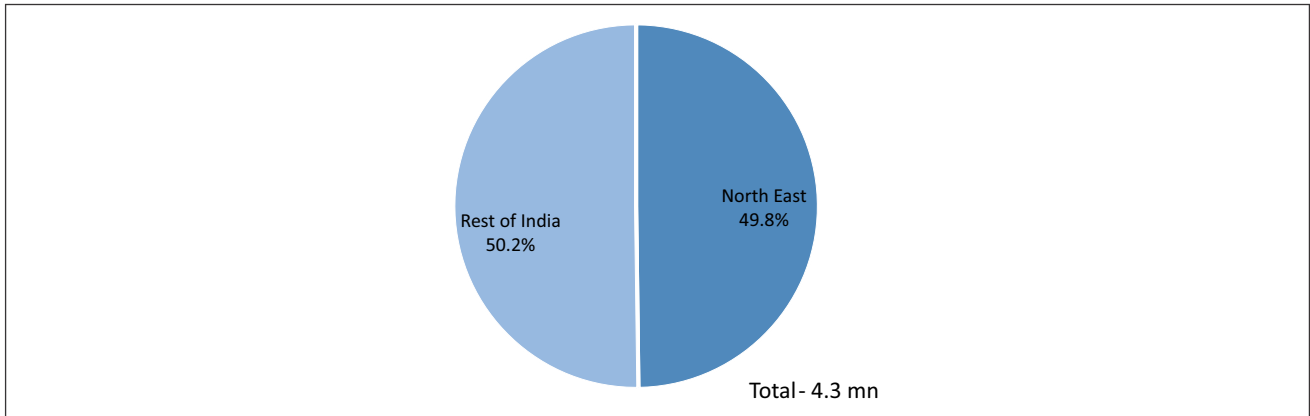
Source: Ministry of Textiles, Government of India

As per the Handloom Census, the total number of handloom workers in India were estimated at 4.3 million. Of this total, nearly 49.8% of the handloom workers were in North East India. Assam had the leading number of handloom workers in the country, with a share of nearly 37.9%. Other major states with regards to number of handloom workers were West Bengal, Andhra Pradesh, Tamil Nadu and Uttar Pradesh. The handloom products produced in the North eastern states are majorly used for domestic consumption, rather than for commercial purpose. The variety of looms employed in these regions are fly

shuttle looms, loin looms and throw shuttle looms. The handloom produce in North east is typically designed to meet the requirements of the local people exclusively. The creation of cooperatives and other weaver's organisations is difficult in the North eastern states, as a majority of the weavers work on an individual basis. Thus, the North eastern weavers lose the opportunity of making use of the benefits and aid provided under the various Government schemes. Nevertheless, the formation of self-help groups has provided support and strength to the handloom weavers⁵.

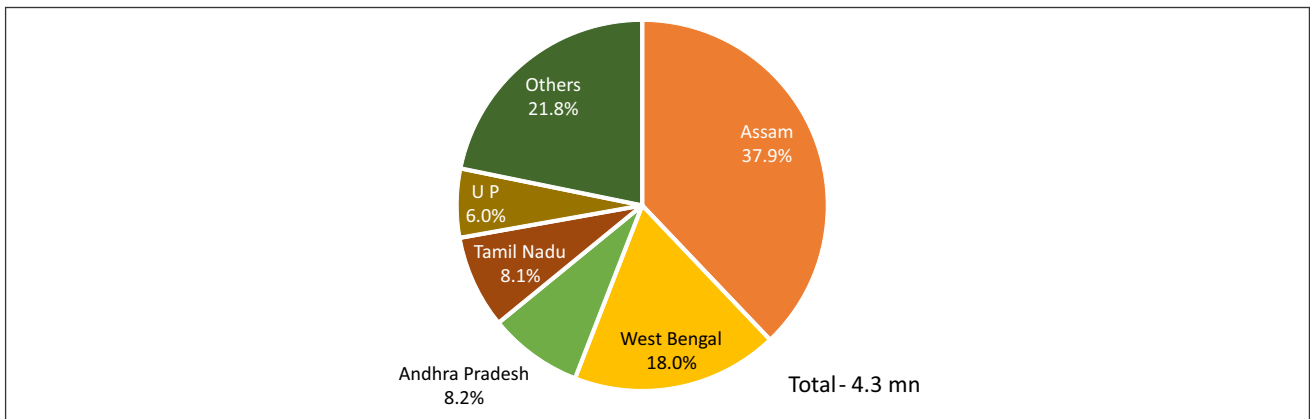
⁵Problems and Prospects of the Handloom Sector in the Globally Competitive Environment; Bankers Institute of Rural Development, Lucknow

Exhibit 2.6: Percentage of Handloom Workers in North Eastern India (2009-10)



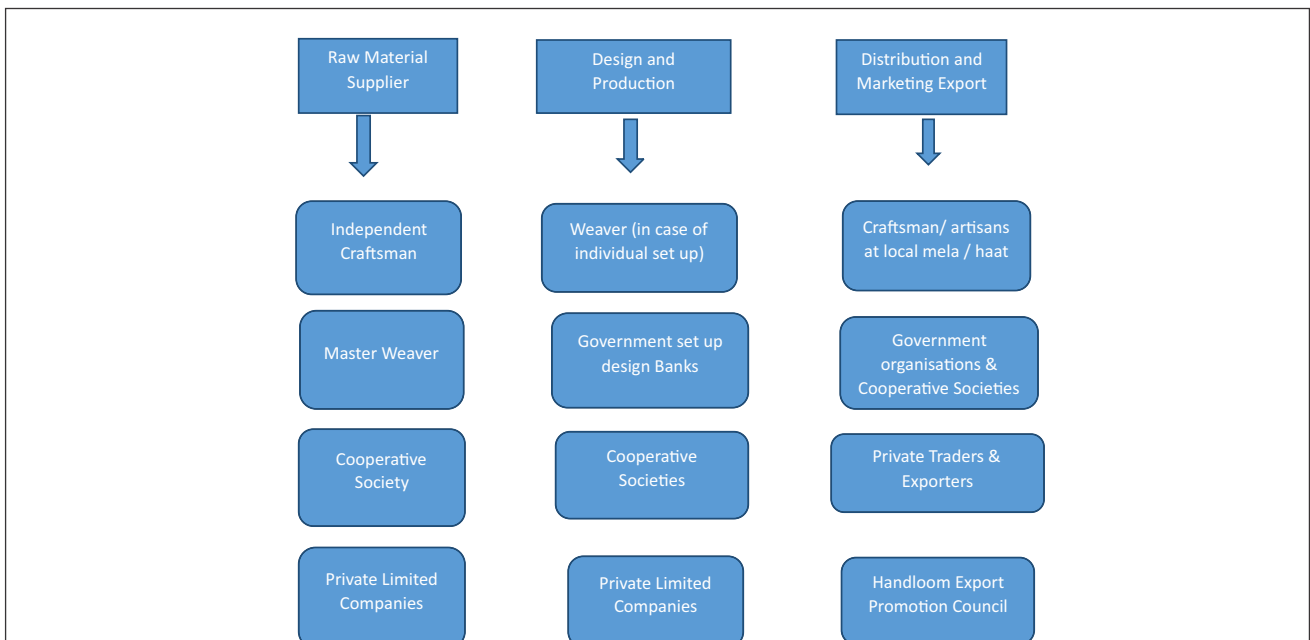
Source: Ministry of Textiles, Government of India

Exhibit 2.7: Top 5 States in Number of Handloom Workers (2009-10)



Source: Ministry of Textiles, Government of India

Exhibit 2.8: Value Chain: Handloom Sector



Value Chain

The production of handloom products involves multiple phases from procurement of raw materials to marketing of the products. In case of the master weaver system, the master weaver undertakes the procurement of raw materials, recruits weavers and also engages in obtaining orders from customers. In this arrangement, the employees recruited by the master weaver design and produce the product and receive payments from the master weaver for their service. However, it has been observed that the master weaver system has been contracting in the present times driven by an increase in the price of raw materials and fall in prices of finished handloom products.

The Cooperative Societies function under the Cooperatives Society Act of 1964, which ensures the supply of superior quality raw materials to the weavers at highly subsidised prices and then purchases the end product produced at rates more remunerative than the prices offered by private traders. This assistance provides an opportunity for the weavers to initiate their business at low rates and concomitantly render attractive prices for their creations. The National Handloom Development Corporation was established in the period 1983 to ensure the supply of superior quality yarn to the weavers. The Yarn Supply Scheme implemented

through the NHDC provides yarn at mill gate prices to the handloom weavers. As per provisions of the scheme, the value of freight is reimbursed and depot operating charges at the rate of 2% are furnished to the depot operating agencies. Additionally, 10% price subsidy on hank yarn is also granted, under which 10% subsidy is provided for cotton, domestic silk and woollen yarn with quality limitations.

The handloom products can then be sold across wide ranging platforms including state, national and international markets. Handloom products are being largely promoted in trade fairs, exhibitions and emporiums for greater publicity and augmentation of sales. Furthermore, the Handloom Export Promotion Councils play a significant role in increasing attractiveness of Indian handloom products in foreign markets.

Current Trends in Handloom Sector

Immense value addition is being attempted in the handloom designs according to the transformation in the preferences of customers. There is huge amount of focus on upgrading the quality of products. Moreover, larger number of weavers are opting for handloom product creation as a full time profession. Furthermore, various special purpose vehicles and self-help groups are exporting directly to markets abroad. Several high end retailers are now involved in marketing of handloom products.

Table 2.3: Select Major Handloom Clusters

Jammu and Kashmir	<p>Pashmina Weaving: The weaving of the Pashmina yarn is complex and this activity is typically undertaken by men.</p> <ul style="list-style-type: none"> • Production Cluster: Srinagar District of Kashmir • Product: Shawls and Stoles
Uttar Pradesh	<p>Brocade, Jangla, Tanchoi, Vaskat, Cutwork, Tissue and Butidar : Brocade is a textile in which pattern is created by transfixing or thrusting the pattern thread between the warp.</p> <ul style="list-style-type: none"> • Production Cluster: Badi Bazar, Alaypura, Pilikothi, Ramnagar, Kotwa, Lohta in North Varanasi and Madanpura in South Varanasi • Product: Sarees, dress material, stoles, scarves, mufflers and home furnishing items

Northern Region	Haryana, Punjab, Rajasthan	<p>Panja Weaving : Primarily women engage in this kind of weaving using a tool called panja.</p> <ul style="list-style-type: none"> · Production Cluster: Panipat (Haryana), Punjab, Jaisalmer and Barmer (Rajasthan) · Product: Cushion cover, floor spreads, bags
		<p>Bandhej and Lehariya : This print is created using a particular style of dyeing and is characterised by colourful zigzag patterns.</p> <ul style="list-style-type: none"> · Production Clusters: Jaipur, Jodhpur, Alwar, Ajmer · Product: Odhna, chunari, duppata, saafa, saree
		<p>Kota Doria: This is a category of hand woven fabric characterised by square check patterns.</p> <ul style="list-style-type: none"> · Production Cluster: Kaithun (Kota), Mangrol (Bundi), Siswali (Baran) and parts of South east Rajasthan · Products: Saree, duppatta, salwar kurta, lehenga
North Eastern Region	Assam	<p>Sualkuchi: Sualkuchi Silk is produced using traditional bamboo looms.</p> <ul style="list-style-type: none"> · Production Cluster: Sualkuchi (Guwahati) · Products: Mekhala, Saree
	Mizoram	<p>Mizo Puan Weaving : Traditional puans and their variations are produced on frame looms and zo (looms of Burmese origin) mutli - treadle looms.</p> <ul style="list-style-type: none"> · Production Cluster: Thenzawl, Aizawl · Products: Puans (wrap skirts)
	Nagaland	<p>Loin loom weaving : This variety of weaving requires the usage of loin looms.</p> <ul style="list-style-type: none"> · Production Cluster: Dimapur, Kohima, Samgiram Village and Ntu Village · Products: Body Cloth, wrap skirts, shawls
Eastern Region	Odisha	<p>Sambalpur Weave: This is practised in Sambhalpur, where in the warp and weft are dyed before weaving.</p> <ul style="list-style-type: none"> · Production Cluster: Gujarat, Andhra Pradesh and districts of Odhisha (Sambhalpur, Bolangir, Kalahandi, Phulbani , Maniaba ndha, Nuapatna) · Products : Saree
		<p>Koraput Weave : The tribal weave of Kotpad Village in the Koraput district in Odhisha is traditionally woven using pit looms.</p> <ul style="list-style-type: none"> · Production Cluster : Koraput District in Odhisha · Products: Saree and other contemporary products

	West Bengal	<p>Carpet Weaving : Carpets are fabricated on looms using the double-knot technique.</p> <ul style="list-style-type: none"> · Production Clusters: Darjeeling and Tibetan Refugee Centre · Products: Carpets
Southern Region	Kerala	<p>Coir Work : Coir craft is manufactured for meeting the daily requirements of the local people.</p> <ul style="list-style-type: none"> · Production Cluster: Alappuzha District in Kerala · Products: Mattresses, coasters, wall hangings, carpets, decorative products
		<p>Dhurrie Weaving: This is an established practice in Warangal, with the provisions of large population of skilled weavers and facilities for dyeing.</p> <ul style="list-style-type: none"> · Production Cluster: Warangal and Kothawada in Kerala · Products: Rugs and Strips
	Andhra Pradesh	<p>Pochampalli Weave : In case of pochampalli weaving, the warp, weft or both are tie-dyed before weaving to create designs on the finished fabric.</p> <ul style="list-style-type: none"> · Production Clusters: Pochampalli in the Nalgonda district of Andhra Pradesh · Products: Saree
		<p>Mangalagiri: The handloom products produced in Mangalagiri is notable for the softness and durability of the fabrics created.</p> <ul style="list-style-type: none"> · Production Cluster: Mangalagiri in Andhra Pradesh · Products: Saree and suits
Western Region	Gujarat	<p>Patola Weaving: Potalo is woven using selectively dyed warp and weft threads.</p> <ul style="list-style-type: none"> · Production Cluster: Patan in Gujarat · Products: Saree, scarves, borders
		<p>Mashru Weaving: Mashru signifies a fabric woven with a silk warp and cotton weft textile.</p> <ul style="list-style-type: none"> · Production Cluster: Patan in Gujarat · Products: Stripes, khajuria, kankani, khanjari
	Maharashtra	<p>Paithani: Paithani pallu is woven by hand and very fine quality silk is used.</p> <ul style="list-style-type: none"> · Production Cluster: Yeola and Paithan in Maharashtra · Products: Saree

Central Region	Chhattisgarh	<p>Pata Weaving: Pata is a heavy, thick, unbleached and hand spun cotton sari weaved by Paenka, the non-tribal weaving community.</p> <ul style="list-style-type: none"> · Production Cluster: Tokapal, Nagarnar, Jagdalpur in the Bastar District of Chhattisgarh · Products: Saree, Men’s shawl, towels
	Madhya Pradesh	<p>Maheshwari Weaving: Maheshwari weaving is carried out in Maheshwar, a small town in Madhya Pradesh.</p> <ul style="list-style-type: none"> · Production Cluster: Maheshwari in Madhya Pradesh · Products: Saree, suits, home decorative
		<p>Chanderi Weaving: Chanderi fabric is produced by weaving silk and golden zari in traditional cotton yarn which results in the creation of garments having a shimmering texture.</p> <ul style="list-style-type: none"> · Production Cluster: Chanderi in Madhya Pradesh · Products: Saree, suits, dupattas, scarves, home decorative

Source: Human Resource and Skill Requirements in the Handlooms and Handicrafts Sector, KPMG

The handloom industry has a distinct position in the Indian economy and the uniqueness and fineness of our handloom products have been recognised globally. The identification of target segments of consumers, enhancing awareness related to

handloom products and expanding the variety and designs of output will be beneficial in development. The subsequent chapter presents an analysis of India's exports and imports of handloom products.

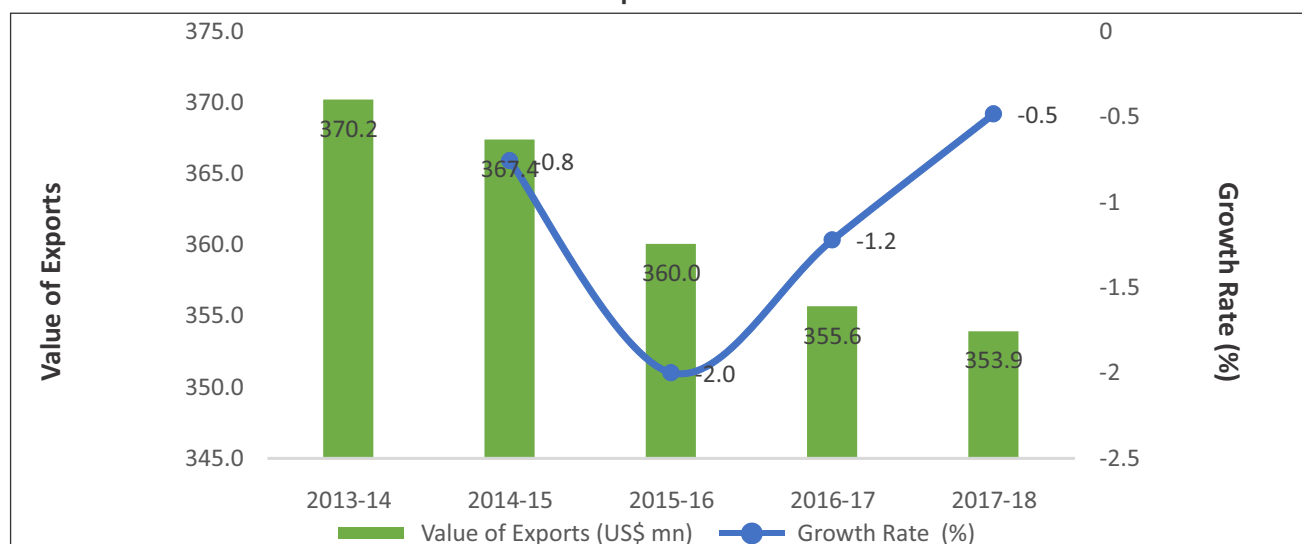
3. TRADE SCENARIO

Exports

India was the second largest exporter of handloom products in the world, with exports valued at US\$ 353.9 million in 2017-18. Although there is a considerable demand globally for handloom products, India has not been able to properly position

itself in the discerning international market, reflected in exports registering a consistent decline in each of the last five years between 2013-14 to 2017-18. The value of handloom exports stood at US\$ 370.2 million in the period 2013-14, and recorded a negative CAGR of (-) 1.1% during the period 2013-14 to 2017-18.

Exhibit 3.1: India's Exports of Handloom Products



Source: DGCIIS

Table 3.1: Major Export Destinations of Indian Handloom Products

2013-14			2017-18		
Country	Value (US\$ mn)	Share (%)	Country	Value (US\$ mn)	Share (%)
The U S	118.4	32.0	The U S	93.1	26.3
The U K	26.0	7.0	The U K	26.1	7.4
Germany	24.9	6.7	Spain	21.2	6.0
Italy	15.5	4.2	Italy	18.0	5.1
France	14.4	3.9	Germany	17.8	5.0
Japan	13.5	3.7	UAE	16.7	4.7
Saudi Arabia	12.1	3.3	France	16.3	4.6
Australia	11.9	3.2	The Netherlands	13.7	3.9
The Netherlands	11.0	3.0	Australia	11.6	3.3
UAE	9.2	2.5	Japan	11.6	3.3
World	370.2	100.0	World	353.9	100.0

Source: DGCIIS

During the year 2013-14, the US was the leading export destination for handloom products from India, with the value of exports being US\$ 118.4 million. UK, with a share of nearly 7.0%, was the second largest export market of Indian handloom products. Other major export destinations during that period were Germany (6.7%), Italy (4.2 %), France (3.9 %), Japan (3.7%), Saudi Arabia (3.3%), Australia (3.2 %), the Netherlands (3.0%) and UAE (2.5%).

