CHAPTER I

INTRODUCTION

1.1. TEXTILES INDUSTRY IN INDIA: A BRIEF PROFILE

The Indian textile industry is one of the largest in the world, with a huge raw material and textile manufacturing base. The country has produced celebrated textiles such as Dhaka muslin, which was woven so fine and light that it could pass through a finger ring. In terms of Indian GDP, this sector has been quite beneficial in the economic life of the country.

The textile industry is one of the leading sectors in the Indian economy as it contributes nearly 14% to the total industrial production\(^1\). It is claimed to be the biggest revenue earners in terms of foreign exchange among all other industrial sectors in India.

The textile industry is the second largest employer, after agriculture, with a total workforce of around 35 million.\(^2\) India is next only to China among the world's largest producers of textiles and garments\(^3\). The industry is easily the largest foreign exchange earner on a percentage basis of the ratio of import inputs to export out outputs, as the import content is insignificant compared with those of other major export products.

Today this sector is highly globalized but, is further organizing itself for carving out a bigger share to become the market leader. This large and ancient industry has carved out a special niche for itself as a facilitator of the county’s economic growth and participative development as indicated at Table 1.1.\(^4\)

**Table 1.1 Snapshot of the Global Prominence of the Indian Textiles Industry**

| • India covers 22 percent of the global textile market. |
| • India is known to be the third largest manufacturer of cotton across the globe. |
| • India holds around 25 % share in the cotton yarn industry across the globe. |
| • India contributes to around 12 percent of the world's production of cotton yarn and textiles. |
| • Indian textile industry in terms of production capacities holds 3.5 to 4 % |

\(^1\)http://www.fibre2fashion.com/industry-article/2/104/indian-textile-industry-an-overview1.asp.
\(^2\)www.dnb.co.in/SMEstextile/overview.asp
\(^3\)(UNCTD, 2005, 2006)
\(^4\)www.fibre2fashion.com
share in the total textile production across the globe and 3 percent share in the export production of clothing.

The Role of Textile Industry also includes a hike in the investment flow both in the domestic market and the export production of textiles (Ramachandran, 2001). The investment range in the Indian textile industry has increased from USD 2.94 billion to USD 7.85 billion within three years, from 2004 to 2007 and it was assumed that by the year 2012, the investment ratio in textile industry would touch USD 38.14 billion (Bhushi, U.M. Pharsiyawar, 2004). The Industrial Competitive Scenario and its prevalent state of textile industry of India under a global competitive setup can be best illustrated using Michael Porter’s Five-force Model as depicted below at figure1.2 (Porter, M. 1979).

**Figure 1.1 The Indian Textiles Industry – Porter Diamond Analysis**

![Porter Diamond Analysis Diagram](image)

*Source: Indian Brand Equity Foundation, 2006*
The textile industry is dynamic to the core. With dismantling of quotas in 2005, the competitive global scenario of this industry has changed significantly. This industry dynamics can be well explained by conducting industry analysis using Porters model according to which, the collective strength of the five competitive forces determine industry profitability because they influence the prices, costs, and required investment of firms in an industry.

The framework shown above outlines the key forces that will assess and determine the level of competitiveness of Indian textile sector and illustrates that how these forces are interrelated. After agriculture, the textile industry in India has generated huge employment for both skilled and unskilled labour. It offers direct employment to over 35 million in the country. According to the Ministry of Textiles, the sector contributes about 14% to industrial production, 4% to the country's Gross Domestic Product and 17% to the country's export earnings. The share of textiles in total exports was 11.04% during April-July 2010, as per the Ministry of Textiles.

It is estimated that India would increase its textile and apparel share in the world trade to 8% from 4.5% and reach US$80 billion by 2020. During 2009-2010, Indian textiles industry reached US$55 billion, 64% of which meets domestic demand.

1.2. HISTORY OF TEXTILES INDUSTRY IN INDIA

The archaeological surveys and studies have found that the people of Harappan culture knew the weaving and the spinning of cotton four thousand years ago. Indication to weaving and spinning materials is also found in the Vedic Literature. There was textile trade in India since ancient times.

A block printed and resist-dyed fabric, whose origin is from Gujarat, is found in tombs of Fostat, Egypt. This proves that Indian export of cotton textiles to the Egypt or the Nile Civilization in medieval times was prevalent to a large extent. Large quantity of north Indian silk was traded through the silk route in China to the western countries.

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5 http://en.wikipedia.org/wiki/Textile_industry_in_India
6 www.clusterpulse.org
The Indian silk was often exchanged with the western countries for their spices in the barter system. During the late 17th and 18th century, there were large exports of the Indian cotton to the western countries to meet the needs of the European industries during industrial revolution.

Consequently there was development of nationalist movement like the famous Swadeshi movement which was headed by Aurobindo Ghosh (Nordas, H.K. 2004). There was also export of Indian silk, Muslin cloth of Bengal, Bihar and Orissa to other countries by the East Indian Company.

India is the second largest producer of fibre in the world and the major fibre produced is cotton. Other fibres produced in India include silk, jute, wool, and man-made fibres. Approximately 60% of the Indian textile Industry is cotton-based. The strong domestic demand and the revival of the Economic markets by 2009 have led to huge growth of the Indian textile industry. In December 2010, the domestic cotton price was up by 50% as compared to the December 2009 prices.

The causes behind high cotton price are due to the floods in Pakistan and China. India projected a high production of textile (325 lakh bales for 2010-11). There has been increase in India’s share of global textile trading to seven percent in five years. The rising prices are the major concern of the domestic producers of the country. Some of the various aspects of the textile industry are enunciated below.

Man-made fibres predominantly include manufacturing of clothes using fibre or filament synthetic yarns. It is produced in the large power loom factories. They account for the largest sector of the textile production in India.

This sector has a share of 62% of India's total production and provides employment to about 4.8 million people. The Cotton Sector is the second most developed sector in the Indian
Textile industries. It provides employment to a large number of people but its production and employment is seasonal depending upon the seasonal nature of the production.

The Handloom Sector is well developed and is mainly dependent on the SHGs for their funds. Its market share is 13% of the total cloth produced in India. The Woollen Sector in India is the 7th largest producer of the wool in the world. India also produces 1.8% of the world's total wool. The Jute Sector comprising of the jute or the golden fibre in India is mainly produced in the Eastern states of our country like Assam and West Bengal. India is third largest producer of jute in the world.

The Sericulture and Silk Sector in India is the second largest producer of silk in the world. India produces world's 18% total silk. Mulberry, Eri, Tussar, and Munga are the main types of silk produced in our country and are a labour-intensive sector.

The broad parameters of the Indian Textile Policy of the Government of India were passed under the National Textile Policy in 2000. This is described briefly in Table 1.2. The Textile units in the Indian Textile industry are mainly dominated by some government, semi-government and private institutions.

Table 1.2 Salient Features of the Indian National Textile Policy 2000

| The Major Functions and Scope of the Ministry of Textiles | Textile Policy and Coordination  
Man-made Fibre Industry  
Cotton Textile Industry  
Jute Industry  
Silk and Sericulture Industry  
Wool Industry  
Decentralized Powerloom Sector  
Export Promotion  
Planning and Economic Analysis  
Finance Matters  
Information Technology(IT) |
| --- | --- |
| The Advisory Boards | All India Handlooms Board  
All India Handicrafts Board  
All India Power looms Board  
Advisory Committee under Handlooms Reservation of Articles for Production  
Co-ordination Council of Textiles Research Association  
Jute Advisory Board |
1.3. TEXTILE CLUSTERS

A business cluster is a geographic concentration of interconnected businesses, suppliers, and associated institutions in a particular field. Clusters are considered to increase the productivity with which companies can compete, nationally and globally. The term industrial cluster, also known as a business cluster, competitive cluster or Portarian cluster, was introduced and popularized by Michael Porter in ‘The Competitive Advantage of Nations’, (1990). He claimed that clusters have the potential to affect competition in three ways:

- By increasing the productivity of the companies in the cluster
- By driving innovation in the field
- By stimulating new businesses in the field

| The Major Export Promoting Councils | Apparel Export Promotion Council, New Delhi  
| Carpent Export Promotion Council, New Delhi  
| Cotton Textiles Export Promotion Council, Mumbai |
| The Major PSU or Public Sector Undertaking | National Textile Corporation Ltd. (NTC)  
| British India Corporation Ltd. (BIC)  
| Cotton Corporation of India Ltd. (CCI)  
| Jute Corporation of India Ltd. (JCI)  
| National Jute Manufacturers Corporation (NJMC)  
| Handicrafts and Handlooms Export Corporation (HHEC)  
| National Handloom Development Corporation (NHDC)  
| Export Promotion Council for Handicrafts, New Delhi  
| Handloom Export Promotion Council, Chennai  
| Indian Silk Export Promotion Council, Mumbai  
| Power loom Development and Export Promotion Council, Mumbai  
| Synthetic and Rayon Textiles Export Promotion Council, Mumbai  
| Wool and Woollen Export Promotion Council, New Delhi |
| Other Autonomous Bodies in this Industry | Central Wool Development Board, Jodhpur  
| National Institute of Fashion Technology, New Delhi  
| National Centre for Jute Diversification |
| The Textile Research Associations | Ahmedabad Textiles Industry’s Research Association  
| Bombay Textiles Research Association, Mumbai  
| Indian Jute Industries Research Association, Kolkata  
| Man-made Textiles Research Association, Surat  
| Synthetic and Art Silk–Mills Research Association, Mumbai  
| Wool Research Association, Thane  
| Northern India Textiles Research Association, Ghaziabad  
| South India Textiles Research Association, Coimbatore |

1.3.1. Small / Micro /Medium Enterprises (SMEs) and Textile Clusters

The term ‘cluster’ indicates a sectoral and geographical concentration of enterprises which produce and sell a range of related products and are, thus, faced with common challenges and opportunities. SMEs form the bedrock of India's economy (Jayalaxmi J. Shah 1985).

As the economy moves from low- to mid-income status, the economic relevance of SMEs also grows, with SMEs accounting for an increasing share of both gross national income and employment. SMEs thus have access to high quality business development services (BDS) which is indispensible to the growth of the whole economy.

The idea is to reduce cost of production of SMEs through backward linkage, through the vehicle of ‘Consortium’ and promote technology upgradation, joint raw material purchase, cost sharing etc. It would also promote through forward linkage, again with the vehicle of ‘Consortium’, to sell jointly in India and to export, avoiding competition and working in cooperation for getting better price realization.  