In the year 2017-18, the US continued to be ranked the leading export destination for handloom

products; however, its share decreased from 32.0% in 2013-14 to 26.3% in the year 2017-18. The UK, with a share of 7.4% in the aggregate exports also continued to be the second largest export destination, with exports to the country valued at US\$ 26.1 million. Spain emerged as one of the important destinations for exports, being ranked third as a market for Indian handloom exports in 2017-18 with a share of 6.0%. The other major markets in 2017-18 included Italy (5.1%), Germany (5.0%), UAE (4.7%), France (4.6%), the Netherlands (3.9%), Australia (3.3%) and Japan (3.3%).

Table 3.2: Major Handloom Products Exported by India(2013-14)

Handloom Product Categories	Value	Share
	(US\$ thousand)	(%)
Other made-up textile articles: sets; worn clothing and worn textile articles; rags	192542.6	52.01
Carpets and Other Textile Floor Coverings	156872.6	42.37
Articles of apparel and clothing accessories, not knitted or crocheted	11010.5	2.97
Cotton fabrics; of handloom	9090.4	2.46
Woven fabrics of silk or of silk waste ; of handloom	689.5	0.19
Woven Handloom Fabric of Wool, fine or coarse animal hair, horsehair yarn	Nil	
Special Woven Fabrics, tufted textile fabrics; lace; tapestries; trimmings; embroidery	Nil	
Total	370205.5	100.00

Source: DGCIIS

Table 3.3: Major Handloom Products Exported by India(2017-18)

Handloom Product Categories	Value	Share
	(US\$ thousand)	(%)
Other made-up textile articles: sets; worn clothing and worn textile articles; rags	197563.3	55.82
Carpets and Other Textile Floor Coverings	122249.2	34.54
Articles of apparel and clothing accessories, not knitted or crocheted	14820.9	4.19
Woven fabrics of silk or of silk waste ; of handloom	11973.1	3.38
Cotton fabrics; of handloom	7125.3	2.01
Woven Handloom Fabric of Wool, fine or coarse animal hair, horsehair yarn	168.5	0.05
Special Woven Fabrics, tufted textile fabrics; lace; tapestries; trimmings; embroidery	21.6	0.01
Total	353921.8	100.0

Source: DGCIIS

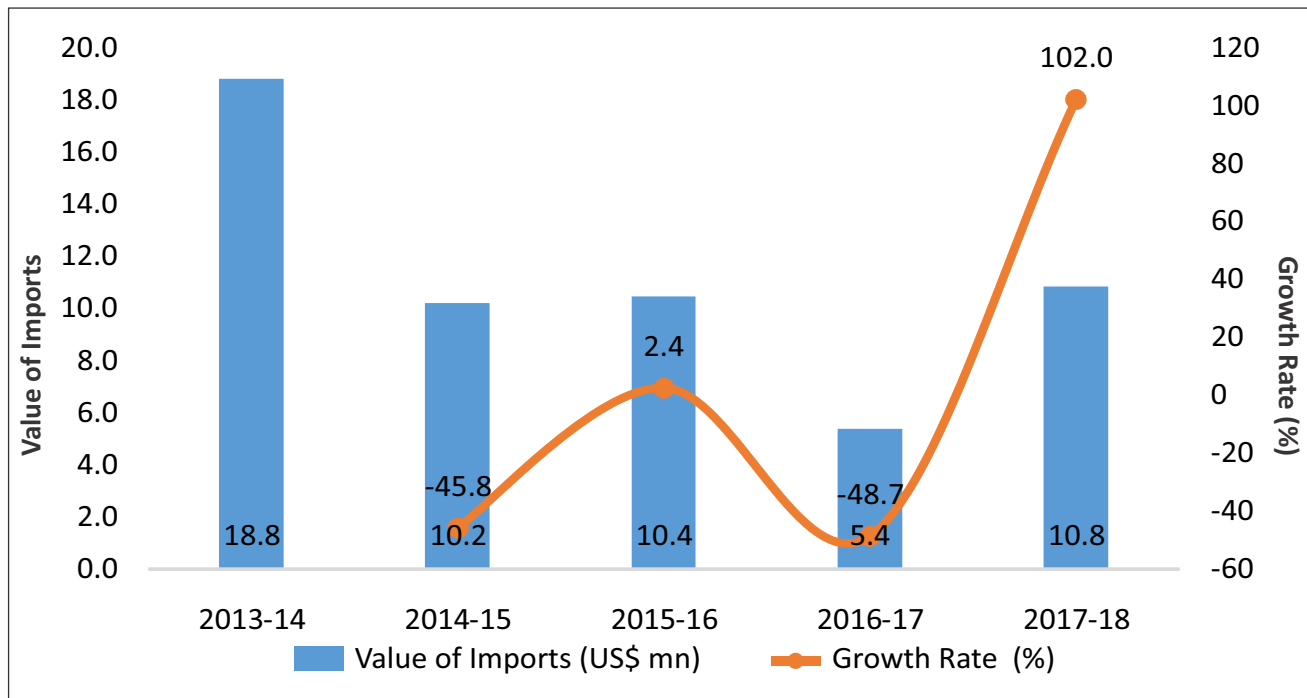
Other made-up textile articles; sets; worn clothing and worn textile articles; rags was the largest handloom product segment exported from India during the year 2013-14, with value of exports estimated at US\$ 192.5 million (share of 52.01%). This product segment continued to be the leading export item even in the year 2017-18, increasing its share further to 55.82% in India's exports of handlooms. Carpets and other textile floor coverings were the second largest handloom export segment, although both the value of exports and the share in exports recorded a decline. Articles of apparel and clothing

accessories, not knitted or crocheted was the third largest segment of export, with value of exports estimated at US\$ 14.8 million, and a share of 4.2%.

Imports

The imports of handloom products doubled to US\$ 10.8 million during the year 2017-18 as compared to US\$ 5.4 million in 2016-17. However, over a larger time frame, imports recorded a negative CAGR of (-) 12.9%, as the value of imports declined from US\$ 18.8 million in 2013-14 to US\$ 10.8 million in 2017-18.

Exhibit 3.2: India's Imports of Handloom Products



Source: DGCIIS

Bangladesh has, by far, been the leading import source of handloom products by India. The share of Bangladesh in India's handloom imports rose from 68.0% in 2013-14 to 88.3% in the year 2017-18. China continued to remain the second largest import

source, although its share declined drastically from 31.0% to 7.4% during the period 2013-14 to 2017-18. Other import sources for handloom products in the year 2017-18 were Japan, Germany, the UK, Greece, Belgium, the US, Singapore and Italy.

Table 3.4: Major Sources for India's Import of Handloom Products

2013-14			2017-18		
Country	Value (US\$ thousand)	Share (%)	Country	Value (US\$ thousand)	Share (%)
Bangladesh	12784.4	68.0	Bangladesh	9547.5	88.3
China	5831.2	31.0	China	798.6	7.4
The U S	41.2	0.2	Japan	59.7	0.6
Italy	21.8	0.1	Germany	24.2	0.2
Japan	19.1	0.1	The U K	17.9	0.2
Singapore	17.8	0.1	Greece	17.2	0.2
Turkey	16.6	0.1	Belgium	15.8	0.1
Iran	15.3	0.1	The U S	13.9	0.1
Thailand	12.0	0.1	Singapore	13.1	0.1
Malaysia	11.0	0.1	Italy	6.3	0.1
World	18804.6	100.0	World	10812.8	100.0

Source: DGCIIS

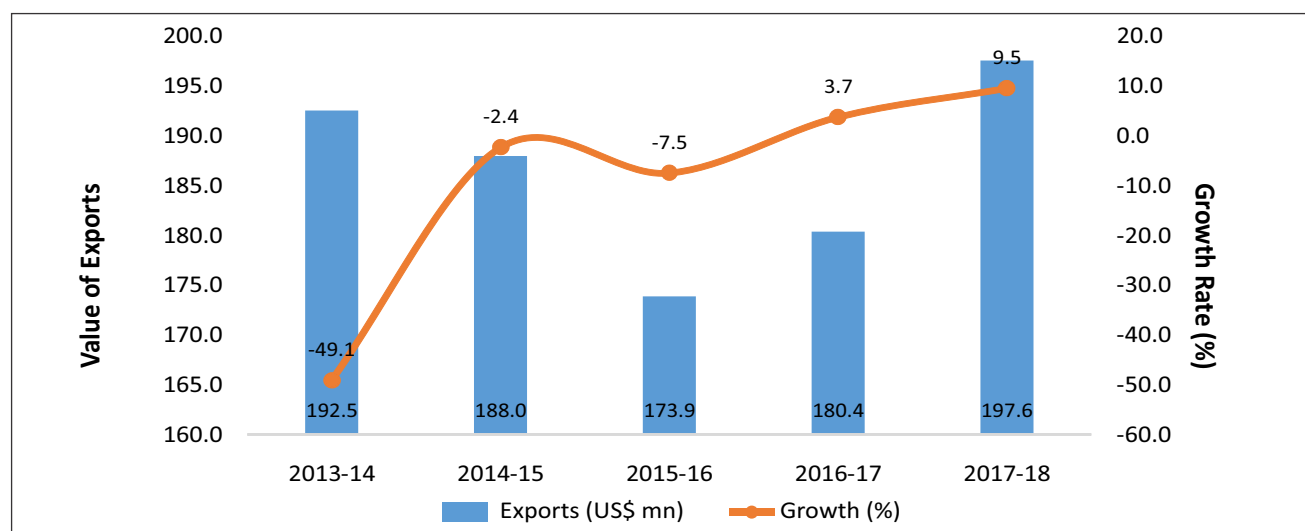
Category-wise Exports

Other made-up textile articles: sets; worn clothing and worn textile articles; rags

The exports of other made up textiles were valued at US\$ 197.6 million, recording a year-on-year growth of

9.5%. Negative growth rates were recorded in the years 2013-14 to 2015-16, after which exports recovered, registering two consecutive years of positive growth. Overall, the exports recorded a CAGR of 0.6% in the period between 2013-14 and 2017-18.

Exhibit 3.3: India's Exports of Other made-up textile articles: sets; worn clothing and worn textile articles; rags



Source: DGCIIS

The US was the leading export destination of the product segment 'other made up textiles' during the year 2017-18, although its share declined from 32.5% in 2013-14 to 28.0% in the period 2017-18. Other major export destinations of these products include

Spain, the UK, Germany, France, Italy, the Netherlands, Australia, Japan and South Africa with shares of 9.4%, 8.4%, 5.8%, 5.4%, 4.7%, 4.6%, 3.5%, 3.4% and 3% respectively.

Table 3.5: Major Export Destinations of Other made-up textile articles: sets; worn clothing and worn textile articles; rags

2013-14			2017-18		
Country	Value (US\$ mn)	Share (%)	Country	Value (US\$ mn)	Share (%)
The U S	62.6	32.5	The U S	55.2	28.0
Germany	16.2	8.4	Spain	18.5	9.4
The U K	13.9	7.2	The U K	16.6	8.4
The Netherlands	9.5	4.9	Germany	11.5	5.8
France	9.3	4.8	France	10.6	5.4
Australia	7.9	4.1	Italy	9.2	4.7
Japan	7.5	3.9	The Netherlands	9.1	4.6
UAE	6.5	3.4	Australia	7.0	3.5
Italy	6.4	3.3	Japan	6.7	3.4
Sweden	5.0	2.6	South Africa	6.0	3.0
World	192.5	100.0	World	197.6	100.0

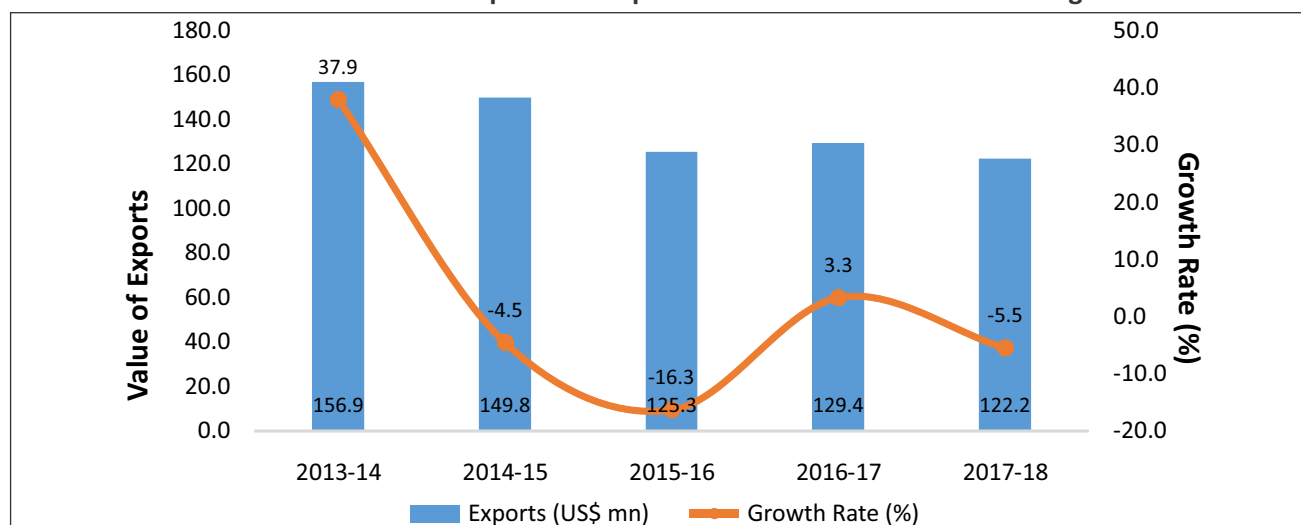
Source: DGCIIS

Carpets and Other Textile Floor Coverings

The exports of the product segment 'carpets and other textile floor coverings' recorded a negative CAGR of (-) 6.0% in the five year period 2013-14 to 2017-18. The export in the year 2017-18 was valued at

US\$ 122.2 million, recording a negative year-on-year growth rate of (-) 5.5%. In the last four years, there was only one year in which y-o-y growth in exports was positive (i.e. in 2016-17) with the value of exports registering a continuous decline from the high of US\$ 156.9 million in 2013-14.

Exhibit 3.4: India's Exports of Carpets and Other Textile Floor Coverings



Source: DGCIIS

The US was the leading export destination of carpets and other textile floor coverings from India, although the value of exports to the market declined at a CAGR of (-) 8.9% in the period 2013-14 to 2017-18. Consequently, the share of the US in aggregate exports declined from 32.6% to 28.9% during this period. The UK was the second largest export destination, and as in the case of US, the value of

exports to UK also recorded a decline from US\$ 11.6 million to US\$ 8.4 million, during the analysed period. Italy, which was ranked as the fourth largest export destination in 2013-14, improved to the third position in the year 2017-18, increasing its share from 5.7% to 6.6% during this period. Other major export destinations included Germany, France, Japan, Sweden, Australia, Brazil and South Africa.

Table 3.6: Major Export Destinations of Carpets and Other Textile Floor Coverings

2013-14			2017-18		
Country	Value (US\$ mn)	Share (%)	Country	Value (US\$ mn)	Share (%)
The U S	51.2	32.6	The U S	35.3	28.9
The U K	11.6	7.4	The U K	8.4	6.9
Saudi Arabia	10.8	6.9	Italy	8.1	6.6
Italy	9.0	5.7	Germany	5.8	4.7
Germany	8.4	5.4	France	5.4	4.4
Japan	5.9	3.8	Japan	4.7	3.8
France	4.7	3.0	Sweden	3.8	3.1
Chile	4.2	2.7	Australia	3.7	3.1
Brazil	4.1	2.6	Brazil	3.7	3.0
Australia	3.9	2.5	South Africa	3.7	3.0
World	156.9	100.0	World	122.2	100.0

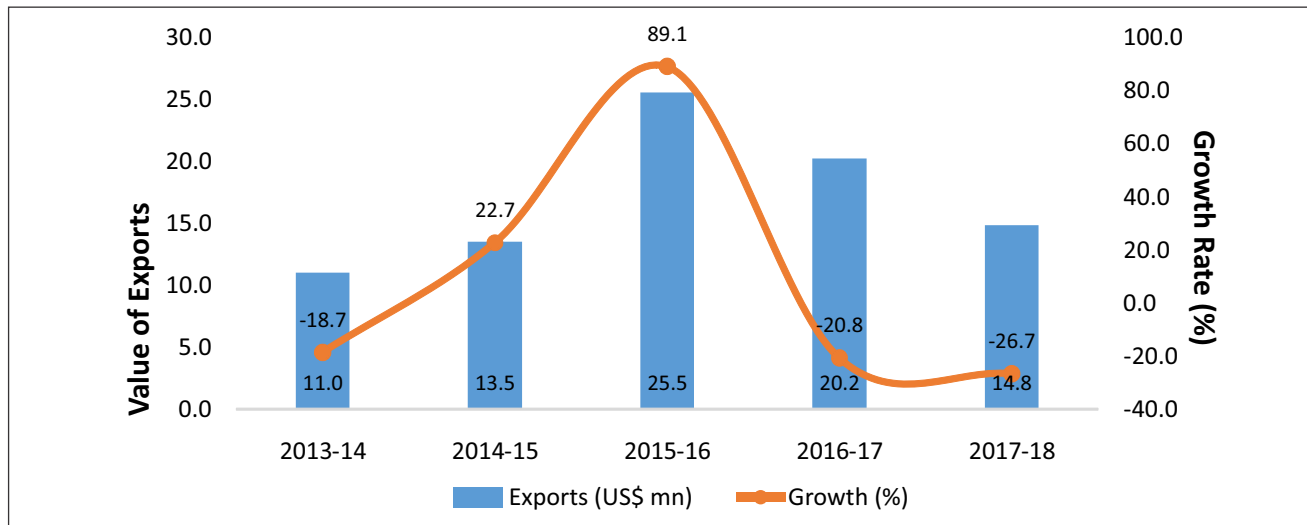
Source: DGCIS

Articles of apparel and clothing accessories, not knitted or crocheted

The export of the product segment 'articles of apparels and clothing accessories' recorded a CAGR of 7.7% in the period 2013-14 to 2017-18. The exports

registered highest growth rate in the period 2015-16, when the value of exports were estimated at US\$ 25.5 million. In the period 2017-18, the exports were valued at US\$ 14.8 million, recording a decline of 26.7% as compared to the previous year.

Exhibit 3.5: India's Exports of Articles of apparel and clothing accessories, not knitted or crocheted



Source: DGCIS

UAE, which was the seventh largest export destination in the year 2013-14, emerged as the leading export destination for this product segment in the year 2017-18. Thailand, which did not appear in the list of 10 largest export destinations, emerged as

the second largest market in 2017-18, accounting for 27.2% of India's total exports of this segment. Nigeria, Tanzania, the Netherlands, Afghanistan, the US, the UK, Australia and France were other major export destinations for these products.