The Development Commissioner (Handlooms), Ministry of Textiles is implementing the ‘Integrated Handlooms Development Scheme’ since November 2007. This scheme includes four other schemes i.e. Deen Dayal Hathkargha Protsahan Yojana (DDHPY), Integrated Handloom Training Project (IHTP), Integrated Handloom Cluster Development Scheme (IHCDS) and Work-Shed-cum-Housing Scheme.

The Development Commissioner (Handlooms), Ministry of Textiles proposed to take up 625 clusters during the XI Five Year Plan. The twenty pilot clusters that have been selected under the scheme and the Cluster-wise money sanctioned (Rs. in lakhs) are given at Table 1.3 below along with the achievements under the scheme. The objectives of the Scheme are:

- Focus on formation of handloom weavers’ groups as a visible production group in selected handloom clusters.

7 www.banarasipaaninred.blogspot.com
• Assist the handloom Weavers Groups for becoming self-sustainable.

• Inclusive approach to cover weavers both within and outside the Co-operative fold.

• Up-grade the skills of handloom weavers/workers to produce diversified products with improved quality to meet the market requirements.

• Provide suitable workplace to weavers to enable them to produce quality products with improved productivity.

• Market orientation by associating entrepreneurs, designers and professionals for marketing, designing and managing the production.

• Facilitate process of credit from financial institutions/banks.

• Encourage cooperation amongst weavers.

• Holistic and flexible interventions to provide need based inputs specific to each cluster/group.

<table>
<thead>
<tr>
<th>Cluster</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bargarh</td>
<td>58 lakhs</td>
<td>51 lakhs</td>
<td>48 lakhs</td>
</tr>
<tr>
<td>Kullu</td>
<td>54</td>
<td>35</td>
<td>43</td>
</tr>
<tr>
<td>Barabanki</td>
<td>56</td>
<td>51</td>
<td>42</td>
</tr>
<tr>
<td>Kurunjipadi</td>
<td>58</td>
<td>33</td>
<td>29</td>
</tr>
<tr>
<td>Bhagalpur</td>
<td>76</td>
<td>64</td>
<td>24</td>
</tr>
<tr>
<td>Madhavaram</td>
<td>93</td>
<td>40</td>
<td>41</td>
</tr>
<tr>
<td>Bijoy Nagar</td>
<td>86</td>
<td>61</td>
<td>27</td>
</tr>
<tr>
<td>Mubarakpur</td>
<td>59</td>
<td>33</td>
<td>27</td>
</tr>
<tr>
<td>Bijnor</td>
<td>108</td>
<td>54</td>
<td>33</td>
</tr>
<tr>
<td>Nadia</td>
<td>50</td>
<td>51</td>
<td>31</td>
</tr>
<tr>
<td>Burdwan</td>
<td>66</td>
<td>66</td>
<td>38</td>
</tr>
<tr>
<td>Sonepur</td>
<td>77</td>
<td>44</td>
<td>47</td>
</tr>
<tr>
<td>Chirala</td>
<td>90</td>
<td>27</td>
<td>35</td>
</tr>
<tr>
<td>Thiruvannamalai</td>
<td>59</td>
<td>40</td>
<td>31</td>
</tr>
<tr>
<td>Gadag</td>
<td>72</td>
<td>45</td>
<td>41</td>
</tr>
<tr>
<td>Trichy</td>
<td>74</td>
<td>43</td>
<td>23</td>
</tr>
<tr>
<td>Chanderi</td>
<td>69</td>
<td>43</td>
<td>37</td>
</tr>
<tr>
<td>Thiruvananthapuram</td>
<td>59</td>
<td>-</td>
<td>45</td>
</tr>
<tr>
<td>Imphal</td>
<td>76</td>
<td>48</td>
<td>49</td>
</tr>
<tr>
<td>Varanasi</td>
<td>69</td>
<td>34</td>
<td>51</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1409 lakhs</td>
<td>863 lakhs</td>
<td>742 lakhs</td>
</tr>
</tbody>
</table>
1.3.2. SCHEME OF FUND FOR REGENERATION OF TRADITIONAL INDUSTRIES (SFURTI)\(^8\)

With a view to making the traditional industries more productive and competitive and facilitating their sustainable development, the Central Government announced the setting up of a fund for regeneration of traditional industries, with an initial allocation of Rs. 100 crores.

Pursuant to this announcement, a Central Sector Scheme titled the “Scheme of Fund for Regeneration of Traditional Industries (SFURTI)” was drawn up and approved at a total cost of Rs. 97.25 crores. The Scheme was implemented by the Union Ministry of Agro and Rural Industries (ARI).

The Scheme was launched by the then Ministry of Agro and Rural Industries, now Ministry of MSME. The objectives of the scheme are:

- Develop clusters of traditional industries in various parts of the country over a period of five years commencing 2005-06.
- Make traditional industries more competitive with market-driven, productive, profitable and sustained employment for traditional industry artisans and rural entrepreneurs.
- Strengthen the local governance systems of industry clusters, with the active participation of the local stakeholders, so that they are able to undertake development initiatives by themselves.
- Build up innovated and traditional skills, involve technologies, advanced processes, market intelligence and new models of public-private partnerships; so as to gradually replicate similar models of cluster based regenerated traditional industries.
- Under the Scheme the average spending per cluster is Rs.10 lakhs. The assistance is to be provided up to 75% and 25% is to be contributed by the beneficiaries. Clusters assisted till now are 105 in number.

\(^8\) Clusters In India.pdf, 2010
The total money released under the scheme is estimated to be Rs. 83 crores where 21933 artisans have been trained and 9450 new model charkhas have been provided under the scheme. SHGs formed are 1139; 9579 tool kits and 1025 new looms have been provided. Exposure visit of 2401 artisans has been undertaken under the scheme. CFCs been set up are 73.

- Thus, under the above major five cluster development schemes (2010), an estimated 1413 clusters have been assisted and an estimated amount of Rs. 1,328 crores has been spent.

1.3.3. Typologies of Clusters and Assessment of Market Potential in India

It is estimated that there are around 6400 clusters in India. A total number of 4259 clusters have been mapped. These clusters are spread all over India. These 4259 clusters exist in the following typology: SME clusters-1086, Handloom clusters – 491 and Handicraft clusters – 2682.

State wise distribution of the handloom and handicraft clusters is given at Figure 1.2a & 1.2b. The overall estimate of demand and market potential in various sub-sectors, projected on the basis of past growth trends and industry expectations, is summarized in the Table 1.4. The total market was expected to increase from Euros 21.7 billion in 2008-09 to Euro 29.4 billion by 2011-12, with overall compounded annual growth of 7.89%.

The estimate for home textile furnishings have been computed taking the overall average annual growth rates of domestic urban market (considered relevant for the foreign brands) as 15% for bath linen, 10% for kitchen linen, 12% for curtains, 15% for upholstery and 10% for other products.

<table>
<thead>
<tr>
<th>Table 1.4 Growth Trends and Industry Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment of Market Potential</td>
</tr>
<tr>
<td>Textile Clothing &amp; Garments</td>
</tr>
<tr>
<td>Undergarments</td>
</tr>
<tr>
<td>Home Textile Furnishings</td>
</tr>
<tr>
<td>Accessories</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: http://mpra.ub.uni-muenchen.de/29388/1/MPRA_paper_29388

Figure 1.2.a. State Wise Handloom Clusters

Source: http://mpra.ub.uni-muenchen.de/29388/1/MPRA_paper_29388
1.3.4. Textile Market Structure, Segmentation and Government Initiatives

The Textile Industry’s Market Structure as applicable in India is given at Table 1.5. Over a period of few years, Government of India at central as well as state level realized the importance of Cluster Development Programme (CDP) and made it an integral part of its industrial policy. Organizations like SIDBI, Textile Committee – Ministry of Textiles and many
more Central and state agencies started adopting clusters and running programmes. As of today, CDP can be said to be a grassroots movement for a resurgent SME sector in India. There are sound economic reasons for the clustering phenomenon. It has been observed that SME’s operating in such clusters derive a clear competitive advantage from:

- The proximity to sources of raw materials.
- The availability of suitable business development services.
- The abundance of customers/buyers attracted by the cluster tradition in that industry.
- The presence of a skilled labour force.

### Table 1.5. Textile Market Structure and Segmentation

<table>
<thead>
<tr>
<th>Textile Apparels and Clothing</th>
<th>Men’s wear, Women’s wear, Unisex apparel, Kids’ wear Super premium, Premium, Medium, Economy and Low end</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segmentation/category</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Segmentation</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Undergarments</th>
<th>Informal/Unorganized sector, Organized sector Super premium, Premium, Medium, Economy and Low end</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segmentation/types of Suppliers</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Segmentation/Price</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Home Textile Furnishings</th>
<th>Informal/Unorganized sector (70% share) Branded and Unbranded Bed linens, Curtains and Upholstery, Bath linen, Kitchen linen etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segmentation/types of Suppliers</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Organized sector (30% share)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Segmentation</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accessories</th>
<th>Apparel accessories (scarves, stoles, shawls etc.), Hard accessories (bags, belts etc), Packaging for jewellery, time wear, eye wear etc. Super premium, Premium, Medium, Economy and Low end</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segmentation</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Segmentation/Price</strong></td>
<td></td>
</tr>
</tbody>
</table>

### 1.3.5. Preferences of Textile Brands

Brand building is an arduous task which involves high investment on production infrastructure, technology up-gradation and huge merchandizing. This has inspired medium sized players who are trying to create their products in the market through creation of brands.
There is a strong signal that Indian market will have large a number of brands in near future in view of market expansion and increasing competition. Preference for an apparel brand depends on individual tastes and preferences. In general, Indian consumers look for certain universal parameters like design, quality and above all merchandizing. Innovation in product design and fabric selection, are necessary elements that add to value perception for a product. Sales discounts also tend to sway the purchase decisions of consumers provided the least parameters/features are not compromised with.

- **Brand building through Handloom Mark**

  The Handloom Mark has been launched to serve as a guarantee to the buyer that handloom product being purchased is a genuine hand woven product and not a powerloom or mill made product. Handloom Mark wouldbe promoted and popularized through advertisements in newspapers and magazines, electronic media, syndicated articles, fashion shows, films etc. The Textiles Committee is the Implementing agency for promotion of Handloom Mark. As on 31st Jan., 2012, 241.21 lakh (cumulative) handloom mark labels have been sold to 8737 stakeholders. 812 retail outlets are selling handloom goods with handloom mark label.

  The beneficiaries included in the Handloom Mark Scheme to get the benefits are: Self Help Groups, Joint Liability Groups, Consortia, Producer companies, Handloom Weavers Groups or any other legal entity, or organization involved in Handloom activities and approved by Development Commissioner for Handlooms with a one-time registration fee of Rs.500.00. Sale price of one label has been brought down from Rs. 1.25 to 60 paise and application forms are available free of cost. The Registration fee for individual weavers is Rs.25, and for Master Weaver Registration fee is Rs.500.

- **Handloom Marketing Complex, Janpath, New Delhi**

  ‘Handloom Marketing Complex’ at Janpath, New Delhi with the objective to provide infrastructure support to handloom agencies to augment their sales is under construction. This handloom marketing complex will showcase the exquisite varieties of handlooms produced all
over the country by the adept weavers and will also act as a forum for the promotion of handloom products in the domestic as well as international markets.

- **Sant Kabir Award**

  This award is conferred every year, since 2009, on such outstanding weavers who have made valuable contribution in keeping alive the handloom heritage and also for their dedication in building up linkages between the past, present and the future through dissemination of knowledge on traditional skills and designs.

  Each award consists of one mounted gold coin, one shawl and a citation. In addition, financial assistance to the extent of Rs. 6.00 lakh is also given to each of the Sant Kabir Awardees to innovate and create ten new products of high level of excellence, of high aesthetic value and of high quality. Ten handloom weavers were selected for Sant Kabir Award for the year 2009.

- **Handloom Week**

  To promote, popularize and create awareness about the handloom products, Handloom Week is celebrated every year from 21st December to 27th December. During the Handloom week, number of promotional and awareness programmes, publicity through newspapers, magazines and outdoor publicity through electronic media are undertaken.

- **Marketing Events**

  The target of marketing events for the year 2011-12 was increased to 700 from 680 events sanctioned during the year 2010-11 to give adequate opportunity to handloom weavers and their societies to market their products directly to the consumers without the intervention of the middlemen. Marketing events sanctioned were 740 during the current year 2011-12 till 31st January, 2012.

- **Exhibition of Handloom Products**

  Exhibition-cum-Sale of Handloom Items during the ‘India Day’ at Lal Bahadur Shastri National Academy of Administration (LBSNAA), Mussoorie was organised during July and
October 2011. A Buyer-Seller Meet was organized in September 2011 at Jaipur to promote and preserve traditional Kota-Doria and showcased wide range of Kota-Doria products.

A Master Creation Programme has been organised at Dilli Haat, INA, New Delhi from 1st to 15th Dec. 2011 wherein National awardees have exhibited their products for sale directly to the public. Loom demonstration has also been made during the programme. An exhibition cum sale ‘Himcraft’ of woollen products developed in clusters of Himachal Pradesh was held during the “Handloom Week” on 24-26th December, 2011 at India Islamic Center, New Delhi where the Handloom weavers exhibited and sold their products to public.

- **The Geographical Indications of Goods**

  The Geographical Indications of Goods (Registration and Protection) Act 1999 provides legal protection to Geographical Indications of goods etc. and prevents unauthorized use of these by others. Under Marketing and Export Promotion Scheme, this office provides Rs.1.50 lakh to register the handloom items under Geographical Indications. Financial assistance to register 35 items has been provided by this office so far to various States.

- **Export Promotion**

  The objective of the Handloom Export Promotion is to assist the handloom Cooperative Societies, Corporations/Apex and handloom exporters to participate in international events, buyer-seller meets etc. and to make available the latest designs, trends, colour forecasts etc.

  Under this Component, assistance is given for (i) Export Project, (ii) Participation in International fairs and exhibitions, and (iii) Setting up of Design studios. During the year 2010-11, 03 Export Projects were sanctioned and various handloom agencies participated through HEPC in 23 international fairs/exhibitions. During the year 2011-12, participation in 22 international fairs was also approved.

1.3.6. **MILL GATE PRICE SCHEME (MGPS)**

This scheme was introduced during 1992-93 with the objective of providing all types of yarn to the handloom weavers’ organizations at the price at which it is available at the Mill Gate. National Handloom Development Corporation (NHDC), Government of India
Undertaking, is the nodal agency for implementation of the scheme. All types of yarn required for production of handloom items are covered under the scheme. Under the scheme, the Government of India provides transportation expenses involved in the supply of the hank yarn to handloom sector.

There is also a provision for supply of yarn through Yarn depots and expenses of operation of the Yarn depots @ 2.5% of value of yarn are provided by Government of India. Yarn depots operational throughout the country as on 31.12.2011 are 788.

Under the Mill Gate Price Scheme, assistance in terms of Freight reimbursement for transportation of yarn, Expenses of operating the yarn depot @ 2.5%, based on actual and Service Charges to the NHDC is provided to offset the increase in fuel cost and ensure availability of yarn in handloom clusters in far flung areas of the country at the same price at which it is available at yarn manufacturing mills, the rate of freight reimbursement for transportation have been enhanced and revised rate of freight reimbursement admissible under the MGPS for supply of yarn is given at table 1.6 below-

**Table 1.6. Maximum Freight Rate Reimbursements under the MGPS.**

<table>
<thead>
<tr>
<th>Item</th>
<th>Plain Area</th>
<th>Hills/remote Area</th>
<th>NE Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yarn Other than Silk/Jute</td>
<td>2.5%</td>
<td>2.5%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Silk Yarn</td>
<td>1.00%</td>
<td>1.25%</td>
<td>1.50%</td>
</tr>
<tr>
<td>Jute/Jute blended yarn</td>
<td>10.00%</td>
<td>10.00%</td>
<td>10.00%</td>
</tr>
</tbody>
</table>


Supply of yarn by the National Handloom Development Corporation (NHDC) under the Mill Gate Price Scheme has gone up considerably and registered a figure of 1105.96 lakh kg valued at Rs.1195.50 crore in the year 2010-11. During the year 2011-12 (up to Dec., 2011), 638.98 lakh kgs yarn valued at Rs.739.81 crore has been supplied by the NHDC under the scheme. The details of yarn supplied under MGPS during the 11th Plan is given in Table 1.7. To address the issue of yarn availability at reasonable prices to handloom weavers and their
organization, the Cabinet has approved on 18th December, 2011 a new component 10% Price Subsidy on Hank Yarn alongwith enhancement of rate of freight reimbursement under MGPS.

Table 1.7. Progress of Mill Gate Price Scheme

<table>
<thead>
<tr>
<th>Year</th>
<th>Yarn Supply</th>
<th>Value(Rs. In Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Qty(In lakh kg.)</td>
<td></td>
</tr>
<tr>
<td>2007-08</td>
<td>678.46</td>
<td>563.05</td>
</tr>
<tr>
<td>2008-09</td>
<td>855.12</td>
<td>793.77</td>
</tr>
<tr>
<td>2009-10</td>
<td>1081.21</td>
<td>987.32</td>
</tr>
<tr>
<td>2010-11</td>
<td>1105.96</td>
<td>1195.55</td>
</tr>
<tr>
<td>2011-12</td>
<td>638.98</td>
<td>739.81</td>
</tr>
</tbody>
</table>

(up to Dec 2011)


Under this new component of MGPS, 10% price subsidy on domestic silk yarn and cotton hank yarn will be provided by the Government to ensure supply of subsidised yarn to handloom sector.

The National Handloom Development Corporation, State Governments and their Apex/Corporations would be implementing agencies. A yarn pass book would be issued and the subsidized yarn would be supplied either to individual handloom weavers or to their self help groups, cooperative societies etc, but not to both.

1.3.7. Diversified Handloom Development Scheme (DHDS)

The Central Sector Diversified Handloom Development Scheme (DHDS) aims at upgrading the skills of the handloom weavers through organization of workshops and exhibitions, design development, documentation of traditional designs and providing linkage and meeting the market requirements. This scheme includes components such as Strengthening of Weavers Service Centres/Indian Institutes of Handloom Technology.

Setting up of new WSCs/IIHTs, National Centre for Textile Design (NCTD), Research and Development (R&D) and Conducting Third Census and issue of Photo Identity Cards to Handloom Weavers and allied workers have been major components of the Scheme during XI Plan. Against the approved outlay of Rs.24.10 crore, a sum of Rs.12.48 crore has been incurred till 31.01.12.

1.3.8. Third Handloom Census and issue of Photo Identity cards to Handloom weavers
The work of conducting ‘Third National Handloom Census and issue of Photo Identity Cards (PIC) to all the eligible weavers’ has been completed successfully. The report of the Handloom Census of India (2009-10) was released on 23.12.2010 and work of issuing Photo identity cards commenced through MOS (T). Subsequently, the PICs have been delivered to the State Governments concerned across the country for onward distribution to the eligible weavers and allied workers concerned. The highlights of the census are given in Tables 1.8 and 1.9.

Table 1.8. Handloom Units, Weavers and Allied Workers, and Number of Handlooms (as per Handloom Census)

<table>
<thead>
<tr>
<th>Figures in lacs:</th>
<th>Allied Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 First Census (1987-88)</td>
<td>29.97</td>
</tr>
<tr>
<td>2 Second Census (1995-96)</td>
<td>25.24</td>
</tr>
<tr>
<td>3 Third Census (2009-10)</td>
<td>28.2</td>
</tr>
</tbody>
</table>


Table 1.9. Comparative Outcome- As per Handloom Census 1995-96 v/s 2009-10

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandays’ worked per weaver household (days)</td>
<td>197</td>
<td>234</td>
</tr>
<tr>
<td>Share of full time weavers to total weavers</td>
<td>44%</td>
<td>64%</td>
</tr>
<tr>
<td>Share of weavers’ household reporting less than a metre production per day</td>
<td>68%</td>
<td>46%</td>
</tr>
<tr>
<td>Share of weavers’ household reporting more than 60% income from handloom and related activities</td>
<td>31%</td>
<td>35%</td>
</tr>
<tr>
<td>Share of idle handlooms</td>
<td>10%</td>
<td>4%</td>
</tr>
</tbody>
</table>


1.3.9. Weavers’ Service Centres (WSCs)
At present, twenty five Weavers Service Centres (WSCs) are located across the country. These WSCs play a vital role in imparting training to weavers, upgrading the skill and productivity of weavers. They have developed new designs and revived traditional ones. WSCs also render extension services which involve transfer of design inputs, skills and technology to weavers.