Table 3.7: Major Export Destinations of Articles of apparel and clothing accessories, not knitted or crocheted

2013-14			2017-18		
Country	Value	Share	Country	Value	Share
	(US\$ thousand)	(%)		(US\$ thousand)	(%)
Rwanda	3122.3	28.4	UAE	6734.7	45.4
Nigeria	2541.7	23.1	Thailand	4028.3	27.2
Mali	1281.5	11.6	Nigeria	733.7	5.0
Afghanistan	425.2	3.9	Tanzania	688.0	4.6
Uganda	420.7	3.8	The Netherlands	422.1	2.8
The U K	418.9	3.8	Afghanistan	387.1	2.6
UAE	245.2	2.2	The U S	242.6	1.6
France	235.3	2.1	The U K	169.7	1.1
Djibouti	229.5	2.1	Australia	144.9	1.0
The U S	227.7	2.1	France	131.4	0.9
World	11010.5	100.0	World	14820.9	100.0

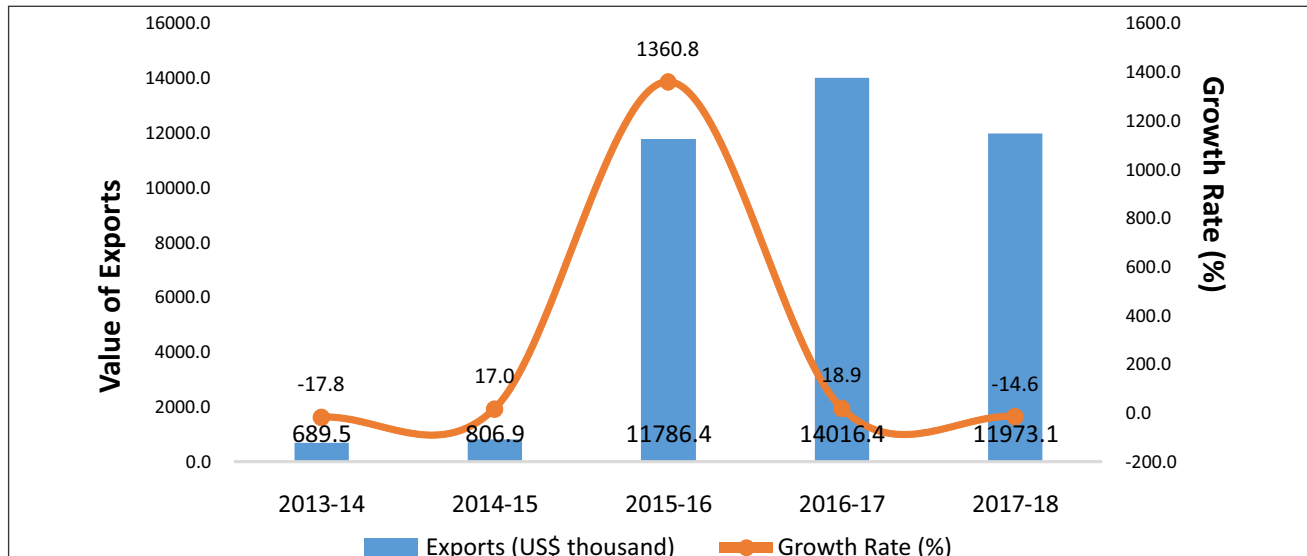
Source: DGCIIS

Woven fabrics of silk or of silk waste; of handloom

The exports of handloom silk products were valued at US\$ 11.9 million during the period 2017-18, recording a year-on-year decline of (-) 14.6%. However, over a larger time frame, i.e. between 2013-14 and 2017-18, exports registered a CAGR of 104.1%, with the

maximum annual growth recorded in 2015-16, when the value of exports jumped to US\$ 11.8 million from less than a million in the year-ago period. The peak in exports of woven fabric of silk was achieved during the year 2016-17 when exports touched US\$ 14.0 million.

Exhibit 3.6: India's Exports of Woven Fabrics of Silk



Source: DGCIIS

UAE was the leading export destination of handloom silk products from India, with exports to this market increasing substantially from US\$ 0.26 million in 2013-14 to US\$ 4.13 million in 2017-18. The share of

UAE however declined from 37.3% to 34.5% during this period. The US continued to be ranked as the second largest export destination, although its share also diminished from 21.4% in 2013-14 to 11.6% in

2017-18. The Netherlands, the UK and Belgium which did not feature among the top 10 export destinations in the year 2013-14, were ranked as the third, fourth

and fifth largest export destinations, with shares of 8.5%, 7.6% and 7.5%, respectively in 2017-18.

Table 3.8: Major Export Destinations of Woven Fabrics of Silk

2013-14			2017-18		
Country	Value	Share	Country	Value	Share
	(US\$ thousand)	(%)		(US\$ thousand)	(%)
UAE	256.9	37.3	UAE	4125.8	34.5
The U S	147.5	21.4	The U S	1385.3	11.6
Italy	97.9	14.2	The Netherlands	1019.2	8.5
Saudi Arabia	57.0	8.3	The U K	910.1	7.6
Germany	41.5	6.0	Belgium	901.7	7.5
France	32.2	4.7	Italy	633.6	5.3
Greece	13.1	1.9	Germany	510.8	4.3
Afghanistan	12.9	1.9	Canada	450.2	3.8
Oman	6.4	0.9	Turkey	327.1	2.7
Thailand	6.2	0.9	Singapore	208.6	1.7
World	689.5	100.0	World	11973.1	100.0

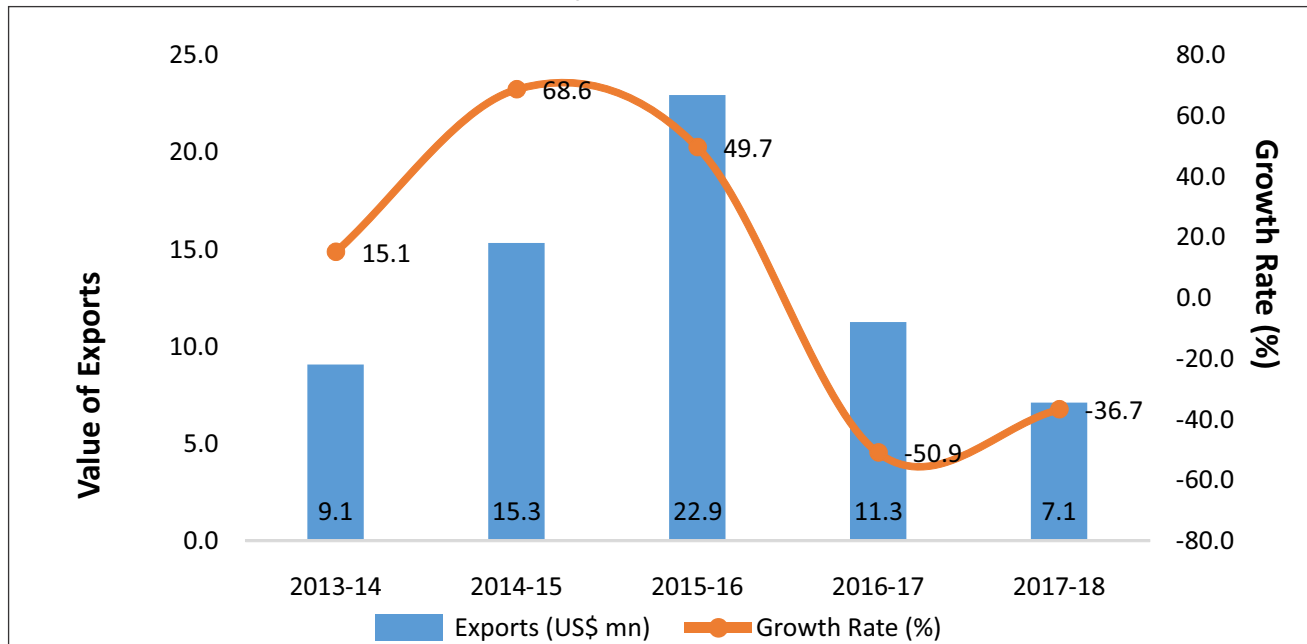
Source: DGCIIS

Cotton fabrics; of handloom

The exports of cotton handloom products peaked in 2015-16 at US\$ 22.9 million after which it recorded two years of consecutive decline to aggregate to US\$

7.1 million in 2017-18. Overall, exports of cotton handloom products recorded a negative CAGR of (-) 5.9% in the period 2013-14 to 2017-18.

Exhibit 3.7: India's Exports of Cotton Handloom Products



Source: DGCIIS

Sri Lanka was the largest export destination of cotton handloom products, accounting for a share of 42.0% in 2017-18. The US, which was the leading export destination in 2013-14, was ranked as the second largest export destination in 2017-18, with its share in

the aggregate exports registering a sharp decline from 47.2% to 13.0% in the five year period under consideration. Other leading export destinations for cotton handloom products included Australia, the UAE, Sudan, Nepal, Oman, Malaysia, Singapore and Indonesia.

Table 3.9: Major Export Destinations of Cotton Handloom Products

2013-14			2017-18		
Country	Value	Share	Country	Value	Share
	(US\$ thousand)	(%)		(US\$ thousand)	(%)
The US	4287.9	47.2	Sri Lanka	2994.4	42.0
Togo	1629.1	17.9	The U S	926.5	13.0
Sri Lanka	770.9	8.5	Australia	668.9	9.4
Malaysia	350.5	3.9	UAE	374.9	5.3
UAE	305.5	3.4	Sudan	333.7	4.7
Singapore	282.8	3.1	Nepal	313.9	4.4
Sudan	181.3	2.0	Oman	244.0	3.4
France	162.4	1.8	Malaysia	228.5	3.2
Nigeria	157.3	1.7	Singapore	184.3	2.6
Canada	130.8	1.4	Indonesia	176.9	2.5
World	9090.4	100.0	World	7125.3	100.0

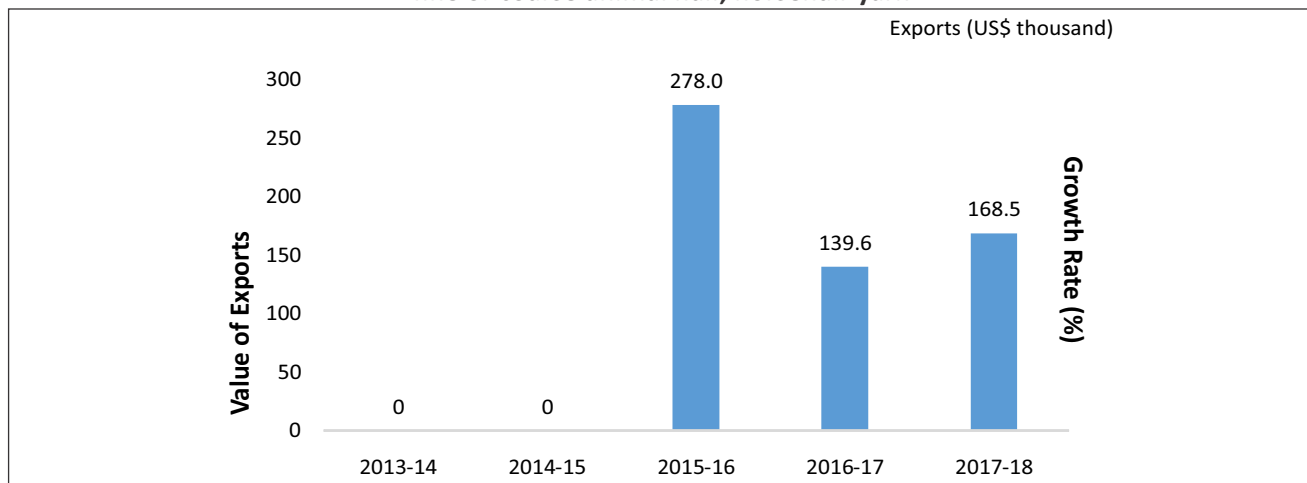
Source: DGCIIS

Woven Handloom Fabric of Wool, fine or coarse animal hair, horsehair yarn

India did not export woven handloom fabric of wool, fine or coarse animal hair, horsehair yarn in the years 2013-14 and 2014-15. However, in the year 2015-16, India exported US\$ 278 thousand worth of such handloom fabric. In the subsequent year, the value of

exports fell by 49.8% and stood at US\$ 139.6 thousand. Nonetheless, a growth in value of exports was recorded in 2017-18 with exports valued at US\$ 168.5 thousand. The exports of these products have recorded a negative CAGR of (-) 22.1% in the three year period 2015-16 to 2017-18.

Exhibit 3.8: India's Exports of Woven Handloom Fabric of Wool, fine or coarse animal hair, horsehair yarn



Source: DGCIIS

Belgium was the leading export destination for the period 2017-18, accounting for 57.6% of the total exports of this product segment. The UAE was the second largest export destination, with value of

exports at US\$ 35.5 thousand and constituting a share of 21.1% in the total exports. Other major export destinations included China, South Africa, Spain, UK and Singapore.

Table 3.10: Major Export Destinations of Woven Handloom Fabric of Wool, fine or coarse animal hair, horsehair yarn

Country	Value (2017-18) (US\$ thousand)	Share (%)
Belgium	97.1	57.6
UAE	35.5	21.1
China	30.3	18.0
South Africa	3.8	2.3
Spain	1.0	0.6
The U K	0.8	0.5
Singapore	0.1	0.0
World	168.5	100.0

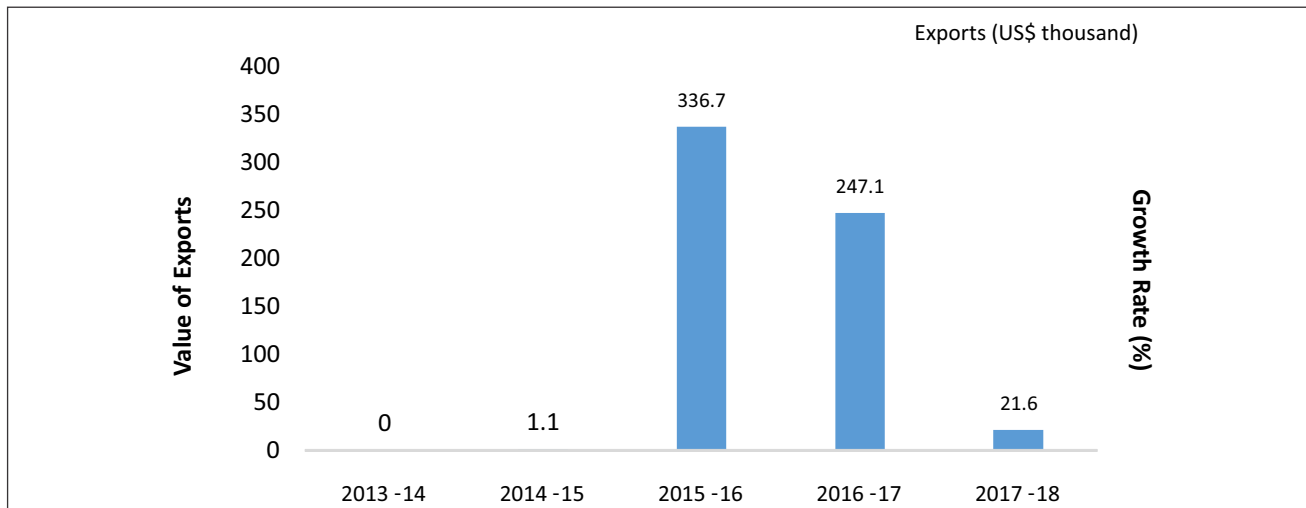
Source: DGCIIS

Special Woven Fabrics, tufted textile fabrics; lace; tapestries; trimmings; embroidery

The exports of special woven fabrics, tufted textile fabrics, lace, tapestries, trimmings and embroidery was valued at US\$ 21.6 thousand. The value of exports decreased substantially in the period 2015-16

to 2017-18. While, India did not export these products in the period 2013-14, the value of exports rose to US\$ 336.7 thousand in 2015-16. However, a declining trend has been observed post this period. Sri Lanka was the leading export destination of these products, accounting for 99.7% of the total exports in the period 2017-18.

Exhibit 3.9: India's Exports of Special Woven Fabrics, tufted textile fabrics; lace; tapestries; trimmings; embroidery



Source: DGCIIS

Table 3.11: Major Export Destinations of Special Woven Fabrics, tufted textile fabrics; lace; tapestries; trimmings; embroidery

Country	Value (2017-18)	Share
	(US\$ thousand)	(%)
Sri Lanka	21.5	99.7
The US	0.1	0.3
World	21.6	100.0

Source: DGCIS

4. GOVERNMENT SUPPORT TO THE INDIAN HANDLOOM SECTOR

The handloom sector symbolizes the rich cultural and artistic diversity of the country and has always been an area of prime focus for the Government. The Indian government has been adopting various measures and schemes for the promotion and development of the handloom sector by way of various policies and programmes. During the 11th Plan and in the year 2012 -13, the Office of the Development Commissioner for Handlooms implemented six schemes for the development of the handloom sector. These were the following:

- Integrated Handloom Development Scheme
- Handloom Weavers Comprehensive Welfare Scheme
- Marketing and Export Promotion Scheme
- Mill Gate Price Scheme
- Diversified Handloom Development Scheme
- Revival, Reform and Restructuring Package for Handloom Sector

However, the Integrated Handloom Development Scheme, Mill Gate Price Scheme and the Diversified Handloom Development Scheme have been consolidated into the Comprehensive Handloom Development Scheme (CHDS). Moreover, the Revival, Reform, Restructuring Package and the CHDS have been combined into a Central Sector Scheme namely the National Handloom Development Programme. Furthermore, the Mill Gate Price Scheme has been rechristened as the Yarn Supply Scheme.

National Handloom Development Programme: This programme has been conceived as a single sector program with the objective of promoting the handloom industry. The two constituents of this scheme are:

Revival, Reform and Restructuring Package (RRR) for Handloom Sector: The RRR Package was approved by

the Cabinet Committee on Economic Affairs (CCEA) on 24th November 2011 and was put effective till 31st December 2012. The RRR Package comprised one time waiver of overdue loans and interest of the handloom cooperative societies as well as the individual weavers as on 31st March 2010. It also aimed to recapitalize viable handloom cooperative societies and ensure provision of subsidised credit to handloom weavers and cooperative societies. Moreover, the scheme was also designed to attempt legal and institutional reforms for the handloom cooperative societies. Owing to the restricted coverage of the cooperative societies, a modified RRR package was approved, in which eligibility norms were relaxed and cheaper credit was facilitated for the handloom weavers.

Comprehensive Handloom Development Scheme:

CHDS is aimed at facilitating sustainable development of handloom weavers located in and outside identified handloom clusters into a cohesive, self-managing and competitive unit. The Scheme was formulated by amalgamating the elements of the Integrated Handloom Development Scheme (IHDS), Marketing & Export Promotion Scheme, and Diversified Handloom Development Scheme. The scheme seeks to support weavers, both within and outside the cooperative umbrella towards acquisition of raw materials, design inputs, technology up-gradation, marketing support through exhibitions, creating permanent infrastructure in the form of Urban Haats, marketing complexes, setting up of Weavers Service Centre (WSCs) and Indian Institutes of Handlooms Technology (IIHTs), development of web portal for e-marketing of handloom products etc. The main components of CHDS are tabulated below:

Table 4.1: Components of Comprehensive Handloom Development Scheme

S. No.	Components of CHDS	Sub-Components of CHDS eligible for Financial Assistance
A.	Consolidation of Clusters	i. Design Development ii. Product Development/Diversification iii. Technology Up-gradation iv. Marketing v. Engaging Cluster Development Executive vi. Engaging textile designer-cum-marketing executive vii. Other need based interventions
B.	New Clusters	i. Baseline survey, diagnostic study & formation of Self Help Groups (SHGs)/Joint Liability Groups (JLGs), Awareness Programmes, Formation of Consortium ii. Technology Up-gradation for on-loom activities iii. Product Development/Diversification iv. Engagement of Textile Designer -cum-Marketing Executive v. Purchase of Computer Aided Textile Design System, Card Punching Machine vi. Corpus fund for setting up of Yarn Depot vii. Market Development- to be provided from Handloom Marketing Assistance component viii. Skill Up-gradation - to be dovetailed from Integrated Skill Development Scheme (ISDS) ix. Setting up of Common Facility Centre/Dye House x. Credit support – to be provided from Revival, Reform and Re -structuring Package (RRR) for the handloom sector xi. Documentation of cluster activities xii. Construction of work-sheds xiii. Project Management cost
C.	Group Approach	i. Skill up-gradation - to be dovetailed from ISDS ii. Technology up-gradation iii. Construction of work-sheds iv. Credit support -to be provided under RRR for the handloom sector
D.	Marketing Incentive	To support marketing of handloom products by handloom agencies
E.	Handloom Marketing Assistance	1. Domestic Marketing Promotion : i. Organisation of expos, events and craft melas ii. Web portal iii. Handloom mark, GI

		<ol style="list-style-type: none"> 2. Marketing Infrastructure Development: <ol style="list-style-type: none"> i. Setting up of urban haat, retails stores, CFC etc. 3. Market Access Initiative: <ol style="list-style-type: none"> i. Designer intervention 4. Handloom Export Promotion: <ol style="list-style-type: none"> i. Export projects, participation in international exhibitions, reverse Buyer-Seller Meets
F.	Development and strengthening of the Handloom Institutions	<ol style="list-style-type: none"> i. Setting up of new Indian institute of Handloom Technology (IIHT) in Central Sector ii. Setting up of Weavers' Service Centres (WSCs) in Central Sector iii. Introduction of degree course in IIHT iv. Continuation of IIHT, Bargarh v. National Centre for Textile Design (NCTD) vi. Strengthening of Handloom Organisations vii. Research & Development (R&D), including Revival of languishing Handlooms Crafts
G.	Handloom Census	Census of handloom
H.	Others	<ol style="list-style-type: none"> 1. Innovative ideas 2. Publicity, Monitoring, Supervision, Training & Evaluation of the Scheme

Source: Compendium of Handloom Schemes, 12th Plan, Office of the Development Commissioner for Handlooms, Ministry of Textiles

Marketing Incentive to Handloom Sector

Marketing Incentive is offered to the handloom sector such that the price of handloom products can be reduced marginally, and greater investment can be undertaken in infrastructure to boost the production capacity and productivity. During the year 2016-17, an amount of Rs. 40.96 crore was released for this purpose. The beneficiary unit is expected to use this

amount towards activities that would attract the consumers in order to enhance overall sales of handloom goods. Eligible agencies for availing of Marketing Incentive include State handloom corporations, apex co-operative societies, primary handloom weavers' co-operative societies and national level handloom organizations. The quantum of assistance provided is tabulated below:

Table 4.2: Provision of Assistance under Marketing Incentive to Handloom Sector

Component	Financial assistance (Rs. in lakh) per weaver	Sharing between Central and State Government
Marketing Incentive - Handloom Corporations, Apex Co -operative Societies, Primary Handloom Weavers Co-operative Societies, National Level Handloom Organizations	10% of the average sales turnover of the last 3 years	50:50, except in the case of National Level Handloom Organizations/Societies, where the entire assistance is borne by the Government of India.