During the year 2010-11, a sum of Rs.27.99 Crore (Non-plan) had been incurred. During the current financial year 2011-12, an amount of Rs.25.6 Crore has been incurred up to October, 2011 against the budget provision of Rs.29.65 Crore.

1.3.10. Indian Institutes of Handloom Technology (IIHTs)

The Indian Institutes of Handloom Technology (IIHTs) provide qualified and trained manpower to the Handloom Sector and undertake experimental and research programmes on all aspects of the handloom industry. Five IIHTs are presently functioning at Varanasi, Salem, Guwahati, Jodhpur and Bargarh in the Central Sector.

In order to cater the needs of handloom sector for technically qualified manpower, provision for opening new IIHTs in the Central Sector wherever required, has been made in the XI Five Year Plan. In principle approval for setting up an IIHT at Shantipur (West Bengal) has been accorded recently by the Hon’ble Commerce, Industry and Textiles Minister.

1.3.11. National Centre for Textile Designs (NCTD)

National Centre for Textile Designs was set up in January, 2001 at Handloom Pavilion, Pragati Maidan, New Delhi to promote traditional and contemporary designs to enable the textile industry, particularly in the Handloom Sector, to be responsive to the rapidly changing market demands. The activities of NCTD are as follows:

- On-line Activities: Include dissemination of information related ministry of textiles to textile designs through its website www.designdiary.nic.in. The site provides information relating to national and international design trends and colour forecast, design pool, and cyber yellow pages, panel of textiles designers and linkages to other textiles related sites.
- NCTD uploads various designs and layouts developed by the professional artists of the Weavers Service Centres, based on the themes, and make them available to users and subscribers.

- Off-line Activities: Include holding of special exhibitions on sustained basis for increased product exposure and awareness regarding handloom products among the public. The exhibitions of NCTD are held under the title ‘Tantavi’, meaning ‘of the loom’ in Sanskrit, which is also the registered trademark of NCTD. It is also making available the developed fabric samples to the manufacturers and exporters for development in large scale to cater local and export market requirement. NCTD converted full-length theme based fabric samples into three-dimensional forms, and displayed them in the exhibitions, which drew attention of the national level manufacturers and exporters.

1.3.12. Initiatives Taken During 2011-12 for the Handloom Sector

- Financial Package for Handloom Sector

  In the Budget announcement (2011-12), the Finance Minister announced that the Government of India would provide Rs.3000 crore for implementing the financial package for handloom sector on All India basis. The ‘Revival, Reform and Restructuring Package for Handloom Sector’ has been approved with the total financial implication of Rs. 3884 crore.

  The component-wise details of the Financial Package are given in Table 1.10. The Package covers loan waiver of 100% of principal and 25% of interest, which is overdue as on 31.03.2010 in respect of weavers and their societies. Interest subsidy of 3% for 3 years will be extended from the date of disbursal of the fresh loan extended by banks to the eligible handloom cooperative societies and individual handloom weavers.

**Table 1.10. Component-wise Financial Package**
Fresh loan extended by the Banks would be guaranteed for a period of 3 years, for which the guarantee fee and other charges would be borne by the Government. The Package would require cooperation of the State Governments, which would need to sign a MoU for carrying out structural reforms of the handloom cooperatives and would provide 20% of the funds for waiver of overdues. (Source: http://www.texmin.nic.in)

**1.3.13. Comprehensive Package for Handloom Sector**

To meet the two critical needs of cheap credit and cheap hank yarn for the handloom sector, the Government has approved a comprehensive package for handloom sector. The components of comprehensive package will be implemented through two existing Plan schemes i.e. Integrated Handlooms Development Scheme for availability of cheap credit, and Mill Gate Price Scheme for availability of subsidised hank yarn. This will ensure availability of yarn in the handloom clusters in far flung areas of the country at roughly the same price at which it is available at yarn manufacturing mills.

The projected financial outlay involved in the implementation of these proposals during the current year 2011-12 and the 12th Plan period is Rs. 2362.15 crore. The comprehensive package will benefit all the handloom weavers and their cooperative societies in the country as per the budget allocation, in addition to 3 lakh handloom weavers and ministry of textiles 15,000 cooperative societies already covered under the Financial Package approved earlier.
These interventions aim at bringing about a paradigm shift by converting individual weavers into micro entrepreneurs by empowering them with cheap credit and yarn. Individual weavers will now be able to command a better price in the market for their products. (Source: Report of the Steering Committee on Handlooms and Handicrafts Constituted for the Twelfth Five Year Plan (2012 – 2017) VSE Division Planning Commission Government of India 2.5.2012)

1. **Credit to handloom sector:** For easy credit availability to handloom weavers, the Government will provide assistance in the form of Margin money assistance @ Rs.4200 per weaver to individual weavers by the Government so as to enable them to avail fresh loans from Financial Institutions, Interest Subvention of 3% per annum for 3 years will be provided by the Government so that handloom weavers and their cooperative societies can get loans at subsidized rate of interest.

2. **Credit Guarantee:** The loans extended by the Financial Institutions to the handloom weavers and their Cooperatives/Corporations will be guaranteed for 3 years by the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). The Government will pay the required guarantee fee and annual service fee.

3. **Information, Education and Communication (IEC) Activity:** A publicity and awareness campaign will be carried out to make the handloom weavers aware of the scheme.

4. **Yarn supply to handloom sector:** To address the issue of yarn availability at reasonable prices, 10% price subsidy on domestic silk yarn and cotton hank yarn will be provided by the Government to ensure supply of subsidized yarn to handloom sector.

   The Government has approved enhancement in the rate of freight reimbursement for transportation of different types of yarn used by the handloom sector in order to offset the increase in fuel cost.

**1.3.14. Handloom Weaver Credit Card (WCC) Scheme**

Handloom sector largely comprises of small and tiny units, which fall mostly under the unorganized sector and that credit needs of a large number of weavers are being met through
informal channels. The WCC Scheme aims at providing adequate and timely assistance from the Banking institutions to the weavers to meet their credit requirements that is for investment needs as well as for working capital in a flexible and cost effective manner. Weaver Credit Card (WCC) Scheme dove-tailed with other Government programmes will go a long way in supporting the government initiatives to fulfill the objective of financial inclusion. The Scheme will be implemented both in rural and urban areas.

1.3.15. Credit Guarantee through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

The Handloom Sector is in need of short term credit facilities for working capital and term-loans which are presently not available easily to the weavers. Therefore, it is proposed to provide a credit guarantee cover for working capital/term loan assistance through banks/MLIs under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme on the lines of a similar Scheme being implemented for the Handicraft Sector.

Through the Credit Guarantee Fund Scheme of CGTMSE, this office can enable credit guarantee cover for working capital and term loan assistance by payment of the Guarantee Fees and the Annual Service Charges on the weavers’ behalf.

The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) was setup in July, 2000 jointly by GOI and SIDBI which became operational from 01st August, 2000. The trust provides guarantee cover to both fund and non fund based credit facilities including term loan and working capital facilities sanctioned by its member lending institutions without collateral security and/or 3rd Party Guarantee to eligible units in the Micro and Small Enterprises Sector.

1.3.16. Special Project for Development of Tripura Handlooms

There are more than one lakh handlooms in Tripura, of which about 25% are commercial and rest are non-commercial or domestic belonging to ethnic tribes/Bengali/Manipur weavers. Presently, due to irregular supply of raw material, lack of innovative designs and products, outdated technology in production process and poor marketing
linkages, the handloom sector in the State is passing through hard times and many skilled weavers mainly located in and around cities and towns have switched over to other professions.

The proposed Special Project for Development of Tripura Handlooms is likely to benefit 960 handloom weavers and ancillary workers because it proposes an overall development of the dispersed units spread across the remote interiors of the hilly terrain (Source: Ministry of Textiles, Annual Report 2011-12).

1.3.17. Implementation of Handlooms (Reservation of Articles for Production) Act, 1985

The Handlooms (Reservation of Articles for Production) Act, 1985 aims at protecting millions of handloom weavers and rich cultural heritage of India from the encroachment on their livelihood by the powerlooms and mill sector. As per latest amendment vide No. S.O. 2160 dated 3.9.2008, eleven categories of textile articles are reserved under the Act. The physical as well as financial progress of Handloom Reservation Act, 1985 as on 21.02.2012 is given at table 1.11 and 1.12. An Advisory Committee is constituted comprising of 30 members every 3 years to advice on issues relating to Enforcement of the Act.

Table 1.11. Central Assistance Released to States

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of State</th>
<th>Year Wise Amount Released</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2008-09</td>
</tr>
<tr>
<td>1.</td>
<td>Andhra Pradesh</td>
<td>17.72</td>
</tr>
<tr>
<td>2.</td>
<td>West Bengal</td>
<td>11.40</td>
</tr>
<tr>
<td>3.</td>
<td>Gujarat</td>
<td>56.70</td>
</tr>
<tr>
<td>4.</td>
<td>Rajasthan</td>
<td>28.74</td>
</tr>
<tr>
<td>5.</td>
<td>Madhya Pradesh</td>
<td>11.73</td>
</tr>
<tr>
<td>6.</td>
<td>Haryana</td>
<td>-</td>
</tr>
<tr>
<td>7.</td>
<td>Tamil Nadu</td>
<td>23.71</td>
</tr>
<tr>
<td>8.</td>
<td>Uttar Pradesh</td>
<td>-</td>
</tr>
<tr>
<td>9.</td>
<td>Kerala</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total Exp.</td>
<td>150.00</td>
</tr>
</tbody>
</table>

Source: http://texmin.nic.in/annualrep/ar02_c05.pdf
Table 1.12. Physical Progress of Handloom Reservation Act, 1985

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Physical progress</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12 (as on 21.02.2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Targets for Powerloom Inspections</td>
<td>228040</td>
<td>252103</td>
<td>259000</td>
</tr>
<tr>
<td>2.</td>
<td>No. of Powerlooms Inspected</td>
<td>197210</td>
<td>284375</td>
<td>219244</td>
</tr>
<tr>
<td>3.</td>
<td>No. of FIRs. Lodged</td>
<td>12</td>
<td>11</td>
<td>29</td>
</tr>
<tr>
<td>4.</td>
<td>Convictions</td>
<td>14</td>
<td>9</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: http://texmin.nic.in/annualrep/ar02_c05.pdf

1.3.18. Association of Corporations and Apex Societies (ACASH)

The Association of Corporations and Apex Societies of Handlooms (ACASH) is a national level apex organization of the national level, state level and interstate level handloom development corporations and apex handloom cooperative societies. ACASH was registered in June 1984 as a society under the Societies Registration Act 1860.

1.3.19. Targets and Achievements

The export data has been made available for Handloom products with effect from April 2009 onwards. As per the export data received from the Office of the Director General of Commercial Intelligence and Statistics, during 2009-10 it was Rs.1252 crores (US $ 278 million). Target fixed for handloom exports is US $ 300 (Rs. 1350 crores) for the year 2010-11. The achievement during the year was Rs.1662.89 crores. There is a growth of 32.73% during the year 2010-11 over the period of 2009-10. For the year 2011-12, the target was fixed as US $ 500 million. i.e. Rs.2250 crores.

As per the statistics, U.S.A. is the leading importer of handloom products contributing nearly 45.88 % of our exports. EU as a group contributes nearly 33% of our exports. After U.S.A., Germany, U.K., France, Italy are the leading importers in EU. Followed in the list are Australia, Belgium, U.A.E, Netherlands, Sweden, Canada and Japan occupying 6,7,8,9 and 10th positions respectively. Export Promotion activities of HEPC’S during the year 2011-12 are as follows:

- HEPC has participated in 16 International fairs till December, 2011 which includes two exploratory participations and two International fairs in India.
• In order to sensitise the handloom Industry about the intricacies involved in export trade HEPC has been organizing awareness seminars across the Country periodically. During 2011-12, HEPC organized seminars at Varanasi, Bhubaneshwar and Santipur.

• Consequent on the phenomenal success of the India International Hand-woven Fair (IIHF), HEPC organized the second edition of the fair at Chennai Trade Centre, Chennai in 2012. This fair is organized under the MAI (Market Access Initiatives) Scheme of Ministry of Commerce and Industry with the component of Reverse Buyer Seller Meet, by inviting Ministry of Textiles, foreign buyers and 50 buying houses. Nearly 150 member exporters participated in this fair to showcase their handloom products.

• Design Studio: In order to devise the design strategy with a complete re-orientation of the products manufactured by the Handloom sector to suit the international market, HEPC has set up a Design Studio at Kannur in Kerala during November 2008 and at Hyderabad in Andhra Pradesh during September 2010 with MAI Assistance.

• Publications: Coffee Table Book –The Empowered Committee of MAI Scheme has approved the proposal of HEPC for publishing 2000 copies of Coffee Table Book on Hand-woven textiles and a sum of Rs.50 lakhs has been sanctioned, ensuring display of information about the Council and Indian manufacturers/ exporters of the products, for sourcing by foreign buyers.

This book is aimed at highlighting the rich heritage and diverse product range of Hand-woven textiles and the socio-economic importance of Indian handloom industry to create a global brand and strategically position Hand-woven textile items. This publication is likely to be completed by March, 2012. Setting up of Design Studio in order to cover the following activities and services, Design Studios at Kannur and Hyderabad have already been commissioned.

They provide the services in the areas of Creating new designs based on client’s needs, Adapting and modifying designs from sketches or fabrics submitted by client, to meet a price or other consideration, analyze the latest trends, forecast the change in motif, colour etc.
new designs based on the analysis and forecasting for the manufacturers and provide latest in technology by way of related software. The outlay for each Studio is Rs.66 lakh, of which MAI assistance has been Rs.45 lakh.

1.3.20. Handloom Export Zone (HEZ)

In order to create a supply hub for the manufacture of identified export products, HEPC (Handloom Export Promotion Council) has conceived a novel project of its kind with a market linkage known as “Handloom Export Zone”.

It is currently under implementation at various handloom clusters at Nagercoil, Kanchipuram district, Thiruvannamalai, Virudhunagar and Thiruvalluvar district in Tamilnadu to meet out the objectives of creating a supply hub for manufacturing identified export products (focus product), Providing quality products by imparting training on quality aspects and by supplying accessories for quality control, Increasing the wage earning capacity of weavers by increasing productivity by way ofloom, pre loom up gradation, Improving the work environment by providing basic amenities like toilet, water facilities etc and Establishing market linkage with merchant exporters.

The project has been implemented in Kanya Kumari Distt. of Tamil Nadu financial assistance from Asian Development Bank. The project has enhanced livelihood of 300 handloom weavers in 8 WCSs.[Source: Annual Report (2011-12), Ministry of Textiles, Government of India]

1.3.21. Global Scenario

SME clustering is common in a wide range of countries and sectors. Some industrial districts in developed countries describe SME clusters that have reached high levels of growth and leadership in profitable niches of world markets. Similar examples exist from developed countries such as Germany, the USA, and Japan. This model can be replicated in developing and underdeveloped economies too. The principle of Cluster Development Program's approach towards SME's is that these companies can play a key role in economic growth as well as
equitable development in developing countries. However, this potential role is often not fulfilled because of a particular set of problems (vulnerabilities) characterizing SMEs that are related to its size and scale. Individually, SMEs are often unable to capture market opportunities which require large production quantities, homogenous standards, and regular supply.

They experience difficulties in achieving economies of scale in the purchase of inputs (such as equipment, raw materials, finance, consulting services, etc.). Small size constitutes a significant hindrance to the internalization of functions such as training, market intelligence, logistics and technology innovation all of which are at the very core of firm dynamism. Small and Medium scale prevents the achievement of specialized and effective internal division of labour that fosters cumulative improvements in productive capabilities and innovation.

Due to the continuous and fierce struggle to preserve their narrow profit margins, small-scale entrepreneurs are often locked in their routine work and unable to introduce innovative improvements to their products and processes and cannot look beyond the boundaries of their firms to capture new market opportunities.

1.3.22. Cluster Development Programme (CDP) and Consortium

The term ‘consortium’ refers to a group of firms that cooperate on a joint project – like joint raw material purchase, joint marketing through common brand, cost sharing, capacity utilization, joint participations in exhibitions and marketing tours etc. thereby complementing each other in order to overcome common problems, achieve collective efficiency and conquer markets beyond their individual reach.

This led to the beginning of Cluster Development Programs (CDP). The CDP approach envisages consortium initiatives as components of a broader spectrum of support measures to SMEs. This is because such initiatives are frequently much more effective and sustainable if they involve the entire range of actors with whom the SMEs commonly interact. Among such actors are:

- Suppliers of raw materials, plant and machinery

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9 [www.ethiopianhandicraft-femseda.org](http://www.ethiopianhandicraft-femseda.org)
• Consumers of goods and services
• Research and development institutions
• Industrial Associations
• Technical, Marketing and Management Consultancy Organizations
• Training Institutions
• Regulatory bodies enforcing/monitoring rules and regulations
• Local Government
• Financial Institutions

1.3.23. Results Framework Document (RFD) (2011-2012)

The Results Framework Document (RFD) includes policies, programs and projects and success indicators and targets to measure progress in implementing them. The vision, mission, objectives and functions are also indicated in the document. As per the RFD for the year 2011-12, the major objectives of the Ministry are the following:

• To achieve sustainable growth, modernization, value addition, increase in exports and overall development of the Textiles sector in the country with an addition of 20-22 lakh spindles and 20000-25000 automatic shuttle less looms and a processing capacity of 15-20 thousand lakh sq. meters.

• To ensure integrated development and promotion of Jute sector with a 5-6% increase in Jute fibre Production.

• To promote growth, development and exports in Sericulture and Silk sector with 21000-22000 Metric Tons of raw silk production.

• To strengthen Textile and Fashion education.

• To promote growth and development of Technical Textiles in India- Implementation of Technology Mission on Technical Textiles.

• To develop Wool and Woollen textiles sector and increase in exports of woollen products with a 4-5% increase in production.

• To develop and modernize the decentralized Powerlooms sector.
• To develop Handloom sector, increase handloom exports and welfare of weavers with additions of 5000-7000 new looms and an increase of 5-6% in the export of Handloom products.

• To develop Handicrafts Sector, increase handicraft exports and welfare of artisans.

• To improve the functioning and performance of PSUs with adoption of 110-120 new cluster and social security cover to 8-9 lakh artisans.

• To ensure efficient functioning of the RFD System.

• To improve internal efficiency/responsiveness/service delivery of Ministry.


• Transparency and Anti-corruption. Transparency of information is vital to the functioning of democracy. The institution of Transparency Officer is in fact an administrative arrangement for promotion of institutional transparency within the public authority through proactive and effective implementation of the provisions of section 4 of the RTI Act, 2005. The main responsibilities of the Transparency Officer include:

  • Work as interface between the Commission vis-à-vis the public authority. Implement the Commission’s directive regarding pro-active disclosures under section – 4 of RTI Act.

  • Regular monitoring of decisions of the Central Information Commission. Work as contact point for the Central Public Information Officers/First Appellate Authority /Divisional Heads.

  • Promote good management practices within the organization.

  • Help to set up facilitation centers within the premises of the public authority. Work for record management, its classification and indexing, digitization, networking etc.
• Prepare information matrix based on RTI applications. Establish an information regime to create a user-friendly website for information pertaining to the Ministry.

• Train personnel so as to promote higher transparency among them. Establish dialogue with top management and key officials of the public authority regarding prevention of unnecessary confidentiality.


1.3.24. Major Textile Clusters

Item and Location wise names of some Major Indian Textile Clusters:

<table>
<thead>
<tr>
<th>Table 1.13. Major Textile Clusters in India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terry Towel</td>
</tr>
<tr>
<td>Cotton Fabrics</td>
</tr>
<tr>
<td>Textile Fabrics</td>
</tr>
<tr>
<td>Knitwear</td>
</tr>
<tr>
<td>Home Furnishing</td>
</tr>
<tr>
<td>Cotton Yarn</td>
</tr>
<tr>
<td>Home Furnishing</td>
</tr>
<tr>
<td>Textile &amp; Clothing</td>
</tr>
<tr>
<td>Hosiery</td>
</tr>
<tr>
<td>Defence Textiles &amp; Hosiery</td>
</tr>
<tr>
<td>Polyester Fabrics</td>
</tr>
<tr>
<td>Grey Fabrics</td>
</tr>
<tr>
<td>Ikat Fabrics</td>
</tr>
<tr>
<td>Chanderi Silk</td>
</tr>
<tr>
<td>Knitwear</td>
</tr>
<tr>
<td>Home Furnishing</td>
</tr>
<tr>
<td>Jeans</td>
</tr>
<tr>
<td>Sanganer print</td>
</tr>
<tr>
<td>Raw Cotton</td>
</tr>
<tr>
<td>Khadi</td>
</tr>
</tbody>
</table>

Source: Textile Clusters: Textile Committee, Ministry Of Textiles, Government. Of India

1.3.25. Traditional Indian Textile Clusters

Some of the Traditional Indian Clusters are as follows-

1. Chanderi – Traditional Textile of Madhya Pradesh
Chanderi is one of the best-known handloom clusters in India, particularly famous for its sarees, made with mix of silk and cotton. But if we look at its history, Chanderi has been adapting itself as per needs. Sari is the product of second half of twentieth century only. Then, there have been changes in the methodologies, equipments and even the compositions of yarns in the past. The heritage is attached with the skills of weaving high quality fabric products here. The weavers are actually the symbol of the heritage, as they have been the ones, who produced the kind of stuff that received appreciation even from the royals.