Handloom Marketing Assistance

The Handloom Marketing Assistance is one of the constituents of the Handloom Development Scheme which was incorporated during the 12th Plan Period. The fundamental aim of this scheme is to establish effective marketing platforms, which can enable the weavers and handloom organisations to sell their goods directly to the customers, without the intervention of middlemen. The Handloom Marketing Assistance has the following components:

- Domestic marketing promotion: This includes organisation of expos, events, and craft melas; development of web portal for e-marketing; awareness and brand building; promotion of Handloom Mark; and implementation of Geographical Indications of goods.
- Marketing infrastructure development: This covers setting up of urban haats, retail stores, and display-cum-CFC and quality testing unit.
- Market access initiative: This primarily includes designer intervention for marketing support wherein leading designers are engaged to work in potentially viable/ traditionally known handloom clusters to diversify handloom products and to create large array of products suited to contemporary taste.
- Handloom export promotion, which covers export projects, international fairs/ exhibitions, organization of reverse buyer-seller meets and miscellaneous promotional events/activities. During the period 2017-18, nearly 126 domestic marketing events have been sanctioned for the period extending till 31st December 2017.
- E- Commerce: To ensure direct marketing platform to the handloom weavers and artisans' twenty one leading e-commerce firms have been involved in the online marketing of handloom products. As per Ministry of Commerce, the sales of handloom products through online networks were valued at Rs. 16.77 crore as on 31st December 2017.

Indian Handloom Brand

The Indian Handloom Brand was inaugurated by the

Hon'ble Prime Minister on the event of the First Handloom Day which was celebrated in India on the 7th of August 2015. Unlike the Handloom Mark Scheme which was launched by the Government in 2006 to provide assurance to the consumers about authenticity of handloom products without covering the aspect of product quality assurance, the India Handloom Brand was launched to increase awareness about the exemplary advantages of using Indian handloom products including their quality with regards to raw materials, processing, weaving and also the environmental friendly feature of handloom output. The Brand is an initiative for branding of high quality handloom products with zero defects and zero effect on the environment, and is granted exclusively to superior quality products without any deficiency in standards. This initiative enables the creation of a special brand of handloom products for environmentally conscious consumers who demand supreme quality handloom products. The sale of products having the Indian Handloom Brand ensures an upsurge in earnings of the handloom weavers. This was a major measure towards winning the trust and confidence of the consumers. An extensive awareness and brand building campaign had been launched for publicizing the Indian Handloom Brand products. Moreover, approaching the means of e-marketing, an open door policy has been created in which the e-commerce companies are suggested to pay particular attention to the sale of IHB products. A collaboration has been formulated with 94 retail stores all over the country, in which the stores will allocate a section of their store space for the sale of IHB products.

Handloom Mark

The Handloom Mark was introduced to act as a guarantee regarding the genuineness of handwoven handloom products. The Textile Committee has been entrusted with the responsibility of promotion of the Handloom Mark. According to Ministry of Textiles, an aggregate of 9.85 crore (cumulative) Handloom Mark labels had been sold and approximately 19,963 registrations had been issued up to the period September 2017⁶.

⁶Annual Report (2017-18), Ministry of Textiles, Government of India

E- Dhaga App

During the year 2016, the NHDC launched the e-Dhaga mobile app to enhance effectiveness in the process of yarn supply. This mobile app enables the weavers to place their indents through this app and accordingly make online payments for the same. Besides, the status of shipments are accessible to the weavers, thereby expanding transparency. This app is available in ten languages, viz. Hindi, English, Assamese, Odiya, Kannada, Tamil, Telugu, Malayalam, Urdu and Bengali.

Handloom Items Registered Under Geographical Indication of Goods

There are approximately 48 traditional handloom products which have been registered under the Geographical Indication of Goods Act, 1999. Complaints have been filed by various handloom associations and organisations against certain textile companies, who have produced identically deceptive and machine made forms of the GI registered handloom products. This adversely impacts the market for handloom products, leading to suspicion and mistrust among the customers and mitigating the revenue of the weavers. This Act safeguards handloom manufacturers from the illicit and forbidden manufacture and marketing of the GI registered handloom products.

Handloom Haat, Janpath, New Delhi

The Ministry of Textiles has established a handloom marketing complex, termed as the Handloom Haat, in Janpath New Delhi. This action has been taken to provide infrastructural facilities to the handloom agencies and organisations and empower them to display the magnificent designs of handloom products manufactured in different regions of the country. Several National and State level handloom organisations have been assigned showrooms and display centres in the Handloom Haat so that exhaustive marketing of handloom products can be undertaken.

Trade Facilitation Centre and Crafts Museum

In the city of Varanasi, the Government of India has constructed a Trade Facilitation Centre and a Crafts Museums for generating assistance to the handloom weavers in the region to showcase their products domestically and internationally. This measure taken for the promotion of handloom products, opens up possibilities for facilitating supply chain linkages to the purchasers both in India and abroad. The Centre includes the provisions of a large convention hall, crafts bazaar, marts, facilitation offices for export business, a crafts museum, food centre, fine dining restaurants and various other amenities for advertising tourism and trade of the handloom products.

Promotion of Exports

The handloom cooperative societies and organisations and various handloom exporters are granted support and aid for taking part in international events and buyer-seller meets to exhibit the most recent designs, trends and colour combinations of handloom products manufactured. These occasions also provide scope for receiving customer feedback and perceiving the demands in the markets located overseas. Subject to this, assistance is offered for export projects, participation in international fairs and exhibitions and the establishment of design studios.

Institutional Support System Handloom

National Handloom Development Corporation Limited

The National Handloom Development Corporation Limited (NHDC) was set up in February 1983 as a Public Sector Undertaking by the Government of India, under the Companies Act, 1956, in pursuance of the imperative need for a National Level Agency to assist the speedy development of the handloom sector. NHDC supports the handloom sector by coordinating all action covering the procurement and supply of inputs at reasonable prices, augmenting the marketing efforts of States, and upgrading the technology in the Handloom sector, thereby improving the productivity.

NHDC acts as a channel for routing Central Government funds, loans and grants to State Handloom Corporations, Cooperative Societies and other bodies, or persons engaged in the promotion and development of the handloom industry.

Office of the Development Commissioner for Handlooms

Office of the Development Commissioner for Handlooms was set up as an attached non participating office, in 1975, under the Ministry of Commerce, Government of India. At present, it is functioning under the Ministry of Textiles, Government of India. The Office of the Development Commissioner for Handlooms is headed by an officer of Additional Secretary level and is assisted by 28 Weavers' Service Centres (WSCs) which function across the country. WSCs play a pivotal role in skill up-gradation, capacity building and disseminating technological interventions for augmenting productivity, thereby improving earnings of the weavers. They provide design inputs to the weavers through their designers, arrange training programmes for the weavers in various pre-weaving, weaving and post weaving disciplines such as winding, warping, sizing dyeing, dobby jacquard pneumatic weaving, design making, dyeing, etc. WSCs also sponsor weavers for participating in various trade fairs, expos, and help them in establishing direct market linkages. Office of the Development Commissioner (Handlooms), also oversees implementation of Handlooms (Reservation of Articles for Production) Act, 1985, whose objective is to safeguard the handloom weavers from the competing power loom and the mill sector. Presently, there are 11 categories of textile articles reserved exclusively for production by the handloom sector. For the implementation of the Act, there are three enforcement offices located in Delhi, Chennai and Ahmedabad.

Indian Institutes of Handloom Technology

The Indian Institutes of Handloom Technology are government run public institutes of higher education aimed at contributing towards the development of the handloom sector. Professionally and technically skilled human resources of the institution put in efforts to carry out research programmes aimed for

the betterment of the handloom industry. Currently, there are 6 Central IIHTs located at Varanasi (Uttar Pradesh), Salem (Tamil Nadu), Jodhpur (Rajasthan), Guwahati (Assam) and Bargarh (Odisha). Each year, approximately 315 students are granted admission in the diploma course having a duration of three years in the area of Handloom and Textile Technology.

National Centre for Textile Designs

The Centre was established during the year 2001, to popularise and advertise the traditional and contemporary handloom products and to make modifications and upgradations in the operations of the handloom sector according to the variations in demand of customers. The Centre plays a crucial role in generating more opportunities to the weavers to promote their production in national and international markets. Services are provided to the linked users by the Centre through its website www.designdiary.nic.in.

Handloom Export Promotion Council (HEPC)

HEPC, an apex agency set up by the Ministry of Textiles, Government of India in 1965, was established with the primary objective of increasing the export potential of handloom products such as fabrics, home furnishings, carpets and floor coverings. HEPC engages in imparting knowledge and guidance to the handloom exporters in the field of trade promotion.

Association of Corporations and Apex Societies of Handlooms

The Association of Corporations and Apex Societies of Handlooms (ACASH) is a national level apex organization of the national level, state level and inter-state level handloom development corporations and apex handloom cooperative societies. ACASH was registered in June 1984 as a society under the Societies Registration Act, 1860, to coordinate and promote marketing in the handloom sector. The Government of India has appointed ACASH as a nodal agency for supply of handloom goods to be purchased by Central Government departments/agencies/PSUs under "single tender system". The national and state level handloom

corporations and apex societies whose names were notified by the Office of the Development Commissioner for Handlooms, Ministry of Textiles, for the production and supply of handloom goods through ACASH, are members of ACASH. ACASH is also involved in helping the promotion of handloom exports.

Handloom Weavers Comprehensive Welfare Scheme

During the Eleventh Plan period, the Mahatma Gandhi Bunkar Bima Yojna (MGBBY) and the Health

Insurance Scheme were amalgamated into one Scheme namely the Handloom Weavers' Comprehensive Welfare Scheme.

Mahatma Gandhi Bunkar Bima Yojna (MGBBY)

The objective of the Scheme is to provide insurance cover to the handloom weavers both in case of natural, accidental death and also on the occasion of total or partial disabilities. This initiative has been implemented through the LIC of India. The assistance provided by this Scheme is as follows:

Table 4.3: Provision of Benefits under Mahatma Gandhi Bunkar Bima Yojna

Details	Benefits
Natural Death	Rs. 60,000
Accidental Death	Rs. 1,50,000
Total Disability	Rs. 1,50,000
Partial Disability	Rs. 75,000

Source: Annual Report, Ministry of Textiles, Government of India

Health Insurance Scheme

This Scheme covers the weaver as well as his family. Moreover, the ancillary handloom workers such as those undertaking the operations of warping, winding, dyeing, printing, finishing, sizing, Jhala making, jacquard cutting etc. are also covered in this scheme. Pre-existing diseases as well as new diseases are covered, and a sizeable provision has been allotted for outdoor patients (OPD). The annual limit per family is Rs. 15000, out of which the OPD cover stands at Rs. 7500 respectively.

Yarn Supply Scheme

To fulfil the aim of facilitating regular supply of raw

materials to the handloom weavers, the Yarn Supply Scheme has been implemented, which ensures provision of yarn at mill gate price to the weavers. The National Handloom Development Corporation, is responsible for the implementation of the Scheme. For empowering the handloom weavers to be able to compete with the power loom and mill sector, 10% price subsidy on hank yarn has been granted, under which 10% subsidy is provided on cotton, domestic silk and woollen yarn with quality limitation. The NHDC has established 10 yarn depots-cum-warehouses during the period of the 12th Plan to assist supplies to users on cash basis, and also addressing the demands of individual weavers.

Table 4.4: Funds Released under Yarn Supply Scheme

Year	Funds Released (Rs. Crore)
2014 -15	127.81
2015 -16	321.96
2016 -17	261.35
2017 -18 (up to Dec 2017)	162.07

Source: Annual Report (2017-18), Ministry of Textiles, Government of India

Comprehensive Handloom Cluster Development Scheme

The Comprehensive Handloom Cluster Development Scheme (CHCDS) was introduced in 2008-09 for development of Mega Clusters that are located in clearly identifiable geographical locations and specialize in specific products. According to the Scheme, the Mega handloom clusters should have at least 15,000 handlooms and funding of up to Rs. 40

crore. The nature and level of assistance to each cluster is need based and includes the components that are necessary for meeting the objectives, such as, technology upgradation, product diversification, raw material bank, credit, market development, forward and backward linkages, social security, and physical infrastructure, among others. During the period 2016-17, an amount of Rs. 28.44 crore was sanctioned/ released to the mega handloom clusters for the incorporation of various interventions.

Box 1: EXIM Bank's Assistance to Handloom Sector

Grassroots Initiatives and Development (GRID)

This program of Exim Bank seeks to support those enterprises in the handloom sector which are based largely out of the rural areas of the country, or those micro and small enterprises sourcing in the handloom sector their products substantially from grassroots organisations or handloom artisans. This initiative is aimed at meeting the requirements of the disadvantaged sections of the society, in addition to generating extended opportunities for the traditional craftsman and handloom weavers and artisans supporting innovation driven micro enterprises in the country. In its endeavour at serving this objective, Exim Bank has consciously sought to establish, nurture and foster institutional linkages. This is reflected in the Bank entering into formal cooperation arrangements with select, broad-based organizations in order to directly reach out to the artisans and other target segments of the handloom sector, by helping in capacity building, technological upgradation, quality improvement, market access, training and more.

Through its GRID initiative, the Bank extends financial support to promote grassroots initiatives / technologies, particularly the ones with export potential and help the artisans / producer groups/ clusters / social enterprises / NGOs realize remunerative returns on their handloom products while simultaneously facilitating exports from these units. The GRID programme of the Bank works towards developing a holistic approach in its interventions. It endeavours to do so by helping grassroots enterprises at every stage of product development / business cycle. This encompasses capacity building, training, export capability creation, expansion/ diversification of their customer base, and addressing issues that inhibit their foray into exports.

Market Advisory Services

Exim Bank through its Marketing Advisory Services helps Indian exporting firms in their globalisation efforts by proactively assisting in locating overseas distributor(s)/buyer(s)/ partner(s) for their products and services. The Bank assists in identification of opportunities overseas for setting up plants or projects or for acquisition of companies overseas. MAS Group leverages the Bank's high international standing, in-depth knowledge and understanding of the international markets and well established institutional linkages, coupled with its physical presence, to inter-alia support Indian handloom units in their overseas marketing initiatives on a success fee basis. Exim Bank has been able to successfully place a range of handloom products in the overseas as well as domestic markets.

5. MARKET IDENTIFICATION OF HANDLOOM PRODUCTS FOR INDIAN MANUFACTURERS

This chapter seeks to analyse handloom products that have displayed dynamism in international demand, and the major importing countries for these products. These products have been classified on the basis of the commodity categorisation provided by the Office of the Development Commissioner (Handlooms), Ministry of Textiles, Government of India, which is as under:

- Woven fabrics of silk or of silk waste; of handloom
- Wool, fine or coarse animal hair: horsehair yarn and woven fabric
- Cotton fabrics : of handloom
- Carpets and other textile floor coverings
- Special woven fabrics; tufted textile fabrics; lace; tapestries, trimmings; embroideries
- Articles of apparel and clothing accessories, not knitted or crocheted
- Other made-up textile articles: sets; worn clothing and worn textile articles; rags

In the current section, the focus is on identifying products where India can enhance its exports and increase its share in global exports. This has been done using international trade data at HS-6 digit level of classification, the narrowest level of classification for which data can be compared across countries, unlike the data analysed in the previous chapter on India's handloom export performance, which was at HS-8 digit level of classification. Given this, the data presented in this chapter would be inflated since it would include other tariff lines as well. Data on handloom export for India will also accordingly be different and higher than what was presented earlier.

Data at HS6-digit level reveals that India was the third largest exporter of silk and cotton handloom product, fourth largest exporter of carpets and other textile floor coverings, fifth leading exporter of articles of

apparel and clothing accessories and seventh largest exporter of wool, fine or coarse hair; horsehair yarn and woven fabric and also of special woven fabric; tufted textile fabrics; lace; tapestries; trimmings; embroidery. To further enhance its presence in the global market, it is essential to identify the major demand centres and major competitors of India in those markets.

Woven fabrics of silk or of silk waste; of handloom

The world imports of woven fabrics of silk or silk waste (handloom) declined from US\$ 252.7 million in 2011 to approximately US\$ 176.8 million in 2016, registering a CAGR of (-) 6.9% during the period 2011 to 2016. The major markets globally for silk handloom products include Pakistan with a share of 14.1% in the year 2016, followed by France (8.4%), Italy (7.9%), US (6.4%) and Vietnam (5.8%). India was the third largest supplier of these products to France with a share of 3.9%. India had a share of 4.2% in the aggregate imports of silk handloom products by Italy. India was the second largest exporter of silk handloom products to US with a share of 21.8%, behind Italy. India has a minor share of 0.10% in Vietnam's import of silk handloom products globally. With regards to the world export of handloom products, India was the third largest exporter globally accounting for nearly 8.3% in the aggregate value. There exists opportunity for Indian handloom exporters to augment their exports in major markets such as Pakistan, France, Italy and Vietnam. China is a major competitor in the export of these products, and the Indian handloom exporters should enhance their focus on quality and design to have an edge over their Chinese counterparts.

Table 5.1: India's Share in Global Exports of Silk Handloom Products

HS Code	HS Description	Importing Country	Value of Imports (US\$ mn)	Share of India in the Market	Top Exporters to the Market (% share)
500790	Woven fabric of Silk	Pakistan	25.0	0.004%	China (99.7%)
		France	14.8	3.90%	Italy (79.2%), China (6.2%), India (3.9%), UK (2.4%), Japan (2%)
		Italy	14.0	4.20%	China (48.6%), France (28.1%), UK (4.9%), India (4.2%), Hungary (2.7%)
		US	11.3	21.80%	Italy (36.9%), India (21.8%), China (13.8%), S Korea (10.9%), France (5.1%)
		Vietnam	10.2	0.10%	Japan (89.9%), China (8.1%), S Korea (0.8%), Italy (0.5%), Thailand (0.2%)
		World	176.8	8.30%	China (37.6%), Italy (23.6%), India (8.3%), Japan (7%), S Korea (4.7%)

Source: UNCOMTRADE

Wool, fine or coarse animal hair; horsehair yarn and woven fabric

The world imports of wool, fine or coarse animal hair, horsehair yarn and woven fabric declined from US\$ 213.8 million in 2011 to approximately US\$ 165.1 million in 2016, recording a CAGR of (-) 5.0% during the period 2011 to 2016. The major market for wool, fine or coarse and woven fabric was China with a share of 11.7%, followed by Vietnam (11.0%), Dominican Republic (7.0%), the Netherlands (6.2%)

and Cambodia (4.8%). India had a minor share of 0.10% in China's imports, as against a share of 2.6% in the total world imports of wool, yarn and woven fabric, which amounted to US\$ 165.1 million in 2016. India does not feature among the top 5 suppliers in any of the major markets for the products wool, fine or coarse animal hair, horsehair yarn and woven fabric. Overall, India's competitors in the export of this product are Italy, China, Japan, Thailand and Germany.

Table 5.2: India's Share in Global Exports of Woven Handloom Fabric of Wool, fine or coarse animal hair, horsehair yarn

HS Code	HS Description	Importing Country	Value of Imports (US\$mn)	Share of India in the Market	Top Exporters to the Market (% share)
511290	Wool, finer coarse animal hair; horsehair yarn and woven fabric	China	19.4	0.10%	Italy (63.8%), Japan (24.9%), S Korea (4.3%), UK (2.2%), Turkey (0.6%)
		Vietnam	18.1	1.60%	China (68.2%), S Korea (14.4%), Japan (7.8%), Italy (3.8%), Turkey (2.3%)
		Dominican Republic	11.6	Nil	China (68.2%), US (14.2%), Italy (12.3%), Mexico (5.2%)
		The Netherlands	10.2	Nil	Italy (63.7%), Germany (15.1%), UK (4.7%), Belgium (4.2%), France (3.4%)
		Cambodia	7.9	Nil	Thailand (80.1%), China (14.3%), Pakistan (4.4%), Hong Kong (1.2%)
		World	165.1	2.60%	Italy (42.6%), China (21.9%), Japan (6%), Thailand (3.9%), Germany (3.2%)

Source: UNCOMTRADE

Cotton fabrics; of handloom

At the HS-6 digit level, there are 6 commodities that can be classified under cotton handloom products. Further analysis reveals that within these, there were 3 commodities where India ranked among the top 5 exporters globally. Given India's competitiveness in these products, the possibility of India to further enhance its exports into the major import markets remains high.

In the case of HS Code 520831, i.e. plain woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing $\leq 100\text{g/m}^2$, dyed, the value of world imports during the year 2016 was estimated at US\$ 150.4 million. India was the fourth largest supplier of this product globally with a share of nearly 7.5%, behind that of China (23.2%), France (19.2 %) and Italy (11.4%). The major markets for this product in 2016 were Tunisia (30.7%), Hong Kong (9.2%), UAE (4.8%), Malaysia (4.6%) and Indonesia (4.6%).

The world imports of HS Code 520841, i.e. plain woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing $\leq 100\text{g/m}^2$ made of yarn from different colours, was valued at US\$ 72.5 million during the year 2016. India had a share of 3.1% globally. The significant exporters of this product included China, Italy, Portugal, Bangladesh, and Turkey. The major importers of this product were Indonesia (18.8%), Spain (8%), China (7.5%), Italy (5.8%) and Hong Kong (5.2%).

The value of global imports of HS Code 520849, viz. plain woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing $\leq 200\text{g/m}^2$ made of yarn from different colours was valued at US\$ 455.2 million during the year 2016. India had a share of 2.2% in global exports. The major competitors of India for this

product were China, Italy, Turkey, Egypt and Portugal. The leading importing markets for this product included Italy (8.8%), Togo (6.9%), Vietnam (6.7%), Madagascar (6%), and China (4.9%).

Among the major global exporters of plain woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing $\leq 200\text{g/m}^2$, printed (HS Code 520859), India ranked second, accounting for a share of approximately 11.0% in world exports. China was the largest exporter of this product with a share of 48.0%. The major markets included Vietnam (42.6%), Sri Lanka (9.5%), UAE (3.6%), Romania (3.3%) and Germany (2.5%).

Global imports of plain woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing $> 200\text{g/m}^2$, unbleached (HS Code 520911), was US\$ 184.7 million during the year 2016. The major exporters of this product were Pakistan, China, India, Turkey and Italy. The significant markets for imports of these products included Vietnam (12.4%), Malaysia (9.9%), Egypt (8.5%), China (7.6%) and Italy (6.7%).

The world imports of plain woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing $> 200\text{g/m}^2$, printed (HS Code 520951) was valued at US\$ 97.7 million in 2016. The major exporters of this product globally were China (16.4 %), Turkey (15.1%), Italy (11.5%), Germany (7.7%) and Spain (7.7%). India accounted for a share of 5.2% in the world exports of this product. The major importing countries included Germany (10.1%), Poland (8.1%), USA (8%), UK (7.0%) and Myanmar (4.9%). There exists ample scope for Indian handloom exporters to expand the volume of exports in each of these product categories in the cotton handloom product range.

Table 5.3: India's Share in Global Exports of Cotton Handloom Products

HS Code	HS Description	Importing Country	Value of Imports (US\$ mn)	Share of India in the Market	Top Exporters to the Market (% share)
520831	Plain woven fabrics of cotton, containing ≥85% cotton by weight and weighing ≤100g/m ² , dyed	Tunisia	46.2	0.1%	France(59.4%), Turkey(11%), Italy(7.3%), China(4.3%), Pakistan(1.9%)
		Hong Kong	13.8	0.2%	China(63.7%), Italy(13.2%), Japan(10.5%), S Korea(4.3%), US(2%)
		UAE	7.3	74.2%	India(74.2%), China(17.5%), Pakistan(3%), Switzerland(1.6%), Bangladesh(1.1%)
		Malaysia	6.9	1.1%	China(86.6%), Japan(9.3%), Italy(2.4%), India(1.1%), Turkey(0.2%)
		Indonesia	6.9	7.2%	S Korea(30.6%), Hong Kong(30.2%), China(29.3%), India(7.2%), Vietnam(1.2%)
		World	150.4	7.5%	China (23.2%), France (19.2%), Italy (11.4%), India (7.5%), Turkey (5.5%)
520841	Plain woven fabrics of cotton, containing ≥85% cotton by weight and weighing ≤100g/m ² made of yarn from different colours	Indonesia	13.6	0.5%	China(81.7%), Hong Kong(12.5%), S Korea(2.2%), Vietnam(1.9%), Japan(1%)
		Spain	5.8	Nil	Portugal(60%), Italy(15.3%), Turkey(13.7%), China(10.6%), France (0.3%)
		China	5.4	0.8%	Italy(32.5%), Japan(30.7%), Turkey(3.6%), Switzerland(2.3%), S Korea(2%)
		Italy	4.2	8.0%	Czech Republic (37%), China(24.2%), Turkey (13.5%), Portugal(9%), India(8%)
		Hong Kong	3.8	1.0%	China(44.9%), Italy(23.5%), S Korea(9.3%), Japan(3.3%), Portugal(3%)
		World	72.5	3.1%	China(38.2%), Italy(16.6%), Portugal(8%), Bangladesh(6.9%), Turkey(4.3%)
520849	Plain woven fabrics of cotton, containing ≥85% cotton by weight and weighing ≤ 200g/m ² made of yarn from different colours	Italy	40.1	0.6%	Egypt(37.5%), Czech Republic (19.9%), China(13.3%), Turkey(10.3%), Switzerland (4.6%)
		Togo	31.3	2.2%	China (94.5%), Ghana (2.7%), India(2.2%), Hong Kong(0.2%), Germany(0.1%)
		Vietnam	30.7	0.1%	China(86.6%), Japan(3.2%), Turkey(1.9%), Thailand(1.7%), S Korea(0.9%)
		Madagascar	27.1	2.5%	Mauritius(52%), China(27%), India(2.5%), Italy(0.2%), Spain (0.2%)
		China	22.3	3.6%	Italy(26.5%), Japan(18.6%), India(3.6%), Turkey(2.6%), Hong Kong(2.1%)
		World	455.2	2.2%	China(36.7%), Italy(17.7%), Turkey(5.7%), Egypt(3.8%), Portugal(3.7%)

520859	Plain woven fabrics of cotton, containing ≥85% cotton by weight and weighing ≤ 200g/m ² , printed	Vietnam	232.2	2.9%	China(80.1%), S Korea(6.3%), Pakistan(3%), Hong Kong(2.9%), India(2.9%)
		Sri Lanka	51.6	68.9%	India(68.9%), China(16.6%), Pakistan(6.5%), Thailand(5.3%), Hong Kong(1.4%)
		UAE	19.6	28.3%	China(60%), India(28.3%), Italy(2.9%), Japan(2%), Turkey(1.9%)
		Romania	17.8	Nil	Turkey(41.2%), Italy(29%), Germany(17.5%), Pakistan(4.9%), UK(2.6%)
		Germany	13.9	1.1%	Italy(30.9%), Croatia(20.2%), Czech Republic(12.3%), Switzerland (10.6%), China(5.8%)
		World	544.5	11.0%	China (48%), India (11%), Italy (6.6%), Pakistan (4.8%), Turkey (4%)
		520911	Plain woven fabrics of cotton, containing ≥85% cotton by weight and weighing > 200g/m ² , unbleached	Vietnam	22.8
Malaysia	18.3			1.1%	China(62.8%), Japan(23.3%), Italy(6.7%), Hong Kong(3.8%), India(1.1%)
Egypt	15.7			Nil	Pakistan(95.5%), China(3.5%), Thailand (0.9%), Turkey(0.1%), Germany(0.1%)
China	14.1			2.1%	Pakistan(83%), S Korea(2.3%), Italy(2.3%), India(2.1%), Japan(0.6%)
Italy	12.4			5.1%	China(39.6%), Turkey(21.9%), Pakistan(16.8%), India(5.1%), Germany(2.6%)
World	184.7			12.8%	Pakistan(30.4%), China(19.1%), India(12.8%), Turkey(8.5%), Italy(3.3%)
520951	Plain woven fabrics of cotton, containing ≥85% cotton by weight and weighing > 200g/m ² , printed			Germany	9.8
		Poland	7.9	0.8%	Netherlands(68.3%), Turkey(11.5%), Spain(6%), Italy(5%), Germany(4.5%)
		US	7.8	7.0%	Germany(23.5%), Pakistan(20.5%), China(11%), India(7%), Turkey(6.3%)
		UK	6.8	1.8%	Spain(23.9%), Turkey(21.7%), Italy(18.8%), Germany(15.3%), France(5.7%)
		Myanmar	4.8	0.5%	China(95.9%), Thailand(3%), Indonesia(0.6%), India(0.5%)
		World	97.7	5.2%	China(16.4%), Turkey(15.1%), Italy(11.5%), Germany(7.7%), Spain(7.7%)

Source: UNCOMTRADE

Carpets and other textile floor coverings

year 2016.

At HS- 6 digit level, there are 2 commodities which have been segregated under the carpets and other textile floor coverings category. India was among the top 5 exporters for both these products during the

For the HS Code 570242 (carpets and other floor coverings, of man-made textile materials, woven, not tufted or flocked, of pile construction, made-up), the value of global imports was estimated at US\$ 1811.4

million during the year 2016. Turkey (53.8%) was by far, the single largest exporter of this product. Other major exporters included Belgium (14.5%), Egypt (9.8%), China (8.5%) and India (2.5%). The major markets for this product were US, Saudi Arabia, Germany, Austria and UK. India has a miniscule share of 3% in the exports of this product to the US, and is not identified among the top 5 suppliers to the other major markets of Saudi Arabia and Austria. These markets should be targeted to amplify India's exports by focusing on product quality and customisation as per demand.

The value of global imports of carpets and other textile floor coverings, whether or not made up (HS Code 570500) was US\$ 1157.5 million. The major exporters were China (37.6%), India (16.0%), US (5.6%), Turkey (4.8%), and Belgium (4.8%). The key global markets of this product included US, Japan, France, the UK and Germany. India has the potential to penetrate the Japanese market for carpets and other textile floor coverings and its major competitor is China which holds a significant share of 95.4% in the Japanese market.

Table 5.4: India's Share in Global Exports of Carpets and Other Textile Floor Coverings

HS Code	HS Description	Importing Country	Value of Imports (US\$ mn)	Share of India in the Market	Top Exporters to the Market (% share)
570242	Carpets and other floor coverings, of man-made textile materials, woven, not tufted or flocced, of pile construction, made-up	US	584.3	3.0%	Turkey (52.6%), Egypt (15.9%), Belgium (12.9%), China (10.7%), India (3%)
		Saudi Arabia	161.7	1.4%	Turkey (81.1%), China (4.5%), Jordan (3.1%), Belgium (2.9%), Egypt (2.1%)
		Germany	159.4	2.3%	Turkey (61.3%), Belgium (22.7%), Egypt (5.7%), Netherlands (3.6%), India (2.3%)
		Austria	66.3	0.2%	Turkey (81.3%), Germany (8.7%), Belgium (2.9%), Egypt (2.8%), China (1.6%)
		UK	65.6	7.2%	Turkey (45.6%), Belgium (25.7%), Egypt (13%), India (7.2%), China (3%)
		World	1811.4	2.5%	Turkey (53.8%), Belgium (14.5%), Egypt (9.8%), China (8.5%), India (2.5%)
570500	Carpets and other textile floor coverings, whether or not made up	US	237.2	29.1%	China (58.4%), India (29.1%), UK (3.1%), Czech Republic (1.2%), Germany (1.2%)
		Japan	102.1	1.1%	China (95.4%), India (1.1%), Vietnam (1.1%), Indonesia (0.6%), UK (0.5%)
		France	77.2	16.6%	China (18.1%), India (16.6%), UK (13.6%), The Netherlands (13.3%), Poland (10.9%)
		UK	70.4	18.7%	China (23%), India (18.7%), France (18.7%), The Netherlands (9.5%), Belgium (5.8%)
		Germany	49.0	18.5%	Belgium (19.5%), India (18.5%), China (15.2%), The Netherlands (11.7%), UK (7.1%)
		World	1157.5	16.0%	China (37.6%), India (16%), US (5.6%), Turkey (4.8%), Belgium (3.8%)

Source: UNCOMTRADE

Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery

The total world imports market for terry towelling and similar woven terry fabrics, of cotton (HS Code 580219) was estimated at US\$ 75.8 million during the year 2016, with key importers being Hungary (14.1%), Cambodia (11.6%), Japan (9.7%), Argentina (7.0%) and Russia (4.5%). India accounted for a share of 6.4% in global exports of this product. However, India did

not have a significant share in the top 5 markets, reflecting the untapped potential. India's leading competitors in the global export of this product included China, Austria, Turkey, Germany, and Pakistan. There exist substantial opportunities for exports of special woven fabrics, tufted textile fabrics; lace; tapestries; trimmings; embroidery by India to the major importing countries such as Hungary, Cambodia, Japan, Argentina and Russia.

Table 5.5: India's Share in Global Exports of Special Woven Fabrics, tufted textile fabrics; lace; tapestries; trimmings; embroidery

HS Code	HS Description	Importing Country	Value of Imports (US\$ mn)	Share of India in the Market	Top Exporters to the Market (% share)
580219	Terry towelling and similar woven terry fabrics, of cotton	Hungary	10.7	Nil	Austria(93.9%), Turkey(2.7%), Germany(2.1%), Slovakia(0.6%), China(0.4%)
		Cambodia	8.8	0.0%	China(45.3%), Thailand(21.6%), Hong Kong(21.1%), Vietnam(6.8%), Japan(1%)
		Japan	7.3	0.03%	China(92.2%), Vietnam(7.8%), Thailand(0.04%), India(0.03%)
		Argentina	5.3	0.6%	Brazil(78.8%), Pakistan(15.8%), China(4.9%), India(0.6%)
		Russian Federation	3.4	2.1%	Uzbekistan(45.3%), Turkmenistan(43.7%), Belarus(4.1%), Turkey(2.1%), India(2.1%)
		World	75.8	6.4%	China(22.8%), Austria(13.8%), Turkey(9%), Germany(8.5%), Pakistan(6.9%)

Source: UNCOMTRADE

Articles of apparel and clothing accessories, not knitted or crocheted

There are two products categorised under the segment of articles of apparel and clothing accessories, not knitted or crocheted. These include shawls, scarves, mufflers, mantillas, veils and similar articles of silk or silk waste (HS Code 621410) and gloves, mittens and mitts, of all types of textile materials (HS Code 621600).

The value of global imports of shawls, scarves, mufflers, mantillas, veils and similar articles of silk or silk waste (HS Code 621410), was valued at US\$ 598.8 million during the year 2016. India was the fourth leading exporter of this product, with a share of 5.5% in world exports, behind Italy (38%), France (26.6%) and China (11.8%). France was the largest import

market, accounting for nearly one-sixth of the world imports of this product. India was the fourth largest supplier to France with a share of nearly 4%. The other important import markets for this product included the US, Italy, Hong Kong and Japan.

The global imports of gloves, mittens and mitts, of all types of textile materials (HS Code 621600) were valued at US\$ 986 million during 2016 with India catering to only 1.4% of this market. The leading exporters of the product were China, Vietnam, Pakistan, Indonesia and Germany. The leading import markets for this product included US with a share of 31.2%, followed by Germany (6.6%), France (5.7%), Canada (4.8%), and UK (4.5%). Indian exporters of handwoven gloves, mittens and mitts should target the major import markets of this product such as Germany, France and Canada.

Table 5.6: India's Share in Global Exports of Articles of apparel and clothing accessories, not knitted or crocheted

HS Code	HS Description	Importing Country	Value of Imports (US\$ mn)	Share of India in the Market	Top Exporters to the Market (% share)
621410	Shawls, scarves, mufflers, mantillas, veils and similar articles of silk or silk waste	France	92.2	4.0%	Italy(51.6%), Morocco(9.6%), China(5.2%), India(4%), Belgium(2.5%)
		US	67.6	6.2%	Italy(41.4%), China(24.5%), France(20.8%), India(6.2%), Japan(2.1%)
		Italy	46.6	4.2%	France(5%), Tunisia(27.6%), Switzerland(9.1%), China(5.7%), India(4.2%)
		Hong Kong	44.9	0.5%	France(62.8%), Italy(16.6%), China(5.9%), Switzerland(5.8%), Singapore(3.4%)
		Japan	37.1	3.0%	Italy(42.1%), France(39.7%), China(12.1%), India(3%), Belgium(0.8%)
		World	598.8	5.5%	Italy(38%), France(26.6%), China(11.8%), India(5.5%), Tunisia(2.2%)
621600	Gloves, mittens and mitts, of all types of textile materials	US	307.6	0.1%	China(60.1%), Vietnam(18.4%), Pakistan(7.5%), Indonesia(5.6%), Philippines(1.9%)
		Germany	64.6	1.5%	China(60.3%), Vietnam(11.8%), Indonesia(7.8%), Pakistan(6.3%), UK(1.9%)
		France	56.0	2.8%	China(45.4%), Vietnam(28.6%), Indonesia(8.3%), Pakistan(4.2%), Italy(2.9%)
		Canada	47.3	1.1%	China (71.1%), Vietnam (14.1%), Indonesia (4%), Pakistan (3%), US (2.1%)
		UK	43.9	4.9%	China (53%), France (5.4%), Belgium (5.1%), India (4.9%), Germany (4.5%)
		World	986.0	1.4%	China (55.3%), Vietnam (12.9%), Pakistan (5.5%), Indonesia (5%), Germany (3%)

Source: UNCOMTRADE

Other made-up textile articles: sets; worn clothing and worn textile articles; rags

There are 8 commodities listed in the category of other made-up textile articles: sets; worn clothing and worn textile articles, rags. These are printed bedlinen of cotton, table linen of cotton, toilet linen and kitchen linen of terry towelling or similar terry fabrics of cotton, toilet linen and kitchen linen of cotton, bedspreads of all types of textile materials, articles for interior furnishing of cotton, articles for interior furnishing of textile materials, and floor cloths, dishcloths, dusters and similar cleaning clothes, of all types of textile materials. India was among the top suppliers for 7 of these commodities.

The value of global imports of printed bedlinen of cotton was estimated at US\$ 2323.7 million, with India garnering a share of 11.2%. US was the largest importer of this product and India was the leading supplier to this country with a share of 26.9% during the year 2016. Germany was the second largest market and India was the fifth leading exporter with a share of 9.3%. Other leading importing markets for this product included France, UK and the Netherlands. The share of India in the imports of printed bedlinen of cotton by the major importing countries of Germany, France, UK and the Netherlands needs to be augmented.

India was, by far, the leading supplier of table linen of

cotton catering to 42.9% of the world market for this product. The major markets for import of table linen of cotton during 2016 included US (32.8%), Germany (9.9%), France (7.0%), Italy (6.0%) and UK (4.2%).

India's share in the export of toilet linen and kitchen linen of terry towelling or similar terry fabrics of cotton was 22.3%, with India being among the leading suppliers to each of the five major importing countries. The key importing markets US, Japan, Germany, UK and France together account for 60.7% of the world imports. In US, which was the largest importing market for the product accounting for

39.0% of the total imports, India had a share of 36.9%, followed by Pakistan and China. India was the fourth largest supplier of this product to Japan, with a share of 2.6%, behind that of China (58.6%), Vietnam (29.2%) and Thailand (3.1%).

A similar scenario can be noted for other products in this category which include toilet linen and kitchen linen, of cotton, bedspreads of all types of textile materials, articles for interior furnishing of cotton, articles for interior furnishing, of textile materials, and floor cloths, dishcloths, dusters and similar cleaning clothes of all types of textile materials.

Table 5.7: India's Share in Global Exports of Other made-up textile articles: sets; worn clothing and worn textile articles; rags

HS Code	HS Description	Importing Country	Value of Imports (US\$ mn)	Share of India in the Market	Top Exporters to the Market (% share)
630221	Printed bedlinen of cotton	US	527.0	26.9%	China(28.5%), India(26.9%), Pakistan(19.6%), Turkey(10.4%), Bahrain(4.1%)
		Germany	310.0	9.3%	Turkey(32.7%), Pakistan(19.3%), Poland (14.6%), Bangladesh(10.9%), India(9.3%)
		France	184.2	2.1%	Pakistan(51.8%), Turkey(14%), Bangladesh(13.2%), Portugal(5.9%), China(4.4%)
		UK	114.5	8.0%	Pakistan(39.8%), Portugal(15.9%), China(11.3%), India(8%), Bangladesh(5%)
		The Netherlands	98.1	2.3%	Pakistan(58.2%), Turkey(12.1%), Germany(8.2%), Bangladesh(6.2%), China(4.5%)
		World	2323.7	11.2%	Pakistan(26.6%), China(17.3%), Turkey(12.6%), India(11.2%), Bangladesh(7.3%)
630251	Table linen of cotton	US	179.9	58.5%	India(58.5%), China(23.1%), Pakistan(8.6%), Italy(3%), France(1.6%)
		Germany	54.3	48.8%	India(48.8%), Belarus(12.5%), China(9%), Turkey(6.4%), Italy(4.6%)
		France	38.6	32.3%	India(32.3%), Tunisia(18%), Portugal(12.7%), Turkey(9.3%), China (7.2%)
		Italy	32.8	35.0%	India(35%), Turkey(18.2%), Egypt(9.4%), Pakistan(87%), The Netherlands(8.2%)
		UK	23.2	54.9%	India(54.9%), China(20%), Egypt(9.3%), Pakistan(3.7%), Turkey(2.6%)
		World	548.7	42.9%	India(42.9%), China(16.9%), Pakistan(4.9%), Turkey(4.6%), Germany(4.5%)

630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton	US	2006.7	36.9%	India(36.9%), Pakistan(26.1%), China(23.4%), Turkey(5%), Bangladesh(2.4%)
		Japan	542.3	2.6%	China(58.6%), Vietnam(29.2%), Thailand(3.1%), India(2.6%), Bangladesh(2.3%)
		Germany	309.7	6.6%	Turkey(38%), Pakistan(14.5%), India(6.6%), Hungary(6.3%), China(5.6%)
		UK	264.5	25.6%	Pakistan(32.1%), India(25.6%), Turkey(15.8%), China(8.9%), Portugal(5.7%)
		France	213.5	7.7%	Turkey(32.3%), Portugal(19.4%), Pakistan(11.5%), China(9.9%),
		World	5142.8	22.3%	China(24.1%), India(22.3%), Pakistan(17.3%), Turkey(12.2%), Vietnam(3.8%)
		630291	Toilet linen and kitchen linen, of cotton	US	120.3
Germany	52.9			19.2%	Pakistan(19.5%), India(19.2%), China(17.1%), Turkey(10.6%), Egypt(8.7%)
UK	46.1			28.5%	India(28.5%), China(17.8%), Turkey(16.2%), Pakistan(13.2%), Bangladesh(9.6%)
France	44.6			25.2%	India(25.2%), China(18.2%), Pakistan(16%), Tunisia(10.2%), Turkey(6.8%)
Japan	36.9			2.6%	China(76.6%), Vietnam(11.8%), Germany(2.7%), India(2.6%), Brazil(1.4%)
World	690.4			22.4%	China(30%), India(22.4%), Pakistan(12%), Turkey(7.6%), Egypt(4.4%)
630419	Bed spreads of all types of textile materials			US	80.3
		Spain	23.6	35.1%	Portugal(49.3%), India(35.1%), China(6.1%), Italy(3.3%), Tunisia(1.4%)
		UK	20.8	16.3%	China(31.1%), Romania(24.8%), India(16.3%), Pakistan(11.7%), Portugal(4.5%)
		Germany	20.0	38.4%	India (38.4%), China (23.9%), Portugal (7.9%), Austria(7.4%), Poland (4.5%)
		France	14.2	25.4%	China(49%), India(25.4%), Portugal(11.6%), Pakistan (3%), Italy(2.1%)
		World	405.2	20.4%	China(45.2%), India(20.4%), Portugal(9.7%), Pakistan(5.2%), Turkey(4%)

630492	Articles for interior furnishing, of cotton	US	210.5	32.3%	China(48.9%), India(32.3%), Pakistan(6.7%), Portugal(2.8%), Italy(2.7%)
		Germany	56.8	31.5%	China(40.6%), India(31.5%), Poland(5.2%), Pakistan(5.2%), Turkey(4%)
		Japan	40.0	19.1%	China(77%), India(19.1%), Italy(1.3%), Estonia(0.4%), US(0.3%)
		UK	31.6	28.9%	China(38.1%), India(28.9%), Germany(8.8%), Portugal(7.1%), Italy (6.8%)
		France	26.0	48.7%	India(48.7%), China(18.2%), Spain(7.1%), Pakistan(5.8%), Turkey(3.1%)
		World	625.5	29.6%	China(37.9%), India(29.6%), Pakistan(4.2%), Germany(3.7%), Italy(3%)
630499	Articles for interior furnishing, of textile materials	Spain	60.6	1.10%	Morocco(82.5%), Tunisia(6.2%), China(5.9%), Portugal(1.2%), India(1.1%)
		US	48.2	36.1%	China(46.1%), India(36.1%), UK(4.9%), Italy(4.8%), Peru(1.3%)
		Germany	22.3	2.9%	China(65.2%), Italy(8.2%), Poland(5.4%), The Netherlands(3.6%), Turkey(3%)
		France	22.2	5.2%	Morocco(27%), Tunisia(23.8%), China(17.2%), Turkey(7.7%), India(5.2%)
		UK	14.5	17.5%	China(52.1%), India(17.5%), Germany(7.9%), Turkey(7.7%), Italy(2.4%)
		World	333.6	11.1%	China(31.7%), Morocco(17.8%), India(11.1%), Tunisia(5.5%), Germany(4.2%)
630710	Floorcloths, dishcloths, dusters and similar cleaning clothes, of all types of textile materials	US	542.5	4.7%	China(44.9%), Pakistan(34.3%), India(4.7%), Canada(4%), Bangladesh(3.2%)
		Germany	133.9	0.2%	China(37.1%), The Netherlands(11.1%), S Korea(7.9%), Poland(6.8%), Vietnam(6.6%)
		UK	88.7	2.0%	China(48.2%), Pakistan(15.4%), The Netherlands(12.1%), Germany(6.6%), US (2.7%)
		France	82.1	0.3%	China(32%), Germany(14.5%), Italy(14.1%), The Netherlands (11.2%), Belgium(6.1%)
		Japan	66.5	0.03%	China(70.7%), Vietnam(14.3%), S Korea(4.7%), Bangladesh(4.7%), Thailand(1%)
		World	1800.6	2.0%	China(44.5%), Pakistan(12.2%), Germany(7.3%), US(3.6%), The Netherlands(3.3%)

Source: UNCOMTRADE

IN SUM

In several product categories, India was a major import source for some of the major markets, while its presence was minimal in some other key countries. For example in the case of woven fabrics of silk (HS Code 500790), while India's share in global exports was 8.3%, its share in the exports of one of the major markets, viz. Vietnam, was just 0.1%. Similarly, in the exports of carpets and other textile floor coverings,

whether or not made up (HS Code 570500), India constituted a share of 16.0%, although India had only a minor share of 1.1% in Japan, with market dominated by Chinese supply. Thus, there is immense potential for the Indian handloom sector to expand into major markets, which it currently is not serving. The country needs to tap such opportunities for bolstering its position in the global market for handloom products.

6. CHALLENGES AND STRATEGIES

Challenges

Shortage of Raw Materials

For the prosperity and development of the handloom industry, it is of prime importance to address various issues associated with the availability, prices and delivery of raw materials.

Low Yields

The major raw materials used in the production of handloom products are cotton, silk, jute and wool. India is the leading producer of cotton in the world. India's share in the global production of cotton lint was approximately 26.3 % during the year 2016-17. As is evident from Table 6.1, in spite of India being the

leading producer of cotton in the world, the yield in production remains low as compared to global averages and also relative to other cotton producing countries. During the year 2016-17, while the cotton yield in India was 542 kg/ha, the global average was 784 kg/ha. The yield of cotton production in India is substantially lower when compared to that of the second largest producer of cotton, China (1708 kg/ha). Moreover, wide fluctuations are observed in the case of cotton production. The variations in production and low yields cause hurdles in production planning. Further, various cotton varieties which are produced are inappropriate and unsuitable for handloom production. For instance, cotton cultivation is predominated by the American cotton varieties, which, as per industry reports, are not amenable for being woven on handlooms.

Table 6.1: Yield of Cotton Production in the Top 10 Producers of Cotton in the World (2016-17)

Rank in Production	Country	Cotton Yield (kg/ha)
1	India	542
2	China	1708
3	US	972
4	Pakistan	699
5	Brazil	1621
6	Uzbekistan	687
7	Australia	1577
8	Turkey	1742
9	Argentina	680
10	Greece	1125
	Global Average	784

Source : Yield as per USDA Data

Fluctuating and High Prices of Cotton and Cotton Yarn

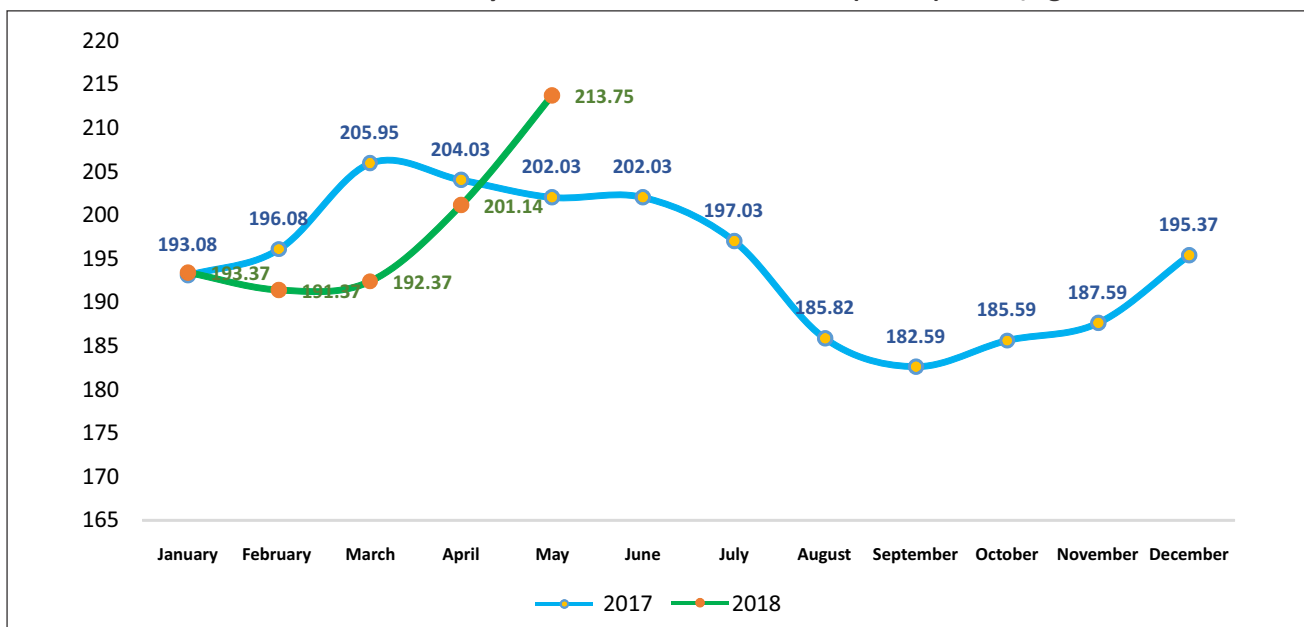
The issue of easy sourcing of raw materials like yarn at reasonable prices has been a key bottleneck across the centres of handloom production. The problem is far more acute for individual weavers. Cotton yarn is

the major input for handloom weaving. In recent years, there has been a fluctuation in the prices of yarn on account of sharp fluctuation in the prices of cotton. There have been occasions of shortage of cotton domestically, that can be attributed to low levels of domestic production coupled with augmentation in exports. This has led to an escalation

in the domestic prices of cotton, sometimes at levels higher than the international price. This creates difficult circumstances for the weavers, who then have to forgo profitability, to maintain capacity utilisation. The variations in the prices of raw materials and the unreliability in the availability of raw materials has led to serious negative consequences and decline in production of handloom products. As can be observed in the Exhibit (6.1) the price of cotton yarn has displayed considerable fluctuations in the year 2017. An increasing trend in prices could be noted till the month of March, when

the prices were as high as Rs. 205.95 per kg. Subsequent to this period, a declining trend initiated and the prices recorded their lowest value during 2017 in the month of September at Rs. 182.59 per kg. Following this period, a rise could again be noticed in the last quarter of the year. Likewise, in the year 2018, the handloom sector has been adversely impacted due to a surge in cotton yarn prices. In comparison to the month of January, the cotton yarn prices increased by Rs. 20.38 per kg in the month of May 2018.

Exhibit 6.1: Monthly Prices of Indian Cotton Yarn (Cones) in Rs. /kg



Source: Ministry of Textiles

The lack of convenience in procuring raw materials such as cotton yarn at reasonable prices remains a major challenge for handloom weavers. The delivery of cotton yarn in the hilly regions of the North Eastern states is even more problematic. The Government of India has implemented the Mill Gate Price Scheme for ensuring easy availability of yarn and dyes at reasonable prices and on a regular basis. The yarn is supplied to the weavers in bulk, and the individual weavers cannot procure yarn in small quantities. This in turn, results in the weaver's enhanced reliance on the traders and master weavers. For the procurement of yarn, the Primary Weavers Corporative Societies (PWCS) decide the variety and the quantity of hank yarn to be procured and place the order with the

NHDC or the Apex Society at the State Level. The PWCS make advance payments to the NHDC or the Apex Weaver Society at the State Level. It is only after the receiving of the payments that the NHDC directs the mills for the delivery of yarn to the weavers. Delays in the receipt of yarn have been noted and the required quality is also not delivered at times. Further, the disbursement of eligible subsidy upon the purchase of hank yarn has also been postponed at times.

Increase in Competition from the Power Loom and Mill Sector

The power loom sector is one of the major divisions of the textile industry and contributes to nearly 60% of

the aggregate cloth production in the country. The technology applied in the power loom sector has been upgraded considerably, supported by the interest subvention/ capital subsidy provision under the Technology Upgradation Schemes. The time consumed in the production of cloth when produced by handlooms is substantially higher as compared to the time involved in the power loom industry. The cloth/fabric produced by the power loom industry is cheaper and the delivery is faster. According to industry sources, while the fabric produced by the

power loom would cost Rs. 30 per metre, that produced on handloom would be around Rs. 500 per metre⁷. However, the machines employed in the power loom sector are quite expensive as compared to the handloom. Due to the higher prices of handloom products, a very limited section of the society can afford to buy the handloom produce, and a relatively larger section opts for the power loom fabrics. Consequently, the number of power looms in the country has shown a consistent increase over the last decade.

Table 6.2: Number and Growth of Power Looms in India

Year	No. of Power looms	Growth (%)
2006 - 07	1990308	
2007 - 08	2106370	5.8
2008 - 09	2205352	4.7
2009 - 10	2246474	1.9
2010 - 11	2282744	1.6
2011 - 12	2298377	0.7
2012 - 13	2347249	2.1
2013 - 14	2367594	0.9
2014 - 15	2447837	3.4
2015 - 16	2522477	3.1
2016 - 17	2629269	4.23
2017 - 18 (till Oct)	2701771	

Source: Annual Report 2017-18; Ministry of Textiles

The modern textile industry has therefore been posing a serious threat to the traditional handloom industry. The modern textile sector including the spinning mills backed by modern technology and capital intensive production set up, especially encouraged by the globalization policy of the government, has geared up their promotion and marketing strategy to capture the major part of the rural and urban market. This has been primarily on

account of economic scale of production, diversified product ranges, low price, high quality and superior and standardised products. For the low income consumers, the affordable and low priced industrial products seem more attractive, and in the case of the higher income customers, handloom products are displaced by the branded and value added power loom products. Rapid technological upgradation and automation in the modern textile industry has led to

⁷Handloom Weaving- No Longer Music of Rural Houses: A curtain raiser of the Health Problems of Traditional Weavers; Mrs. A. Bharathy

high volume of production of a variety of quality synthetic and cotton textile items, enjoying competitive advantage over their handloom counterparts.

Lack of Credit Availability

The two primary credit related issues faced by handloom weavers are lack of access to credit and the expensive cost of credit. The cost of availing credit is exorbitant and the build-up of debts by the handloom cooperatives worsens the situation. According to the third handloom census, it was estimated that approximately 44.6% of the weavers relied on the master weaver for the provision of credit, and nearly 13.4% depended on the money lenders. It was specified that only 14.8% of the handloom weavers had access to institutionalised sources of credit.

The looms employed by most of the workers are old and in poor conditions. However, the weavers face difficulty of non-availability of credit to upgrade the quality of their looms or purchase new ones. A vast majority of weavers' request for investment loans gets rejected by the bankers. It has been recognised that in the states of Andhra Pradesh, Telangana, Tamil Nadu, Odisha and Karnataka, handloom weavers did receive fresh credit limit. Consequently, the operations of handloom workers in these regions was efficient. Nevertheless, this is not the scenario in the Northern and the North Eastern states, where the banks are generally averse to extending finance to the weaver's societies. The reasons behind the banks being constrained to lend to the sector include lack of recognition regarding the potential of the handloom produce and also the lack of awareness associated with the schemes for the welfare of the weavers by the Office of the Development Commissioner (Handlooms); Ministry of Textiles, Government of India. Additionally, the accumulation of overdues on the outstanding loans extended to the handloom sector also discourages the bank from extending loans.

Marketing Issues

In the present globalised world, robust marketing of products is of prime importance to increase the sales and increase the demand among consumers.

Less Understanding of Consumer Preferences and Interest by Weavers

The weavers of handloom products do not have an opportunity to receive direct feedback from customers and are unable to assess the type of demand forthcoming from the market. As a result, they continue to produce traditional designs without having any incentive to attempt innovation in their style of production and engage in novelty of designs, texture and colours. The master craftsmen and the middlemen provide market inputs as well as assume the marketing of handloom products. They act as the sole pathway of market related information to the weavers, providing them only limited insights regarding patterns, trends and designs in the market. This lack of first hand and direct information induces the manufacture of products not aligned with the demand patterns of customers.

Lack of Differentiation between Handloom and Powerloom Produce among Customers

There is a clear lack of awareness among the general masses about the quality and efforts that are embedded in a hand woven fabric. Owing to the manual operations involved, intricate designs can be created on the cloth which is made of very fine material. However, the customers are unable to distinguish between the products produced by the handloom sector from those produced on power looms. This has been a major constraint in the development of handloom products and it is of supreme importance to render knowledge to the customers about the exclusiveness of the handloom produce. As handloom weavers are typically fragmented and unorganised players, they cannot engage in organising large scale knowledge sharing sessions for the consumers.

Inadequate Promotional Campaigns

The limited endeavours to highlight the attractive

features of handloom products has led to a major setback for the sector. The attempts towards advertising the handloom produce is done occasionally, which leads to periodic sales. However, this is not a holistic approach towards promoting the product and is generally unsuccessful in generating a sustainable interest and attractiveness among the consumers. The customers are not enlightened about the distinctive features of handloom fabrics through advertisements. To enhance the quantity of sales, it is of extreme importance to have an understanding of appropriate marketing strategies to attract the attention of customers.

Dearth of Standardisation in Quality

The handloom products lack consistency of quality in terms of finishing, colour and dye. Under the coverage of their cluster development scheme, the Government is making efforts to increase awareness related to commitment towards the quality parameters. The Handloom Mark has been introduced which demonstrates the supreme quality of the produce, however not many weavers opt for this, because of the less knowledge and lack of concern with subject to the quality of produce⁸.

Supply Chain Impediments

The supply chain in the handloom sector is not managed efficiently. The timely flow of raw materials such as yarn is constrained, causing challenges in production. Moreover, stocks of finished products also gets piled up at times due to scarcity in demand for these products. This unplanned management increases the financial debt burden and incapacitates the weavers to make timely repayment of loans.

Institutional Inefficiencies

The major difficulties associated with institutions involved with the operations of the handloom sector include:

- The Primary Weavers Cooperative Societies have not been able to adapt themselves, to transformed scenario of the globalised world. These societies face

the problem of deficiency in financial robustness and ineffectiveness intensified by their unorganised nature. The occurrence of incidents wherein the weavers rather than relying on the PWCS, have banked on the private money lenders and the master weavers, illustrates the lack of competency of these societies.

- The dearth in proficiency of the institutions involved in the financial flow of credit add to the woes of the handloom weavers. The DCCB (District Central Cooperative Banks) provide credit to the PWCS for their operations. In some occasions the DCCBs are financially weak, while in some cases the PWCS lack monetary soundness – in either cases, the handloom weavers are adversely impacted. Those districts where the DCCBs are not financially strong, they are incapable of meeting credit requirements of the PWCS. The PWCS are not eligible for credit support if they lack requisite finances.

- The Office of the Development Commissioner (Handlooms), Ministry of Textiles, Government of India is entitled to perform two functions; the regulatory responsibility including maintenance of accounts, audit and the comprehensive operations of the PWCS, and the developmental function incorporating the supervision of government subsidy and making arrangements for promotional campaigns and skill development programmes. To successfully implement the regulatory functions, a commanding and authoritative approach is required, to compel the weavers to carry out the regulatory obligations. However, to undertake the development function, a convincing and participatory perspective is to be assumed. These two functions belong to entirely divergent spheres and demand disparate attributes. This has been a major reason creating complications in the working of the Office of the Development Commissioner (Handlooms)⁹.

Unorganised Nature of the Industry

The handloom sector is typically fragmented and

⁸Problems and Prospects of Handloom Sector in Employment Generation in the Globally Competitive Environment; Banker's Institute of Rural Development, Lucknow (2016)

⁹Ibid.

involves numerous players, without any integration in activities. They operate on small scale and are generally owned locally, without any clarity regarding the legal status. The handloom units rarely make use of technology or advanced packaging techniques and do not possess brand names. Handlooms production is predominantly a household operation in which the entire family engages. It is also characterised by dearth of suitable storage facilities and effective distribution network; furthermore, there are problems of lack of awareness of government schemes. The principal reason behind the growth of the Chinese handloom industry is that they utilize integrated production techniques and resort to consolidated supply chain facilities. The international buyers desire procuring handloom produce from large vendors at competitive costs. Thus, the fragmented and unorganised features of Indian handloom units serves as a disadvantage.

Technological Backwardness

Traditional methods of weaving are largely practised by the handloom weavers, without any application of technology. The looms employed in manufacture of handloom products are worn out and unproductive and it is crucial for the handloom weavers to acquire new looms and maintain the old ones. While labourer's wages account for nearly 30-35% of the cost of handloom cloth produced, its share in case of power loom cloth is a meagre 3-5% of the cost. This factor in turn increases the price of the handloom produce and results in making it less competitive as compared to its power loom counterpart. The utilization of technology which can augment labour productivity can improve price competitiveness of handloom products, thereby boosting their sale.

The Government of India has initiated various schemes for the technological upgradation and modernisation of the handlooms industry. However, these initiatives have impacted the cotton handloom and the silk handloom weavers differently. While the silk handloom weavers are financially sound as compared to the cotton weavers, they have greater

access to bank credit and have undertaken technological advancement, unlike cotton weavers, who lack access to credit¹⁰.

Paucity of Novelty in Designs

With the objective of boosting sales of handloom produce, it is significantly important for the weavers to create new product designs. In the fast paced industrialised world, the preferences of people transform rapidly. With widespread import of products, immense variety of products are available for the consumer to make a selection. The designs made by weavers on their own are mostly outdated, unappealing and fail to satisfy the needs of consumers. To survive in the present scenario of intense competition, making an attempt to highlight creativity and innovation in designs will be critical. Efforts have been taken in this direction, wherein young designing students of reputed fashion institutes are employed for contemporising the craft of the weavers through skill enhancement and product development. However, many of the designers quit owing to the hardships faced in the working conditions of weavers.

Inconvenient Working Conditions

The process of weaving involves the weaver to sit and operate the loom using his hands and run the pedals by his feet. This incorporates, recurring and stressful movement of the upper and lower parts of the body. Apart from this, the weavers experience dust and noise pollution while undergoing this process. Majorly, these activities are done in the household where the looms are located next to the windows and the work is undertaken in the day light, without facilities of electricity, weakening their eyesight. Often, the state of the workstations lack cleanliness and hygiene, degrading the health of the weavers. The fundamental needs of the weavers such as clean drinking water, electricity and sanitation needs are not met, which indirectly obstructs the productivity of the handloom weavers.

¹⁰Ibid.

Insufficient Research and Training

The handloom sector has been largely ignored by the formal education system, including the research institutes. The responsibility of introducing innovation and creativity to the traditional handloom industry has been overlooked by the related research institutes. The job of originating innovative patterns and designs in the handloom produce is reserved solely for the weavers, which they are unable to perform competently. Immense improvements have occurred in the technology, methods of production as well as desires and preferences of consumers globally. Contrastingly, the functioning of the Indian handloom sector and its operations have been largely unchanged.

Inappropriate Quality of Dyes

The colour of the handloom products and the embedded designs on them are the most appealing features of any handloom products. Access to superior quality dyes thus becomes a crucial factor determining the attractiveness of the handloom produce. There have been complexities in relation to colour matching and fastness of handloom products and the lack of good quality dye supply. The individual weavers require dye in minor quantities for their small scale operations, and procurement of dye in small quantities pose a challenge. To meet their needs, the individual weavers source dyes from local dye houses and local traders. These dyes are often adulterated with common salts and are exposed to the atmospheres, both of which reduces their effectiveness. Azo dyes, which are perilous for the environment have been banned; however, it is conveniently available to the weavers who choose it because of its low prices.

The process of dyeing is carried out by the workers in their houses or particular dyeing premises, using stoves and utensils. The procedure is undertaken by the weavers using their hands, and thus are unable to oversee and administer the time, PH levels and quality of dyes and chemicals being utilized. This reflects the substandard quality of produce, which has reduced demand and commands low prices.

Lack of Information on Schemes

The handloom weavers are generally ignorant about the various schemes implemented for their welfare. This acts as a significant deterring factor in the development of this sector. Furthermore, many government departments and executing agencies also experience inadequate awareness and knowledge, making policy formulation unproductive because of no implementation. The formulation of policy and schemes in isolation will not be able to propel growth, until the understanding of the weavers regarding these initiatives is not strengthened.

Reduction in Number of Weavers

The sustainability of handloom industry relies on the progression of skill from the elder generation to the succeeding generation. It is fundamentally a family based enterprise which entails transfer of skills within the family. It has been noted that the younger generations of handloom weavers do not prefer weaving as a profession. As the wages being offered to the weavers are considerably low and the volume of sales are scanty and irregular, the prospective younger weavers refrain from adopting this occupation. The cutback in number of weavers is another area of concern for the handloom sector.

Strategies

Increasing Quality and Availability of Raw

Materials

Expanding Supply by Private Mills

To extend the availability of raw materials, private mills can be prompted to establish depots in the large handloom clusters, such that uncomplicated supply of yarn can be facilitated. Collaboration of these private mills with the primary weaver cooperative societies can be introduced, within which the PWCS can act as an agent of the private mills to ensure abundant supply of yarn. State Governments can initiate creation of direct sales outlets by the private mills in the substantially large clusters.

Increase Number of Players in Mill Gate Price Scheme

The Mill Gate Price Scheme needs to be refurbished for augmenting the supply of hank yarn. The NHDC is individually and exclusively responsible for undertaking the implementation of the scheme. Other agents such as Federation of Weavers Society, producer organisation of weavers, designated state government organisations can also be made to participate in the effective functioning of the scheme. The involvement of approved export agencies in this context can also be fruitful to achieve the desired results of the scheme.

Exploring Ways of Strengthening NHDC

It is pivotal to revamp the operations of the NHDC to enable the weavers to procure yarn conveniently. An increase in the number of supply depots, will ensure the speedy delivery of yarn to the weavers.

The weavers must be encouraged to utilize the E Dhaga app facility launched by the Ministry of Textiles, Government of India in the year 2016. This online app permits the weavers to place their indents online, make digital payments and access the status of their shipments. The weaver service centres should ensure the weavers comprehend the utility of the app and are taught how to use it.

In the state of Bihar, various measures are being undertaken to provide an impetus to the handloom sector. It has been proposed that an agreement would be signed between the Handloom and Silk Directorate of the State and the National Handloom Development Corporation (NHDC), Kolkata Branch. As per this association NHDC would be provided a corpus of Rs. 1 crore to facilitate the provision of threads to weavers' cooperatives on a credit basis. The cooperatives will be capacitated to place their orders online through the E Dhaga app. The raw material will be provided to the cooperatives within a time span of 15 days, by paying just 10% of the amount payable in advance. Nevertheless, the entire payment should be made within a period of 45 days to avail the facility in future. This initiative is the first of its kind in the country and can be replicated in other states too.

An arrangement can be established under which an efficiently running PWCS can be elected as a representative of the neighbouring weavers and weaver societies. The appointed PWCS can then collaborate with the other weaver societies and evaluate their requirements, collect their indents, and submit the same to the NHDC warehouse which is available in close proximity. The NHDC depot will then issue an invoice corresponding to the indent of the weaver, and dispatch it with the quantity of yarn desired, to the representative PWCS. Following which the appointed PWCS can supply the yarn including the invoice to the weavers. The receipt of invoice for the purchase of yarn will ease the exercise of sourcing finance from the banks.

Amalgamation of Weavers

Handloom is a fragmented sector with various different weaver societies. Open markets are a major source of raw materials for the handloom weavers. The primary weaver societies may be suggested to merge as consolidation will bolster their bargaining position in the open market. These merged societies can then purchase yarns, chemicals and dyes from the open market at discounted rates and then distribute it among the weavers as per their requirements.

Augment Silk Production

India is the second largest producer of silk in the world. The *muga* variety of silk has various exclusive properties such as a distinct golden colour, high tensile strength and the capability of absorbing UV rays. Since no other country in the world produces this particular quality of silk, it has considerable significance in the handloom industry. The state of Assam produces approximately 125 mt of muga silk each year and has also acquired the GI tag for muga silk. The *eri* silk is another variety of silk which is often referred to as the non-violent silk, as the pupae inside the cocoon is not killed in the process of silk extraction. The *eri* silk does not have any detrimental impact on the skin and is suitable for manufacturing garments for babies. In spite of India being among the major producers of silk in the world, it imports silk for domestic uses.

Table 6.3: India's Import of Silk and Silk Products

Product	2016-17	2017-18
	US\$ mn	
Raw Silk	162.9	189.0
Silk Yarn	44.8	59.8
Readymade Silk	3.9	5.2
Silk Carpet	2.2	1.9
Silk Wastes	0.02	0.04
Total	213.8	255.8

Source: DCGIS

The production of silk in India needs to be increased. As per the Handloom Policy of Assam, the quantity of *muga* silk production in the State can be increased by at least three fold. Moreover, the utilisation of silk in the production of handloom products also needs to be stimulated by the Government.

Focus on Quality of Raw Materials

To boost the domestic sales and exports of handloom products, it is of supreme importance to lay emphasis on the quality of the produce and the associated raw materials. Standardised norms should be formulated for the raw materials of handloom products to ensure the superiority of quality. Higher level of quality will assure higher prices for the produce and would act as a motivation for the weavers. Export markets are highly particular regarding the assessment of the quality of output. Extension services can be provided by consultants, impart knowledge related to the fulfilment of quality standards and upgraded dyeing techniques can be imparted to the weavers.

Greater Coordination between Government Departments

There are various government departments (Centre and State) which have been assigned the same responsibility, of facilitating and accelerating the development of the handloom industry. Nevertheless, it has been noted that there is lack of coordination and the concerned departments (at the Centre and the States) function as individual entities.

An intensified coordination and collaboration between the various government bodies will create conducive environment for an all-inclusive growth. The officers of the different departments need to carry out functions jointly at the village, block, district, state and national levels.

Revamping Government Corporations

It has been perceived that a majority of the government corporations associated with the handloom sector have been registering losses, due to inefficiencies. On this subject, the revamping of these institutions are mandatory. Senior officials well-verse on the subject of textile value chain can be entrusted the job of this improvement in various States. The appointed officials must have thorough knowledge of the schemes, and well versed with the challenges faced by the weavers in their respective territories.

Training on Quality and Usage of Dyes

The handloom weavers need to be guided about the use of natural dyes, reactive dyes as well as the colour fastening procedure. It is crucial to organise training workshops for the weavers and educate them about the various techniques of dyeing. Information booklets composed in their local languages, elaborating on the recipe and method of dyeing should be disseminated to the weavers. The weavers should be briefed regarding the ban on Azo dyes and the appropriate procedure to be adopted for the disposal of dyeing waste. It is of prime importance to ensure the timely supply of best quality dyes to the workers. These dyes can be packaged and supplied in small packets such that the needs of individual weavers can also be met as per their requirements.

Encourage Renewed Designing

The unique designs created on handlooms is its most attractive feature and can be intensified to support the industry. Design centres should be established exclusively for the designing of handloom wherein a large pool of designers can produce ideas related to patterns, layout and colour combinations. The students in fashion designing institutes in the country

should be encouraged to offer their services, as they will be well versed with the latest popular trends and customer needs in the global market. These centres should be spread all over the country, and majorly concentrated near districts rich in handloom clusters. Each handloom cluster must retain at least one trainer who can enlighten them with the latest designs and uplift their skills.

The produce of the handloom sector cannot be replicated by that of power loom as very intricate and elaborate designs can be weaved by hand. This high level quality of produce should be highlighted to promote and market the handloom products. To expand demand from the overseas consumers it is essential to have an overview about their needs and preferences. Training programmes in internationally reputed institutions abroad can be of great use. The master weavers and other craftsmen can be sent to these institutions to attend guidance sessions on design innovation, product quality requirements, technology and production methods. Likewise, the designers in other countries can also be requested to come to India for similar programmes, in which they can be briefed about the Indian methods of production of handloom products, and requested to share information related to technical methods used and consumer preferences in other countries.

The Government of India has established Weaver Service Centres functioning under the Office of the Development Commissioner (Handlooms), Ministry of Textiles, Government of India. There are currently 28 service centres in the country concentrating on aspects of designing, weaving, printing and dyeing. There is a need to renovate these service centres by installing upgraded looms and invigorating their training operations. These service units should be underpinned with adequate amount of working capital and upgraded infrastructural facilities.

The industry and academia can engage in collaborations for the purpose of knowledge sharing. Interactive sessions can be held between the artisans and the professors in designing colleges such as NIFT and NID. This shall facilitate the flow of information and generate innovative designs for the weavers.

Some foreign universities such as Illinois Institute of Technology located in Chicago and Massachusetts Institute of Technology situated in Boston which undertake research studies related to the handloom and handicraft segment, could be roped in for curriculum development. Training programs can be organised for artisans and designers in such organisation to have an overview of the requirement and preferences of overseas customers.

Adoption of Effective Marketing Strategies

Enhance Effectiveness of Cooperative Societies

The Apex Level Cooperative Societies and the Handloom Development Corporations have been entrusted with the function of marketing of handloom produce. However, owing to perceived lack of efficiency, handloom weavers seldom depend on them for sale of their produce. Weavers rely considerably on master weavers and traders for selling their output. The bargaining position of these traders acts as a disadvantage to the weavers, who are sometimes exploited in terms of revenue received. The operations of these cooperative societies and the Handloom Development Corporations need to be substantially revamped to increase their effectiveness. These cooperatives can create showrooms in potential areas of sales to attract the attention of customers. The management of these concerned organisations can be handed over to trained professionals who can supervise their working.

Stringent Conformity to Handloom Reservation Act (1985)

For the purpose of safeguarding the handloom industry from the tremendous competition from the power loom and other mechanised sectors of the textile industry, it should be ensured that the Handloom Reservation Act is strictly implemented. Presently, there are 11 textile products which are reserved to be produced exclusively by the handloom industry. Adequate supervision and scrutiny is compulsory to prevent transgression of the provisions of the Act. During the year 2016-17, the number of powerloom units inspected amounted to 3,47,468 and the aggregate of FIRs lodged and convictions stood at 64 and 25 respectively.

Table 6.4: Physical Progress of Powerloom Inspections (as on December 2017)

Physical Progress	2012-13	2013-14	2014-15	2016-17	2017-18 (up to Dec 2017)
Target of Powerloom Inspections	2,72,013	2,90,420	3,08,888	3,34,468	3,51,572
Number of Powerlooms Inspected	2,76,011	2,90,773	3,09,817	3,47,468	2,17,450
Number of FIRs Lodged	97	113	88	64	65
Convictions	39	37	66	25	58

Source: Annual Report 2017-18; Ministry of Textiles

Encouraging Institutions to Procure Handloom Garments

The Government could persuade state run hospitals, schools and hotels to purchase handloom products for meeting their uniform requirements. These institutions can be motivated to acquire handloom products by offering incentives. Such measures would augment sales and additionally also serve as a platform for display of these products.

Boost Local Haat and Bazaars

If the accessibility of markets in the local village areas are increased, it will amplify the volume of handloom products sold. Furthermore, if the produce can be sold in areas of close proximity the dependence on the middleman can be eliminated. This will assure smooth sales of handloom produce, and escalate demand among the local people. In this regard, each handloom cluster can form an association for the promotion and showcase of the products at a local level, with the assistance received by the State and the Central Government.

Enhancing the Participation in Overseas Trade Fairs

Display of products in markets situated abroad is critical in supporting the export of these products. Such display, primarily through trade fairs, is an effective channel to introduce new range of designs and expanding the consumer base. These trade fairs give an opportunity to the organisers to have an overview of the consumer responses, desires and feedbacks at a global level. Advertising goods on such a platform is educational and dynamic in nature. On such occasions, the consumers are familiarised with the new products and their diverse features, and the distinct characteristics of handloom products. During the period 2016-17, several handloom

agencies were engaged in 18 international exhibitions and fairs, and received assistance under the National Handloom Development Programme (NHDP) for the same¹¹. There needs to be an enhancement in the participation at international exhibitions by Indian handloom weavers to boost the exports of handloom products in the world.

Increase in the number of Showrooms

The State Handloom Development Corporations should be encouraged to undertake establishment of handloom showrooms in regional tourist spots such as Agra, Jaipur, Udaipur and Kerala for promoting the craft, given that these cities attract a lot of foreign tourists. Domestic as well as international customers can be targeted in such regions for enhancing the popularity of the handloom products. Emphasis should be laid on the ambience, environment and location of these showrooms for achieving considerable growth in demand. These showrooms can be established either through the government funds or by exploring the PPP mode.

Flagship Stores and Tie Ups

Establishing multiple distribution channels assures an augmentation in the sale of handloom products, encouraging the handloom weavers and also improving their revenues. There are various channels through which the conventional mill and power loom clothes are sold, which can be included for the sale of handloom produce. In consultation with the boutique owners, an alliance can be formed for the inclusion of handloom output in showrooms.

Another strategy can be the creation of flagship stores in marketing complexes or malls, airport and bus depots and stations with the objective of

¹¹Annual Report (2017-18); Ministry of Textiles

establishing a marketing channel for the weavers from different parts of the country in the same area. This technique of marketing will draw the attention of the customers and increase awareness about unique features of handloom products.

Engagement of handloom weavers in partnerships with stores selling other consumer products can be another profitable approach that can be used for boosting the handloom sales in the country. A section of the showroom for shoes and jewellery stores can be dedicated for the exhibit of handloom produce. Such an arrangement will induce increase in sales of both categories of products, being a lucrative deal for both the partners. Likewise, associations can be made with book stores (Oxford, Crossword), tea and coffee joints (Starbucks, Barista, Chaayos, CCD) and renowned hotel chains (Taj, Trident and The Leela). The major clothing retailers in India such as Shoppers Stop, Pantaloons and Big Bazaar can also be considered and some space in the stores can be set aside for the sale of handloom products to increase their visibility. A majority of the malls operate on a revenue-sharing basis with these cloth retailing brands. With the inclusion of handloom products, greater revenue will be generated per square feet, leading to a profitable scenario.

Expansion of e-Commerce Channel

The prevalence of e-commerce has been rapidly

increasing in India, as larger section of consumers now prefer making purchases online. The handloom industry can also benefit from exploring this method of sales. When the handloom product is displayed on an online channel, the option of selling directly to the consumer opens up, and the participation of middlemen can be averted, who offer relatively lower prices to the weavers. There are various initiatives which need to be taken to ensure the widespread growth of online handloom sales. To enable this technological marketing development to progress, the perspective of the weavers need to be transformed and they should be introduced to the functioning and advantages of e-commerce. Interaction with the handloom weavers and conducting awareness programmes in clusters is important. Moreover, there should be availability of internet connection in the rural areas and staff to assist them with the working of computers. Various measures have already been taken in this regard, such as the "Crafted in India" store launched by Amazon, which displays an authentic range of sarees, shoes and handbags for online sale. With the objective of restoring the importance of Indian tradition and cultural heritage, the products are procured directly from the master weavers all across the country. Flipkart has entered into an agreement with the Ministry of Textiles, to support handloom sales by facilitating listing of the products on their website.

Box 2: GoCoop: Online Portal for Handloom Products

GoCoop.com is an online weaver cooperative which was launched in 2014. The organisation has processed more than 20,000 orders of handloom products from over 15 countries. GoCoop registered approximately 220% growth in its online sales in the year 2017. This online channel efficiently connects the Indian handloom and handicraft producers to domestic and international customers. The online portal has enabled the establishment of a robust and seamless supply chain, comprising approximately 300 co-ops and weaver organisations, including more than 80,000 artisans. These cooperatives are members of 46 handloom clusters spread across 10 states in the country. As per industry sources, the artisans associated with this organisation have been able to earn an increment of approximately 15-30% for their products as compared to the traditional means of sale. Therefore, the online medium of sale has been lucrative to the weavers owing to the absence of intermediaries. The team of designers from GoCoop have been putting efforts to enhance the quality and appeal of handloom products by encouraging the use of novel designs, colour palette and patterns. GoCoop has recently launched the Good Loom Label for its products. The products of this brand are environmental friendly as the producers ethically source only hand-woven fabrics and ensure the weavers are paid fair prices for their contribution.

Creating a Niche Premium Market

According to market surveys, it has been revealed that the quality of the product is considered the most important characteristic, while deciding which particular textile and handloom product is to be selected. Consumers in the present generation are not hesitant in paying an extra bit in return for receiving exquisite quality of the produce. Environmental degradation has been one of the major issues facing the world today. The adverse impact that a vast variety of products have caused over the years has massively deteriorated human habitat. In such a scenario, enhanced emphasis is being laid on the manufacture and use of goods which do not harm the environment. Consumers are increasingly demanding environmental friendly goods. Handloom products are eco-friendly and are largely organic, and this attribute can be used to attract the attention of customers. There is huge potential for green clothing among environment conscious consumers and this trend has to be leveraged fruitfully for the handloom sector. Taking this into consideration, organically made handloom products can be promoted, which have been manufactured in an eco-friendly way at each level of production using hand-woven fabric and natural dyes. With augmentation in consumer awareness in the contemporary scenario, an increased demand can be noted for products which have been produced in an environmentally sustainable method.

Traceability of the products is of supreme importance in enhancing the demand for the product. Traceability is the ability to identify and trace the history, distribution, location and application of products, parts and materials to ensure the reliability of sustainability claims, in the areas of human rights, labour (including health and safety), the environment and anti-corruption¹². With the objective of ensuring traceability, supply chain mapping becomes essential to scrutinize the various operations across the chain. Digitisation of the supply chain can be undertaken to

ensure efficient and prompt retrieval of information related to the supply chain.

These eco-friendly handloom products can be sold under a new brand name, which emphasizes on the fabric quality and eco-friendliness, as brand association with these handloom products will boost the demand of the output. Social media can be employed for the purpose of advertising and promoting these environmentally friendly products. The medium of E commerce and employing celebrities for endorsing such products can also play an instrumental role in generating an increase in demand. Likewise, weavers can seek suggestions from famous designers and boutique owners in creatively designing these eco-friendly handloom products.

Enhancing Efficiency of PWCS

The management of the primary weaver cooperative societies needs to be improved, and a skilled set of management executives, who have a grounding in the handloom sector should be engaged. Appropriate guidance and training should be provided to the members of the PWCS to address their challenges. Currently, the PWCS relies on various departments for their operations, such as for procuring raw materials, dyes, credit and marketing. The commencement of the involvement of private public partnerships to supplement the functioning of the PWCS would be advantageous.

Extension of Credit

For the welfare of the handloom weavers, it is essential to meet their credit requirements. Furthermore, in order to circumvent delays in granting of financial assistance to the weavers under the appropriate schemes, the implementation of one window clearance will be advantageous.

To propel growth in the handloom sector, the weaver societies must deal in large scale investments such as

¹²Cotton Traceability challenges and the importance of digitization; Source Trace

opening showrooms, hiring designers, acquiring data and direction on market trends and upgradation of the dyeing process. These operations necessitate supply of abundant credit; thus, term loans can be offered to weaver societies for these extensively large expenditures. The most fundamental measure in this

relation would be to build up the financial literacy possessed by the handloom weavers. The promotion of private and institutional investment is of utmost importance to capacitate the production of superior quality handloom products catering to the demand of national and global markets.

Box 3: Exim Bank's Support to Kumaon Earth Craft Swayatt Sahakarita Limited

Avani is a voluntary organization located in the central Himalayan region of Pithoragarh, taking measures for the conservation of natural resources, empowerment of disadvantaged women and provision of livelihood opportunities. Avani commenced a program in 1999 with spinners and weavers to preserve traditional craft of hand spinning and weaving. In 2005, its textile program attained an enterprise status when Avani was registered as the Kumaon Earth Craft Self Reliant Cooperative. This helped create livelihood opportunities while conserving and improving a traditional craft. The traditional textile skills of rural communities are truly unique, but due to industrial textiles and changed consumer preferences, the returns on this craft have plummeted over the years, discouraging younger generations from taking up textiles as a livelihood option. Earth Craft has worked towards upgrading the skills, materials and tools to revive this dying traditional craft and make it a viable livelihood opportunity.

Earth Craft uses wild silk (as opposed to cultivated silk) in its products, implying that silk cocoons are collected in the wild, from local plant species. Typically, silk yarns that is reeled with machines uses un-pierced silk cocoons, in which the cocoon is steam boiled to kill the pupa. In the case of Earth Craft, pupa is allowed to metamorphose into a moth then the silk is hand spun to make *Ahmisa Silk*, or non-violent silk. The moth pierces the cocoon to escape, breaking the strands of the cocoon, and resulting in fibre that needs to be spun by hand. Earth Craft uses *Ahimsa Silk* in all its products, with the exception of some muga silk.

The organisation produces superior quality, naturally dyed wool and silk textiles which are supplied to both domestic and international markets. The entire production process of Earth Craft is in harmony with nature – clean energy is being used for many energy needs throughout production, including solar water heaters and solar driers that are used for preheating water for dyeing and drying of dye materials respectively. Solar powered spinning wheels have been installed in unelectrified villages to improve the productivity of household spinning. Finally, the machine that Earth Craft uses to iron its textiles is powered by electricity produced from pine needles.

However, the enterprise faced various challenges owing to the backwardness of the remote hill districts and the insufficiency of funds to meet its day-to-day requirements. The enterprise relied primarily on donor funds which was not sustainable and hence needed regular flow of funds for generating livelihood for the disadvantaged and unskilled women workforce of Pithoragarh while also developing their entrepreneurial skills. Exim Bank, under its Grassroots Initiatives and Development (GRID) Program, came forward and extended financial support to Earth Craft not only for financing their working capital requirements but also provided support for the development of natural dyes. In fact, Earth Craft was the first entity that Exim Bank supported under its GRID initiative in 2012. The Bank has been supporting the organisation since then, helping them also market their products.

Infrastructural Development

The handloom sector is also impacted by the infrastructural and logistics challenges in the country. Ensuring regularity in the supply of power and upgraded standards of highways and ports are crucial to assure and safeguard the favourable outcome of the efforts of the handloom weavers. When compared to the international logistics network, India's transport facilities are comparably less advanced, resulting in additional operational costs. In terms of exports, the upgradation of Indian ports especially in regions close to the handloom clusters would be very useful. The supply of yarn and dyes to the weavers could be expedited, with developing roads, highways and other means of transit. Monitoring and refining the supply chain is essential in the efficient production of all products, including handloom products. The promptness in supply of raw materials and the expansion in flow of information will certainly lead to progression of the handloom sector.

Quality Upgradation and Increased Emphasis on Packaging

To boost the domestic sales and exports of handloom products, it is of supreme importance to lay emphasis on the quality of the produce and the associated raw materials. The most attractive feature of handloom products is its superior quality and fineness in texture. Standardised norms should be formulated for the raw materials of handloom products to ensure the superiority of quality. Higher level of quality will assure higher prices for the produce and act as a motivation for the weavers. Export markets are highly particular regarding the assessment of the quality of output. The Office of the Development Commissioner (Handlooms), Ministry of Textiles, Government of India can arrange for the provision of extension services wherein consultants could impart knowledge related to the fulfilment of quality standards and upgraded dyeing techniques to the weavers.

In the handloom industry, packaging of products plays a crucial role both in augmenting domestic sales as

well as exports. Packaging is of prime consideration as it enables maintaining the quality of the product till the point of destination and prepares goods for transport, warehousing, logistics and sales. The packaging and labels should transmit clear and complete information regarding the usage, recycling or disposal processes of the product. Moreover, packaging is considered a vital marketing tool and also gives the product an attractive appearance. Since handloom products are environmental friendly, the provision of recyclable packaging would be most appropriate to promote the sale of handloom goods. Taking note of this phenomenon, the handloom weavers need to be educated and advised on the subject of global standards of packaging and meeting the consumer's quality requirements.

Adopt Cluster Development Approach

The fragmented characteristic of the handloom industry has been identified among the major challenges faced by the handloom industry. Taking this into consideration, the employing of cluster development approach can reap rich dividend. The competency of handloom weavers will be intensified if they operate jointly in clusters, having collective goals, putting in collaborative efforts and cooperating amongst themselves. The sourcing of raw materials and marketing of output will be more convenient as the bargaining abilities of weavers will be amplified. Moreover, the clusters can cumulatively engage in innovative activities and appoint designers.

The Government introduced the Comprehensive Handloom Cluster Development Scheme during the year 2008-09 for the development of the Mega Handloom Clusters. The scheme was aimed at facilitating collectivisation of handloom weavers and ensuring convenience in procurement, production, marketing and other support activities. The Ministry of Textiles has created a public-private partnership for the revival of the handloom sector, by roping in India's renowned designers. The designers have been aiming to improve the cluster capacities. Several famous designers such as Ritu Kumar and Rohit Bal have been engaged in the promotion of the handloom craft. The designers have repeatedly

emphasized that innovation is the key for development, and the weavers should evolve and modernise their styling and designing for meeting the needs of the contemporary generation. A trend has been observed that the consumers prefer lighter western garments for their daily usage and opt for wearing traditional clothing only on festive occasions. A vast majority of the handloom products include ethnic wear such as kurtis, duppatas, shawls and sarees for women, and very few options for men. Taking this market preference into account, traditional handloom apparels should be redesigned to include a fusion with the contemporary design, for example, a kanjivaram saree can be redesigned into a gown to increase its appeal. These interventions can be pivotal in the revival of the traditional handloom industry.

As per the regulations of the partnership, a designer is made to visit a cluster for training the weavers. Under this provision, young designers from NIFT are sent to the clusters for the skill upgradation of the handloom weavers. However, various designers quit due to the formidable working conditions present in the handloom clusters. The Government should consequently ensure that the weavers and designers are facilitated with appropriate environment.

Market Diversification

For increasing the exports of handloom products, the strategy of market diversification should be adopted. The exports of these goods should not be restricted to the conventional markets and expansion in other emerging markets with potential demand should be taken into account. The handloom products from India have been exported largely to the US and the EU. India should explore other importing countries, rather than depending on the traditional markets. There are markets such as South Korea, Malaysia, Indonesia, Vietnam, Egypt and Tunisia in which the Indian handloom exporters can expand their operations. Indian handloom exporters face tough competition from its Chinese peers, as it is the leading exporter of handloom products. Measures should be taken in improving quality and intensifying the marketing and promotional activities to address this challenge.

There exists notable demand for silk handloom products (HS Code 500790) worldwide. Pakistan was the leading importer of handloom products, with a share of 14.1% and value of imports estimated at US\$ 25 million during the period 2016. However, China supplied a majority of the produce, accounting for a share of 99.7% in Pakistan's aggregate imports. Other major markets for silk handloom products are France and Italy, with value of imports recorded at US\$ 14.8 million and US\$ 14 million. The share of India in these markets at 3.9% and 4.2%, respectively in 2016 leave immense scope for improvement.

Similarly, in the case of wool, fine coarse animal hair, horsehair yarn and woven fabric (HS Code 511290), the major import markets include China, Vietnam, Dominican Republic, the Netherlands and Cambodia, with shares of 11.8%, 11.0%, 7.0%, 6.2% and 4.8% respectively. India has insignificant shares in each of these major markets, and has scope for exploring opportunities.

Product Diversification

The production of value added products based on the variations in consumer demand will be a favourable measure for the handloom sector. The Government should conduct market surveys at regular intervals in order to get a pulse of the consumer demand. This should be taken into account by artisans while undertaking the production process. Experts from management institutes can be requested to engage in these operations. The production of high value handloom garments should be emphasized, by encouraging collaboration between fashion designers and the artisans, time and again. Moreover, the creation of new varieties of household linens and furnishing should also be attempted. The artisans should be assisted by fashion designers, to engage in the production of creative handloom products, by way of experimenting with the usage of new colours and designs.

Spreading Awareness

Indian Handloom Brand Awareness

During the year 2015, the 7th of August was declared as the National Handloom Day and the Indian

Handloom Brand was launched. This brand name would ensure that the products are of supreme quality and are environmentally compliant to meet the needs of the high end customers looking for niche handloom products. The producers associated with this brand are persuaded to lay emphasis on the quality of the product which have been specified. The stakeholders involved are weavers, master weavers, primary cooperative societies, apex handloom societies, retailers and exporters. Integrated website of Indian Handloom Brand has been launched which provides complete details of all registered India Handloom producers, facilitating verification of genuine India Handloom product by customers. They will be able to verify the genuineness of the Brand logo through the registration number which is printed on every label on the product. However, there is minimal awareness regarding this brand. It has been noted that even designers and handloom retailers are not completely informed and often confuse it with the Handloom Mark. An aggregate of 1007 registrations have been issued under 113 products up to the period 22nd December 2017¹³. Arrangements need to be made for campaigning and advertising about the positive impact of the India Handloom Brand, and information needs to be furnished to the handloom weavers, cooperative societies and even the retailers and students in fashion and designing colleges.

There are several brands such as MAHATEX and Indrayani which are popular in the handloom sector and can be promoted in the export markets. Measures for advertising distinctive handloom creations such as Paithani sarees will enable the Indian handloom products to expand their market share globally. To fulfil these objectives, campaigns, fairs and exhibitions need to be organised frequently in the target markets. Furthermore, the intellectual property rights for exclusive art such as Paithani should be protected to maintain its uniqueness.

Knowledge about Schemes

Information about the various details of the Government schemes need to be communicated to

the weavers. The Government has been implementing various schemes having positive impact on the different components of the value chain including the sourcing of raw materials, credit facility as well as facilitating marketing. Nevertheless, the optimal utilization of these benefits have not been done as the weavers are not informed about these schemes. Awareness programmes need to be arranged in various handloom clusters across the country to enlighten the weavers about these schemes. Brochures and leaflets prepared in their local languages can be circulated among the weavers, listing the various requirements and assistances related to the schemes. The institutions related to the handloom industry also face the hurdle of lack of information, and thus knowledge imparting awareness sessions should be held even at the institutional level.

Skill Upgradation

It has been observed that the cooperatives, NGO's and government agencies associated with this sector encounter difficulties owing to inadequate training in soft skills and management. The participation of renowned management institutions in the provision of appropriate coaching to the concerned authorities would be beneficial. Furthermore, the handloom artisans should be imparted suitable entrepreneurial skills in the management institutions through programs specifically designed for them. It is crucial to facilitate mass trainings rather than restricting it to a few artisans for comprehensive development of the sector. Artisans are unable to manage the delivery of large sized orders due to their illiteracy and dearth of basic skills. The initiative of enrolling the artisans in management training courses will enhance their prowess.

The weavers and artisans should be incentivised to participate in training programs aimed at developing their entrepreneurial expertise. The handloom

¹³Annual Report (2017-18), Ministry of Textiles

industry is among the oldest in the country and weavers continue to follow ancient techniques of production. It is crucial for them to be well versed with the transformation in preferences of the domestic and global customers. The weavers must be upskilled and their mind set reoriented towards a customer centric approach by way of comprehending and perceiving the taste of the target market.

The training modules for the artisans and weavers should be drafted taking into consideration the latest trends in global demand. The existing training modules should also be revised and updated to enhance the competitiveness of the weavers. The instructors in training programmes should also be made to attend refresher courses. Additionally, the instructors along with certain select artisans can be given an opportunity to attend interstate educational visits to have an overview of the current methods of weaving, designing and marketing. Likewise, overseas training programs can also be arranged to have an understanding of the demand of customers overseas. The training centres should be equipped with modern amenities and should be set up in suitable locations.

Improve Working Conditions

Measures should be taken to enable the provision of safe and hygienic working conditions of the weavers. Productivity of labourers will be favourably impacted with the unconstrained supply of drinking water and sanitation facilities. Regular supply of power and electricity should be ensured to reduce harmful effect on the eye sight of the weavers. There are certain welfare schemes which have been implemented by the Government such as providing better healthcare and life insurance facilities. The weavers need to be apprised about the details of schemes.

Encourage Young Designers to enter Handloom Sector

The decline in number of weavers has been noted in the handloom industry over the years, and is a major challenge faced by the sector. The limited availability of design specialists in the handloom sector has been a major hurdle in development of the industry. The young weavers have to make a choice of either opting for formal education or grasping the family craft skill.

The hurdles of not enrolling for formal education and adopting the weavers' profession results in low salary and restricted employment opportunities. If the weavers engage in formal education, they fail to enrich themselves of their family craft. The handloom weaving course structure should be constituted taking into account the needs of the industrialised world. Apart from teaching them weaving skills, knowledge related to accounts, entrepreneurship and finance and information technology should also be imparted to the handloom weavers at management institutions. The provision of certificate course to the traditional artisans having no formal education can also be beneficial.

Strengthen Handloom Database

It is imperative to maintain a comprehensive database related to the handloom sector to ensure the growth of the industry. Statistical records are essential to review the trends of the past and the prevailing growth rates. This successively facilitates the estimation of future growth and scope for further development. The accessibility of data is vital in the procedure of composing growth and development strategies. Thus provisions for generation of authentic and credible data is important for progression of the handloom sector. Data related to the handloom sector is available as per the third Handloom Census, which was carried out long back in the period 2009-10. Nevertheless, during the year 2016, while celebrating of the second handloom day, the Ministry of Textiles officials had announced that the fourth Handloom Census would be conducted. This needs to be expedited.

INSUM

India is renowned for its rich cultural heritage and its traditional handwoven and handcrafted articles. The handloom sector has the potential to generate employment opportunities to thousands of weavers. The development of the wealth of traditional inherent skills and capabilities by encouraging capacity and skill-building coupled with design, quality and marketing intervention would not only ensure the sustainability of this sector but would also help in reviving the dying skills whilst fostering exports.

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