Unlike the past, in modern time of changes in lifestyle, Chanderi tends to stick with what it has been doing for decades now. It is because of the inability of those, who lead the decision-making about the product, to adapt as per the changes. Their ability has partly been affected by lack of patronage it used to have in past.

Till independence, royal families of Gwalior provided the required patronage. After that, state and central government supported the cluster through purchases of the goods and subsidies. But that support has slowly reduced to bare minimum and the cluster is on the decline now. Realizing the difficulties well in advance, the resourceful traders/master weavers have generated several options for themselves. They have invested in alternative business activities
for a possible shift in future. But unfortunately, the 'symbol of heritage' - weavers, are the most vulnerable unit on the scene, having no options, weavers are facing increasingly difficult time.\textsuperscript{10}

II. Chamba Rumal – Traditional Textile of Himanchal Pradesh

The embroidery art form of the Chamba Rumal originated in the erstwhile princely hill states of Chamba, Kangra, Basohli and nearby states which now form part of the Himachal Pradesh. Though practiced throughout the region, the craft came to be associated specifically with Chamba owing to the patronage given by the rulers of the area. Artistic styles of Pahari miniature painting was reflected in the Rumals of the 18th-19th century A.D. Chamba Rumals were embroidered by the upper class women of royalty.

They had the use of the trained miniature artist who would draw the theme of the Rumal in charcoal and provide guiding color schemes. The themes were religious especially Krishna theme. Fabric was hand spun unbleached mulmul or fine Khaddar. Embroidery was done in double satin stitch called dorukha. No Rumal was in single color.

The stitch was carried forwards and backwards alternately and was done simultaneously on both sides of the cloth. Rumals were expressions of the life of the common man. The state government has got the Chamba handkerchief, Kullu and Kinnauri shawl and Kangra tea registered under the Geographical Indications (GI) of Goods (Registration and Protection) Act, 1999, with the Chennai-based Geographical Indications Registry.\textsuperscript{11}

III. Phulkari – Traditional Textile of Punjab

\textsuperscript{10} www.indianhandloomscluster-dchl.net
\textsuperscript{11} www.hdmuseum.nic.in/art_gallery/textiles.html
Phulkari literally means flower working which was one time used for word embroidery but in course of time word “Phulkari” became restricted to embroidered head cloth/odini. Simple and sparsely embroidered odini and shawls made for everyday use are called Phulkaris whereas closely and all covered over are made for special and ceremonial occasions are known as Baghs (Garden). Phulkari and Baghs were worn by ladies all over Punjab during marriage festivals and other joyous occasions.

They were embroidered by ladies themselves for their own use and use of other family members and not for sale in the market. Thus it was purely a domestic art which not only satisfied their inner urge for creation but brought color into day to day life. In a way it was true folk art. Custom had grown to give Phulkari and Baghs to brides at the time of marriages.

Some of the best Phulkari and Baghs are known to have been made in Hazara and Chakwal areas of Northern Punjab. Some scholars feel that the art of Phulkari came from Iran where it is known as “Gulkari”. Some feel it came from Central Asia along with Jat tribes who migrated to India and settled in Punjab, Haryana and Gujarat. There is reference of Phulkari in Vedas, Mahabharata, Guru Granth Sahib and folk songs of Punjab. Most favoured color is red and its shades because Bagh and Phulkari are used during marriages and other festivals. Red is considered as‘auspicious’ by Hindus/Sikhs.

Other colours are brown, blue, black and white. White was used in Bagh by elderly ladies. Silk thread in strands came from Kashmir, Afghanistan and Bengal. Best quality silk
came from China. No religious subject or durbar scenes were embroidered as in Chamba Rumal. Phulkari encompassed life of villages. Creative ability of Punjabi women has produced innumerable and intricate geometrical patterns. However, most motifs were taken from life existing all around. Wheat and barley stalk with ears is a common motif.\textsuperscript{12}

\textbf{IV. Banarasi Brocade – Traditional Textile of Uttar Pradesh}

Banarasi saris are saris made in Varanasi, a city which is also called ‘Benares’. These saris are historically considered to be among the finest saris in India and are known for their gold and silver brocade; fine silk and opulent embroidery, and being highly sought after. These saris are made of finely woven silk and are decorated with intricate design, and because of these engravings, these saris are relatively heavy.

Their special characteristics are Mughal inspired designs such as intricate intertwining floral and foliate motifs, kalga and bel, a string of upright leaves called jhallar at the outer, edge of border is a characteristic of these sarees. Other distinctive features are heavy gold work, compact weaving, figures with small details, metallic visual effects, ‘pallus’, ‘jaal’ (a net like pattern), and ‘meena’ work. These saris are an inevitable part of any Indian bride's trousseau.

\begin{center}
\includegraphics[width=\textwidth]{banarasi_brocade.png}
\end{center}

Depending upon the intricacy of designs and patterns, a sari can take anywhere from 15 days to thirty days and sometimes up to six months to complete. Banarasi saris are mostly worn

\begin{footnote}{\url{www.hdmuseum.nic.in/art_gallery/textiles.html}}\end{footnote}
by Indian women on important occasions such as when attending a wedding and are expected to be complemented by the woman's best jewellery.\textsuperscript{13}

V. Block Printing – Traditional Textile of Rajasthan

Archaeological remains from the Indus Valley civilisation in the 3rd millennium BC include cotton fragments dyed with madder, a dye commonly used for Block Printing even today. Dye vats, spindles and bronze needles found at sites like Mohenjedaro indicate highly developed fabric work. Today, Block Printing is practiced in several Indian states.

In Gujarat, hand printing has been practiced and perpetuated by the Paithapur families. They make intricate blocks, and print their textiles using the mud resist-Printing method. These prints are called Sodagiri (trader) prints.

In Kutch, the popular patterns are black and red designs of birds, animals, and dancing girls. The saris of Ahmedabad and Baroda have large mango patterns against a red or blue background. The other well known centres for Block Printing in Gujarat are Bhavnagar, Vasna, Rajkot, Jamnagar, Jetpur and Porbandar. In Rajasthan, colourful Block Prints of birds, animals, human figures, gods and goddesses are popular.

\textsuperscript{13}www.banarasipaaninred.blogspot.com
The important centres for this form of Hand Printing are Jaipur, Bagru, Sanganer, Pali and Barmer. Barmer is known for its prints of red chillies with blue-black outlines, surrounded by flower-laden trees. The other famous prints are of horses, camels, peacocks and lions, called Sikar and Shekahawat prints. In Madhya Pradesh, printed textiles are created by a community of printers called Chheepa (derived from the Hindi word chhapna meaning printing). The printers of Bagh use vegetable and Natural Dyes, in bright shades of red and black and also occasional Indigo. The blocks are made of intricately stylized motifs, which have evolved over hundreds of years. These prints have a tonal and a three dimensional effect which is impossible to replicate in the screen printing or machine printing process.¹⁴

VI. Madhubani – Traditional Craft on Textile of Bihar

Madhubani paintings and textiles, (also referred to as Mithila Art as it flourishes in the Mithila region of Bihar), are characterized by line drawings based on mythological themes, in bright colours and decorative borders.

They are so called because they originated in and around a large agricultural town in Bihar, Madhubani or ‘Forest of Honey’. Originally, Madhubani Paintings were executed on freshly plastered mud walls, on religious occasions or weddings. Each painting was a prayer and

¹⁴www.farpavilliontents.co.uk/block-printing.asp
an accompaniment to meditation. Well executed paintings were believed to be inhabited by the deities depicted in them. The colours used in these paintings were made from natural dyes. Today, Madhubani Paintings are made on silk, handmade paper, cloth, canvas etc for commercial purposes. The use of chemical dyes and paints has resulted in brighter multi-coloured paintings.

Madhubani art came to the notice of the rest of the country in the 1960s. Bihar had been hit by a terrible drought and the government decided to promote Madhubani Paintings to create an alternative non agricultural source of earning. The All-India Handicrafts Board encouraged the artists of Madhubani to paint on handmade paper instead of on walls. Since then, painting has become a primary source of income for scores of families.

The Madhubani Artists:

Madhubani paintings are mostly made by Hindu village women who traditionally passed on this skill from mother to daughter. Different castes use different colours and motifs in their painting.

For example, Brahmins use yellow, lemon, blue and black, while the paintings made by Kayasthas are usually in just black or deep red. Even today, most of their work remains anonymous. Few women like to mark their paintings with their names, and are quite reluctant to consider themselves individual producers of ‘works of art’.

1.4. STATE OF UNORGANISED HANDLOOM AND HANDICRAFTS SECTOR IN INDIA.

The Organised and the Unorganised Business Enterprises: Most of the traditional textile industry comprises of the rural skilled workforce working from home encompassing all the family members where the creation of products and services is home-based, rather than factory-based. While merchandise and services shaped by the unorganised industry are often unique and distinctive, given the fact that they are typically not mass-produced, producers in this sector often face numerous disadvantages when trying to compete with much larger factory-based
companies. Few differences amongst the organised and the unorganised sector can be seen in the following table:

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Organised Sector</th>
<th>Unorganised Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers</td>
<td>Hired By Companies</td>
<td>Home Workers, Family Members, Children</td>
</tr>
<tr>
<td>Activities</td>
<td>Specific</td>
<td>Need Based, Random, Multi-Tasking</td>
</tr>
<tr>
<td>Workplace</td>
<td>Factory Based</td>
<td>Own House, Rented Premise</td>
</tr>
<tr>
<td>Ownership</td>
<td>Employer</td>
<td>Contractual, Free Lancer</td>
</tr>
<tr>
<td>Skill</td>
<td>High Skilled Labour (Operative)</td>
<td>Low Skilled Labour (High On Traditional Know How)</td>
</tr>
<tr>
<td>Economy</td>
<td>Formal Economy</td>
<td>Informal Economy</td>
</tr>
<tr>
<td>Orders</td>
<td>Bulk / Mass Production</td>
<td>Piece Work, Just In Time Inventory</td>
</tr>
<tr>
<td>Economies Of Large Scale</td>
<td>Possible</td>
<td>Not Possible</td>
</tr>
<tr>
<td>Legal Status</td>
<td>Registered</td>
<td>Unregistered</td>
</tr>
<tr>
<td>Number Of Workers</td>
<td>Known</td>
<td>Unknown</td>
</tr>
<tr>
<td>Supply Chain</td>
<td>Longer</td>
<td>Short</td>
</tr>
<tr>
<td>Major Activity</td>
<td>All Business Related Activities</td>
<td>Principally Manufacturing Including Many Producers</td>
</tr>
<tr>
<td>Geographical Location</td>
<td>Usually Urban</td>
<td>Usually Rural, Villages, Countryside</td>
</tr>
<tr>
<td>Investment</td>
<td>High Capital Cost</td>
<td>Very Low On Investment</td>
</tr>
<tr>
<td>Operations</td>
<td>Automated</td>
<td>Manual</td>
</tr>
<tr>
<td>Skill Requirement</td>
<td>Reduced Skill Level</td>
<td>High Skill Level, Intellectual Property &amp; Traditional Know How</td>
</tr>
<tr>
<td>Output</td>
<td>High (Quantity) Output</td>
<td>Less &amp; Slow Output</td>
</tr>
<tr>
<td>Power Usage</td>
<td>Water Steam Electricity</td>
<td>Mostly By Hand</td>
</tr>
<tr>
<td>Centralisation</td>
<td>Centralization Of Work In Factories</td>
<td>Decentralisation Of Activities</td>
</tr>
<tr>
<td>Standardization</td>
<td>Strictly Followed</td>
<td>No Standardisation</td>
</tr>
<tr>
<td>Entry For Labour</td>
<td>Difficult</td>
<td>Easy</td>
</tr>
<tr>
<td>Scale Of Operation</td>
<td>Large</td>
<td>Small</td>
</tr>
<tr>
<td>Technology Usage</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Pricing</td>
<td>Fixed</td>
<td>Flexible</td>
</tr>
<tr>
<td>Packaging</td>
<td>Sophisticated, Safe</td>
<td>Crude, Unsafe</td>
</tr>
<tr>
<td>Brand Name</td>
<td>Present</td>
<td>Absent</td>
</tr>
<tr>
<td>Storage</td>
<td>Good Facilities</td>
<td>Poor Or No Facilities</td>
</tr>
<tr>
<td>Distribution Network</td>
<td>Effective</td>
<td>Ineffective</td>
</tr>
<tr>
<td>Access To Govt Schemes</td>
<td>Adequate</td>
<td>Inadequate</td>
</tr>
<tr>
<td>Finance &amp; Govt Aid</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Entry Barriers For Employees</td>
<td>High</td>
<td>Low</td>
</tr>
</tbody>
</table>
The term unorganised sector when used in the Indian context is defined by National Commission for Enterprises in their Report on ‘Conditions of Work and Promotion of Livelihoods in the Unorganised Sector’ as consisting of all unincorporated private enterprises owned by individuals or households engaged in the sale or production of goods and services operated on a proprietary or partnership basis and with less than ten total workers.

Home-workers or home workers are defined by the International Labour Organization as ‘people working from their homes or from other premises of their choosing other than the workplace, for payment, which results of a product or service specified by the employer. This employer is capable of fetching orders from the market, knows the potential buyer and is more educated than the artisan / labour’.

A NCEUS (National Commission for Enterprises in the Unorganised Sector) report estimates that in 2005 out of the 485 million persons employed in India, 86 percent or 395 million worked in the unorganised sector, generating 50.6 percent of the country's Gross Domestic Product.

Handloom and handicraft items, which come under informal sector, play an important role in the economy of our country. As per recent census, there are 55,000 handloom units in Varanasi, Chandauli and Mirzapur districts. However, the number of handloom units has reduced from 75,000 due to the slump in silk industry.
These handlooms are associated with 37,500 households in these districts. Since the entire family is engaged in a handloom unit, the number of people in this industry may be many times more. Similarly, around 18-20 lakh people of eastern Uttar Pradesh are engaged in the manufacturing of handicraft items like carpet, zari and embroidery, metal craft, stone craft, textile, artificial jewellery, beads and jute craft\textsuperscript{15}.

Craft Revival Trust presents an active, live address directory listing of over 60,000 craftpersons and weavers working across India in over 880 crafts.

1.5. NEED OF THE STUDY

The need of the study is to identify the vulnerability profile of the traditional textile sectors as to why certain reasons deter the handloom/handicraft units to grow multidimensionally; address the causes of those problems/factors and not the symptoms even though the handloom and handicraft sectors have enough cause to flourish despite the government claims to be implementing various plans and schemes for the well being of the industry.

Some of the problems prevalent ubiquitously in the traditional textile clusters of India are:

- The competitiveness of selected sectors in terms of limited market share and poor productivity because of lack of higher unit value realization of the products.
- Ineffective integration of scattered artisans, unable to build their grass roots enterprises and link them to latest technology in the sector for customized interventions and ensure economies of large scale in operations.
- Lack of a supply system that is geared to responding to large-scale orders, adhering to quality and product standardization, limiting them from taking a plunge into global markets.
- Scarce livelihood opportunities to the people in the industry and creation of sustainable employability for the artisans/craftsmen already engaged in this sector.

\textsuperscript{15}www.timesofindia.indiatimes.com
Missing requisite support/linkages in terms of adequate infrastructure, technology, product diversification, design development, raw material banks, marketing and promotion, social security and other components that are vital for sustainability of artisans/craftsmen engaged in the handicrafts/handloom sector.

- Inability to utilize the resources available under various ongoing schemes of the Central Government.

- Lack of linkages within the industry isolating and thus restricting Public Private Partnership (PPP) model in the form of collaboration between the Central/State Governments, beneficiary artisans and their groups, financially creditworthy and commercially linked marketing enterprises and the financial Institutions.

- Scarcity of Proactive and visionary socially responsible leaders.

- Weak technical and program management assistance for capacity building, designing of the interventions and their implementation, through a competent professional agency.

- Lack of follow ups by various agencies, ownership, trustworthy middlemen, education, biases, single window facility and concept of globalization.

1.6. SYSTEMS THINKING AND VULNERABILITY ANALYSIS

Systems Thinking (Systemic Analysis)

Systems thinking is the process of understanding how things influence one another within a whole. In organizations, systems consist of people, structures, and processes that work together to make an organization healthy or unhealthy.

Systems Thinking has been defined as an approach to problem solving, by viewing ‘problems’ as parts of an overall system, rather than reacting to specific part, outcomes or events and potentially contributing to further development of unintended consequences.

It proposes to view systems in a holistic manner. Consistent with systems philosophy, system thinking concerns an understanding of a system by examining the linkages and interactions between the elements that compose the entirety of the system.
Systemic analysis attempts to illustrate that events are separated by distance and time and that small catalytic events can cause large changes in complex systems. Acknowledging that improvement in only selected area of a system may sometimes adversely affect other areas, it promotes organizational communication at all levels in order to avoid the silo effect.

Basic postulates of Systems Methodology:

- A system is a dynamic and complex whole, interacting as a structured functional unit.
- Energy, material and information flow among the different elements that compose the system.
- A system is a community situated within an environment.
- Energy, material and information flow from and to the surrounding environment via semi-permeable membranes or boundaries.
- Systems are often composed of entities seeking equilibrium but can exhibit oscillating, chaotic, or exponential behaviour.

**Application of Systems Perspective in Business Analysis**

The traditional approach to problem solving in business is reductionist approach, which involves breaking down the whole system into manageable pieces and then analyzing each piece in isolation. This view is implicitly a linear view treating a business situation merely as a sum of the behaviour of its parts. The real behaviour of a business system however is more than just the sum of its parts. In this context, applied systems research addresses real world industrial problems concerned with complex, unstructured, multi-disciplinary, large scale systems which require acquiring information of the system and its constituting elements and environment and which seek approximate solutions to precisely or imprecisely formulated problems.

**Tools of System Analysis: Causal Loop Diagrams (CLD)**

Graphic tools of Systems methodology, namely causal loops and flow diagrams offer powerful communicability between modeller and decision maker. Its characteristics as a learning tool find favour with the policy planners. The following model broadly illustrates some
of the macro industrial dynamics of Textile industry using CLD architecture (Adel and Wabha, 2002).

**Vulnerability Analysis**

A vulnerability analysis is the process of identifying, quantifying, and prioritizing (or ranking) the vulnerabilities in a system. It may be conducted in the political, social, economic or environmental fields. Vulnerability assessment has many things in common with risk assessment. Assessments are typically performed according to the following steps:

- Defining and classifying assets and capabilities (resources) in a system.
- Assigning quantifiable value (or at least rank order) and importance to those resources.
- Identifying the vulnerabilities or potential threats to each resource.
- Developing a strategy to deal with the most serious potential problems first.
- Mitigating or eliminating the most serious vulnerabilities for the most valuable resources.

Conventionally, classical risk analysis is principally concerned with investigating the risks surrounding physical plant (or some other object), its design and operations. Such analyses tend to focus on causes and the direct consequences for the studied object. Vulnerability analyses, on the other hand, focus both on consequences for the object itself and on primary and secondary consequences for the surrounding environment. It also concerns itself with the possibilities of reducing such consequences and of improving the capacity to manage future incidents.

**Vulnerability Profile of Indian Textile Industry**

Against all the merits mentioned in the beginning, it is difficult to find such a large-scale industry in the country that is so disorganized as the Indian textile industry. The industry is often plagued by obsolescence, unhealthy and ineffective regulations and problems of labour (Utamsingh, V. 2003). This emphasizes the need for strengthening the management mechanism in the industry in order to build competitive capacities and to face the emerging international challenges.
It is projected that, the textile industry in India will face intensified competition in both their export and domestic markets. However, the migration of textile capacity will be influenced by objective competitive factors and will be hampered by the presence of distorting domestic measures and weak domestic infrastructure in developing countries like India.

Sickness and inter-sector contradictions that are a bane of the industry have to be solved through a wise approach and well-calibrated steps, to ensure healthy growth. Traditionally, crafts were produced and managed by the craftsmen themselves. However, “Globalisation” demands innovative products, materials, and processes with new standards of quality and creativity (Verma, S. 2002). Today, due to changes in social set ups, culture and economy, the crafts and the crafts persons are increasingly becoming vulnerable to new realities. Strengths of Indian handicrafts is increasingly being recognised both in export as well as domestic urban markets, but the qualitative market intelligence flow between market-place and the crafts persons is not up to the desired level.

Besides, quality of production, approaches for further market development, protection of traditional wisdom and practices through IPR, sustainability, crafts promotion, etc. are the other aspects that need to be addressed for effective growth of Indian handicrafts. Design plays a major role in empowering the crafts and crafts persons, both as an enabler and a value adder.

Only knowledge empowerment and efficient multi-disciplinary networking can lead to cutting edge advantage to Indian crafts. Attributes of Indian handicrafts have a great potential to contribute in this direction if hand held properly.

1.7 INNOVATIVE CAPACITY BUILDING AND BLUE OCEAN STRATEGY FRAMEWORK

Innovative Capacity Building

UNDP (United Nations Development Program) defines ‘Innovative capacity building’ as the creation of an enabling environment with appropriate policy and legal frameworks,

16 www.ukessays.com
17 International Centre for Indian Crafts –ICIC-2008
institutional development, including community participation (of women in particular), human resources development and strengthening of managerial systems, adding that, UNDP recognizes that capacity building is a long-term, continuing process, in which all stakeholders participate (ministries, local authorities, non-governmental organizations and other user groups, professional associations, academics and others).

The WCO (World Customs Organisation) defines capacity building as "activities which strengthen the knowledge, abilities, skills and behaviour of individuals and improve institutional structures and processes such that the organization can efficiently meet its mission and goals in a sustainable way. It is, however, important to put into consideration the principles that govern community capacity building.

Innovative Capacity Building is much more than training and includes the following:

- Human resource development, the process of equipping individuals with the understanding, skills and access to information, knowledge and training that enables them to perform effectively.

- Organizational development, the elaboration of management structures, processes and procedures, not only within organizations but also the management of relationships between the different organizations and sectors (public, private and community).

- Institutional and legal framework development, making legal and regulatory changes to enable organizations, institutions and agencies at all levels and in all sectors to enhance their capacities.

Innovative Capacity building can be attributed to the ‘process of developing and strengthening the skills, instincts, abilities, processes and resources that organizations and communities need to survive innovatively, adapt, and thrive in the fast-changing world’. For organizations, capacity building may relate to almost any aspect of its work: improved governance, leadership, mission and strategy, administration (including human resources, financial management, and legal matters), program development and implementation, fund-
raising and income generation, diversity, partnerships and collaboration, evaluation, advocacy and policy change, marketing, positioning, planning, etc.

For individuals, capacity building may relate to leadership development, advocacy skills, training/speaking abilities, technical skills, organizing skills, and other areas of personal and professional development. Capacity building is the element that gives fluidity, flexibility and functionality of a program/organization to adapt to changing needs of the population that is served. In the context of the Traditional Indian Textile Sector, there are many aspects that need to be catered to for which an implementation of a strategy is required that may encompass the vulnerability aspect and innovation prospecting in this sector.

**Blue Ocean: A Strategic Tool for Vulnerability Assessment and Innovative Capacity Building**

Blue Ocean Strategy can be referred as one of those strong strategic initiatives which are in wide application across various industrial sectors globally for the intended purpose of innovative capacity building. Blue Ocean Strategy is a business strategy book first published in 2005 and written by W. Chan Kim and Renée Mauborgne of The Blue Ocean Strategy Institute at INSEAD.

The book illustrates what the authors believe is the high growth and profits an organization can generate by creating new demand in an uncontested market space, or a "Blue Ocean", than by competing head-to-head with other suppliers for known customers in an existing industry.

The key concepts of blue ocean strategy, include Value Innovation — the simultaneous pursuit of differentiation and low cost — and key analytical tools and frameworks such as the strategy canvas, the four actions framework and the eliminate-reduce-raise-create grid (Kim and Mauborgne, 2005).

The strategy describes the four principles of blue ocean strategy formulation: how to create uncontested market space by reconstructing market boundaries, focusing on the big
picture, reaching beyond existing demand and getting the strategic sequence right (Kim, Chan 2005).

These four formulation principles address how an organization can create blue oceans by looking across the six conventional boundaries of competition (Six Paths Framework), reduce their planning risk by following the four steps of visualizing strategy, create new demand by unlocking the three tiers of non-customers and launch a commercially-viable blue ocean idea by aligning unprecedented utility of an offering with strategic pricing and target costing and by overcoming adoption hurdles.

The concept applies across industries to demonstrate how to break out of traditional competitive strategic thinking and to grow demand and profits for the operating units and the industry by using blue ocean strategic thinking.

The corner-stone of Blue Ocean Strategy is 'Value Innovation'. A blue ocean is created when a company achieves value innovation that creates value simultaneously for both the buyer and the company. The innovation (in product, service, or delivery) must raise and create value for the market, while simultaneously reducing or eliminating features or services that are less valued by the current or future market.
According to Kearney’s ‘Retail Apparel Index’, India ranked as the fourth most promising market for apparel retailers in 2009. There is large scope of improvement in the textile industry of India as there is a huge increase in personal disposable income among the Indians after the 1991 liberalization. There is also a large growth of the organized sector in the Indian textile industries.

The foreign brands along with the collaboration of the Indian companies established business in India. Some of these are Puma, Armani, Benetton, Esprit, Levi Strauss, Hugo Boss, Liz Claiborne, Crocs etc. The major Indian Industries include Bombay Dyeing, Fabindia, Grasim Industries, JCT Limited, Lakshmi Machine Works, Lakshmi Mills and Mysore Silk Factory. (Source: http://en.wikipedia.org/wiki/Textile_industry_in_India)
Cluster Development Programme (CDP) and Consortium. The term ‘consortium’ refers to a group of firms that cooperate on a joint project – like joint raw material purchases, joint marketing through common brand, cost sharing, capacity utilization, joint participations in exhibitions and marketing tours etc. thereby complementing each other in order to overcome common problems, achieve collective efficiency and conquer markets beyond their individual reach.

Market access can be done with technological up-gradation. Once they know the market, they can themselves invest in upgrading their technology in order to tap the markets. SME’s need infrastructural, technological and marketing support. This has led to the beginning of Cluster Development Programs (CDP). The CDP approach envisages consortium initiatives as components of a broader spectrum of support measures to SMEs. Some traditional Indian textile clusters taken up in this study are Chanderi of Madhya Pradesh, Chamba Rumal of Himanchal Pradesh, Phulkari of Punjab, Banaras Brocade of Uttar Pradesh, Block Printing of Rajasthan and Madhubani– Traditional Craft on Textile of Bihar. Handloom and handicraft items, which come under informal sector, play an important role in the economy of this region.

As per recent census, there are 55,000 handloom units in Varanasi, Chandauli and Mirzapur districts. However, the number of handloom units has reduced from 75,000 due to the slump in silk industry. These handlooms are associated with 37,500 households in these districts. Since the entire family is engaged in a handloom unit, the number of people in this industry may be many times more. Similarly, around 18-20 lakh people of eastern Uttar Pradesh are engaged in the manufacturing of handicraft items like carpet, zari and embroidery, metal craft, stone craft, textile, artificial jewellery, beads and jute craft. Craft Revival Trust presents an active, live address directory listing of over 60,000 craftpersons and weavers working across India in over 880 crafts.

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dimensionally; address the causes of those problems/factors instead of the symptoms even though the handloom and handicraft sector have enough cause to flourish despite the government claims of implementing various plans and schemes for the well being of the industry.

Systems thinking is the process of understanding how things influence one another within a whole. In organizations, systems consist of people, structures, and processes that work together to make an organization healthy or unhealthy. Systems Thinking has been defined as an approach to problem solving, by viewing 'problems' as parts of an overall system, rather than reacting to specific part, outcomes or events and potentially contributing to further development of unintended consequences.

It proposes to view systems in a holistic manner for which a vulnerability analysis is essential. A vulnerability analysis is the process of identifying, quantifying, and prioritizing (or ranking) the vulnerabilities in a system. It may be conducted in the political, social, economic or environmental fields. Hence, it is only after a detailed vulnerability analysis is done when effective Innovative Capacity Building measures can be suggested.

Thus to summarise, the Research Motivation, issues, objectives and framework are mentioned below:

**Research Motivation:** Long-term capacity building in traditional textile clusters of India has been identified as sustainable solution to uplift the miserable working environment and conditions under which millions of poor artisans and workers are engaged at present. The study attempted to provide a holistic solution to meet its objectives of bringing these clusters to the level of highly competitive organised textile units.

**Research Issues:** The present study has addressed systematically to cover critical vulnerabilities i.e. organisational (Finance, Production / Operations, HR, Market), Socio-Economic, Institutional and Macro market environment related issues as prevalent in the selected textile clusters of India.
**Research Objectives:** The purpose of research is to discover answers to questions through the application of scientific procedures. The main aim of research is to find out the truth which is hidden and which has not been discovered as yet. The research objectives of this study fall into the following broad groupings:

The overall objective of the present research is to create a model for innovative capacity building for traditional Indian textile clusters that can equip artisans/weavers grow consistently multi-dimensionally.

The cluster-based systemic approach provides answers to the question of devising a policy with a view to achieve optimum profitability, growth, productivity and sustainable consistent development and minimizing causes of vulnerabilities in the traditional Indian textile sector. In view of the above, the present research is aimed at accomplishing the following objectives:

1. To Identify and evaluate critical vulnerability factors (Cause-Effect variables) of selected traditional textile clusters of India.

2. To examine the prospect and areas for Innovative Capacity Building in the Unorganized Traditional textile clusters of India.

3. To identify the critical ‘competitive gap’ existing between the organized and the unorganized textile sectors for their mutual enrichment.

4. To recommend a holistic systems model (Decision-Framework) of Policy Initiatives and Value Innovation for selected Clusters under the study based on value-inputs from various stakeholders.

The vulnerability analysis enables the researcher to be in a position to recommend a model based on the Blue Ocean Strategy keeping in mind the strengths, weaknesses, opportunities and threats of the clusters studied.
Research Framework: A diagrammatic illustration of the ‘conceptual research plan’ as well as the ‘research design’ of the study is presented below: