

ROLE OF SME'S IN INTERNATIONALISATION OF ANDHRA PRADESH HANDLOOM INDUSTRY

G. V. Madhuri*

K. Tejaswani**

Abstract:

Globally, India is the second largest producer of cotton, cellulosic fibre and silk. India is highly renowned for its handloom products. Every state in India asserts its ethnicity and heritage through their handlooms. Promoting handloom sector will inevitably lead to a powerful textile industry. The purpose of this paper is to understand the challenges faced by Andhra Pradesh handloom industry and the latest trends adopted by the weaving community and Government of Andhra Pradesh to overcome those challenges. This paper also addresses the present scenario of the handloom industry in Andhra Pradesh and focuses on the framework of the internationalization process of the SMEs. Outcome of this research demonstrates various measures that are to be taken by weavers, consumers and the Government to develop handloom sector.

Keywords: Challenges, trends, weavers, textile industry, Andhra Pradesh handlooms, SMEs, and internationalization.

* Asst. Prof. in Chemistry, GITAM University, Hyderabad, India.

** Asst. Prof. in English, GITAM University, Hyderabad, India.

Acknowledgements:

In the course of our research we met Sri T. Ethirajulu, Additional Director - Commissionerate and Directorate of Textiles, A. P., who gave us valuable inputs regarding the threats, challenges and trends in A. P. Handlooms and we had informative talks with persons who have more than 20 years of service in Textile industry like Joint Director - M. Bucchi Reddy, Deputy Director (H & T) - G. Salomi Dasan, and K. V. S. Rama Krishna GM of APCO. Sri T. Ethirajulu also introduced us to Sri H. S. K. Tangirala, Principal – Institute of Cooperative Management, Hyderabad. We are extremely grateful to Prof. Dr. Ch. Sanjay, Director – GITAM University, Hyderabad Campus, for his constant encouragement and support.



1. INTRODUCTION:

According to the government data, textile industry in India is dominated by small scale units and is the second largest employer providing direct employment to over 35 million people [1]. Handlooms is an undivided entity of the textile industry and occupies a very special place in generating economy as well as promoting Indian culture globally [2, 3]. India has abundant resources like cheap labor, skilled artisans; low power cost, ample raw material. These resources, if utilized effectively, will develop Indian textile industry. Due to time constraints and the vast subject, we have confined the area of study to Andhra Pradesh handloom industry.

This paper emphasizes that the rare, unique and skilled art of the artisans has to be protected under GI act so that the indigenous artisans benefit. The paper concludes with the various viewpoints of consumers, weavers and the government. This paper also calls attention to the role of SMEs in India with reference to the handloom sector. It focuses on the present scenario of the handloom sector and discusses the issues that the sector faces with respect to globalization.

The aim of the study is to enlighten the persons involved in the handloom sector to bring some constructive changes in the practices of handloom sector. The focus of the study is to bring out the trends in the Andhra Pradesh handloom industry and their contribution to the nation's economy through internationalization process. This paper focuses on SMEs in handloom sector as there is a great scope for improvement in marketing handlooms through internationalization.

In the Indian Textile industry, powerlooms occupy a major segment with handlooms taking up the second place [1, 4]. Profits from handlooms augment Indian economy, if properly channeled. Main lacuna in handloom sector is their inability of marketing and designs in spite of buyers present all over the world [3, 5].

1.1 HISTORICAL BACKGROUND:

India is known for its cotton and silk handlooms since ages. It is a known fact that colonization has adversely affected its handloom industry. Freedom fighters recognized this fact and fought against the import of foreign fabrics. In the early 20th century, Indian handloom industry slowly limped to progress after achieving freedom from the British rule [1].

Though, Indian Textile Industry with its power looms has achieved a steady development in terms of production and profits, in the last two decades, handloom industry did not show expected improvement [6]. One of the chief causes for this could be the reluctance on part of the weavers to experiment with fabric and designs keeping in view the change in modern tastes. Another main obstacle in the course of progress could be poor marketing strategies [7, 8].

Indian Textile Industry started to explore global market in the 1990s. According to research studies, Indian Textile Industry accommodates more than 35 million staff and accounts for 21% of total employment of Indian economy [9]. Globalization also helped in introducing modern and efficient manufacturing machineries and techniques in Indian Textile Industry.

In India, handloom industry occupies second place in providing rural employment after agriculture. Presently, handlooms contribute only 20% towards the total cloth production in the country [10]. Therefore, it is reasonable to say that the increase in this percentage directly leads to the growth of handloom sector in India.

Ethnicity of Andhra Pradesh handlooms is known all over the world because of their unique designs. According to the Andhra Pradesh Cooperative Society (popularly known as APCO) reports, these handlooms were in great demand in Far East and the Arab World even in the 10th and 11th Centuries. The reports reveal that Andhra Pradesh handlooms were introduced to the European world by the Arabs. Also the Persian craftsmen came to Andhra Pradesh to collaborate with artisans at Golkonda, Machilipatnam, Warangal and other handloom centers resulting in exchange of ideas and incorporation of innovative designs [6].

Andhra Pradesh has 52 clusters of handlooms that have retail outlets spread all over the state. A map of Andhra Pradesh is given in fig.1. depicting the major clusters present district wise [11].

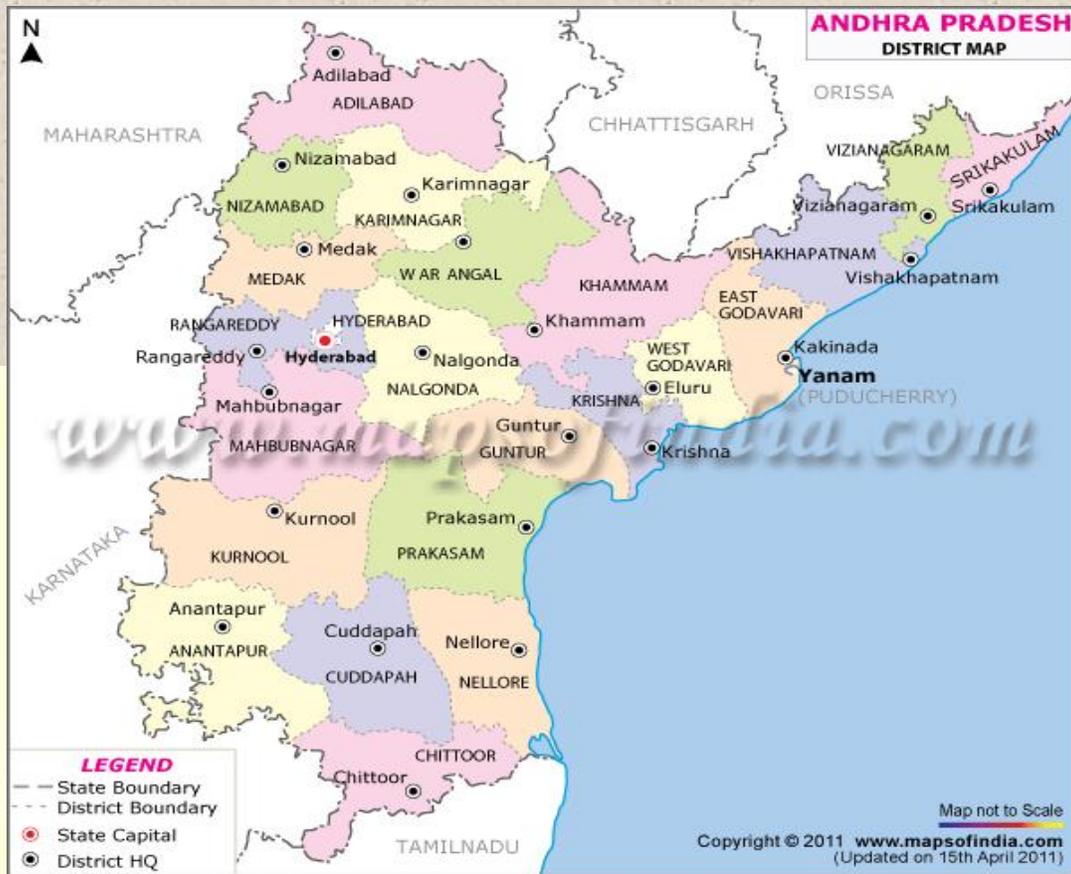


Fig. 1: Map of Andhra Pradesh District Head Quarters

In Andhra Pradesh, major handloom varieties that we have are Mangalagiri, Venkatagiri, Uppada, Chirala, Pochampally, Dharmavaram, Kalamkari, Gadwal, Narayanpet, and Siddipet [11,12]. In spite of their rich ethnic heritage, some of these handlooms like Siddipet sarees and Narayanpet sarees are almost on the brink of extinction due to various reasons. This paper in particular deals with the apathy towards handlooms and also meticulously makes a study in the areas where the financial condition of the artisans can be developed through internationalization of handloom industry.

1.2 OBJECTIVE:

The objective of this study is to understand and analyze the present scenario of the handloom industry and the efforts put in by Andhra Pradesh Government to overcome the

hurdles faced by Andhra Pradesh weavers. This paper will also bring in major awareness in readers regarding the trends like SMEs in Andhra Pradesh Textile Industry. It is reasonable to assume that this paper might not reach the local weavers in a direct manner, but the readers can draw attention to the problems discussed and bring them to the notice of the workers/government/cooperative societies/NGOs/trusts etc. to bring in the required change to boost the Andhra Pradesh Handloom Industry.

2. METHODOLOGY

Interview method was adopted to understand the conditions of the weavers and obtain statistical data. Authentic documents like Government reports, research papers, and business newspapers were referred to collect statistical and sociodemographical data. These empirical findings are understood and analyzed to present as conclusions of the work that is carried out. The macro level data was obtained from the office of The Commissioner of Handlooms and Textiles, Andhra Pradesh State Handlooms Weavers Marketing Cooperative Society, newspapers, World Wide Web Sources, weavers, and NGOs. Analysis was done on the basis of the existing data with focus on Internationalization of Handloom sector.

Present scenario of Handloom Sector according to the data available with The Commissioner of Handlooms and Textiles (2009 - 2010):

No. of Handloom Weaver Cooperative Societies	1354
[Cotton (866), Silk (118), Wool (58), Tailor Societies (119) Powerloom and other societies (193)]	
No. of Working Handloom Weaver Cooperative Societies	897
No. of Weavers Coop. Societies dormant	457
No. of Handloom Weavers in Cooperative Fold	1,98,903
No. of Handloom Weavers outside Cooperative Fold	1,58,354
No. of Apex Societies [1. APCO; 2.APTEX (liquidated); 3. SPINFED (liquidated); Complex Society]	4

No. of Regional Offices	4
No. of District Offices	18

3. FINDINGS

Based on our study we observed that the issues faced by the handloom industry in the global scenario are as follows.

a. Lack of Awareness in Artisans

Handloom industry in Andhra Pradesh has a very rich history which dates back to 3000 BC. Its diverse cultures resulted in different weaving patterns rendering them unique. The range of indigenous handlooms that are available with their intricate weaving on manual looms and vivid organic dyes have no match in the entire world. This is one of the reasons the buyers from all over the world are attracted to Indian handlooms. But as time passed by, the weavers could not advance along with the changing world trends in fashion.

The average educational background of the weavers is generally at the primary level. This factor, compounded by the weavers' rigid mindset, prevents them from keeping pace with the changing trends and new government policies regarding their welfare measures. Their preconceived notions compel them to be wary of experimenting with blending and designing of fabrics, leaving little scope for innovation. Due to lack of awareness, small-time weavers have to depend on Societies and Master weavers to survive in the field. Generally, weavers work in groups and follow the rules and regulations framed by master weavers or elders in the group who are reluctant to try out new innovations.

To make the weavers aware of existing and newly introduced policies, welfare measures and technical know-how of various other weaving techniques, workshops should be conducted extensively [13]. Integrated Handloom Training Project and Scheme for Training and Infrastructural Support to Handloom Sector are two successful projects that give technical support to the weavers. Andhra Pradesh State Handlooms Weavers Marketing Cooperative Society employs designers to stay with the weavers for a period of fifteen days in a month to train them in latest designs. Deen Dayal Hathkargh Protsahan Yojana, Rastriya Sam Vikas

Yojana Scheme, Rajiv Yuva Shakti, and Prime Minister's Rojgar Yojana are some of the schemes which can be utilized effectively by the weavers.

b. Quality Accreditation

Global market recognizes quality accreditation for any product as the ultimate test for quality. Therefore, to target the global market, accreditation is essential. It is a known fact that products with quality accreditation attract international buyers [14]. According to National Productivity Council Survey, about 94% large units acquired quality accreditation such as International Organization for Standardization (ISO), 9000, 9001 and Social Accountability 8000 whereas only 20% small units got accredited. Some of the weavers we surveyed were unaware of the term "Quality accreditation." In fact most middlemen who go for quality accreditation sell the same products for higher price whereas the weaver remains at financial loss. Quality accreditation will also help to put a check on blending of powerloom with handlooms and marketing them under the guise of handlooms as identification of handlooms from powerloom is difficult [4].

Andhra Pradesh handloom products should be strengthened in terms of quality to target global markets. To achieve this purpose, it is essential to uphold quality at all the levels of production such as raw material, processing, human resources, designing, management, marketing, and meeting global parameters.

c. Finance:

It should be noted as mentioned by Manas Kumar Nag, Chief General Manager, SME Business Unit, State Bank of India, that in the 1960's, offering loans for SMEs was considered as development banking and whereas now it is considered as profitable business where banks would be earning an interest from 3.5% to 5% [9, 15]. Even though there are many special schemes existing for them through Scheduled banks and Grameena banks, weavers are unable to avail them for their benefit. Major cause for this could be attributed to lack of awareness and financial management.

Despite the fact that financial loans through the banks such as Artisan Credit Card Scheme are available to the weavers, the weavers are yet to capitalize on the concept as evidenced by the data furnished by The Commissioner of Handlooms and Textiles.

Table 1: Financial assistance rendered through Artisan Credit Card scheme

Year	Target (no. of weavers)	Achievement (no. of weavers)	Financial Assistance (Rs. In crores)
2004 – 05	30,000	13453	22.91
2005 – 06	30,000	15456	26.38
2006 – 07	20,000	9356	16.21
2007 – 08	20,000	6712	11.33
2008 – 09	30,000	1477	3.52
2009 – 10	15,000	1774	2.83
2010 - 11 (As on 31.10.2010)	12,150	502	1.33
Total	157,150	48731	84.51

Source: The office of the Commissioner of Handlooms and Textiles

Other important factors relating to finance that hinder the growth of Andhra Pradesh handloom industry are skyrocketing prices of the raw material and acquiring the working capital.

Politics and fiscal policies at State and Central level can play a spoilsport causing a downfall in the production of textiles affecting the import market. This in turn influences the economy of the handloom industry [16, 17]. Proper implementation of government schemes can tackle the sudden rise of yarn price. At present, government is providing 10% subsidy on yarn, dyes and chemicals to Handloom Cooperative Societies. Keeping these points in view, market price of the yarn should be fixed so that global meltdown does not affect the handloom industry either in the domestic market or in the international arena.

d. Intellectual Property Rights and Branding:

In our survey, we came to know that some of the handloom products like Pochampally Ikkat were registered under the Geographical Indication (GI) Act on 31.12.2004, Uppada Jamdhani fabrics were registered on 5.3.2009 and Gadwal Sarees on 6.9.2010. Siddipet – Gollabama, Venkatagiri, Mangalagiri, Dharmavaram and Narayanpet Sarees have filed for G. I. Registration [18]. But still there is a long way to go as there are so many unique designs and patterns that are to be patented.

e. Global/National Ethnic Appeal:

Depending upon the interests of global customers, there is a need to innovate keeping in view the needs of diversified customers across the world [5]. For this, there is a need to collaborate with Cultural Studies Departments in various Universities so that the weavers can understand different cultures and bring innovations in the handloom texture and design. Andhra Pradesh handloom industry should take advantage of the great global demand for home furnishing products. Handlooms should also address the needs of people belonging to all age groups so that they can attract new customers.

f. Lack of New Talent:

Due to low remuneration paid to the weavers, new generation is reluctant to take up weaving as a profession. As discussed in 'Quality Accreditation,' the middlemen are making huge profits leaving the weavers in the lurch. Due to lack of new talent and innovation, the indigenous art of weaving is on the verge of extinction. The data obtained from Andhra Pradesh State Handlooms Weavers Marketing Cooperative Society revealed that in a span of 20 years the number of weavers has gone down from 12,00,000 to 1,00,000.

g. Unhealthy Working Practices:

Attention should also be called to the fact that India could lose its potential buyers due to factors such as adulterated, polluted dyes, use of child labour in cotton fields/factories, and substandard/unhealthy work conditions. These are some of India's primary concerns addressed by the Planning Commission of India [19]. Government of India has been implementing Health

Insurance Scheme for Handloom weavers since 2005 – 06, but through our study, we understood that very few weavers have insurance coverage. Awareness regarding social accountability and Social Accountability 8000 should be spread among all the individuals related to producing and promoting textile industry.

2.1 THE INTERNATIONALIZATION PROCESS

According to Government of India records taken in 2008-09, textile industry in India is a major sector contributing 14% to India's industrial production, 4% to the GDP and 12% to export earnings [9]. Globally, India is the second largest producer of cotton, cellulosic fibre and silk and accounts for 22% of the world installed capacity of spindles and has second highest spindleage in the world after China [20]. According to the Confederation of Indian Textile Industry (CITI), textiles and clothing (T&C) sales generated \$21.6 billion from exports in 2008 – 09 [21]. It is obvious that India is not able to export material proportionate to the resources and knowledge available.

From the Government of India records collected, it is evident that SMEs play a significant role in developing Andhra Pradesh Handloom industry [19]. The process of internationalization is a broadly accepted model developed in 1970s [22]. Due to growing needs in both international and national market, there is a pressing need to make necessary changes to accelerate the internationalization process. Rasmussen et al identified that some factors like 1) new market conditions, 2) increased specialization demanding larger markets 3) quick spread of innovations, i.e. technological developments in the areas of production, transportation and communication and 4) adapting latest technology without any inhibitions, influence the market [23].

Fig.2 depicts the sales of Andhra Pradesh State Handlooms Weavers Marketing Cooperative Society for the past five years.

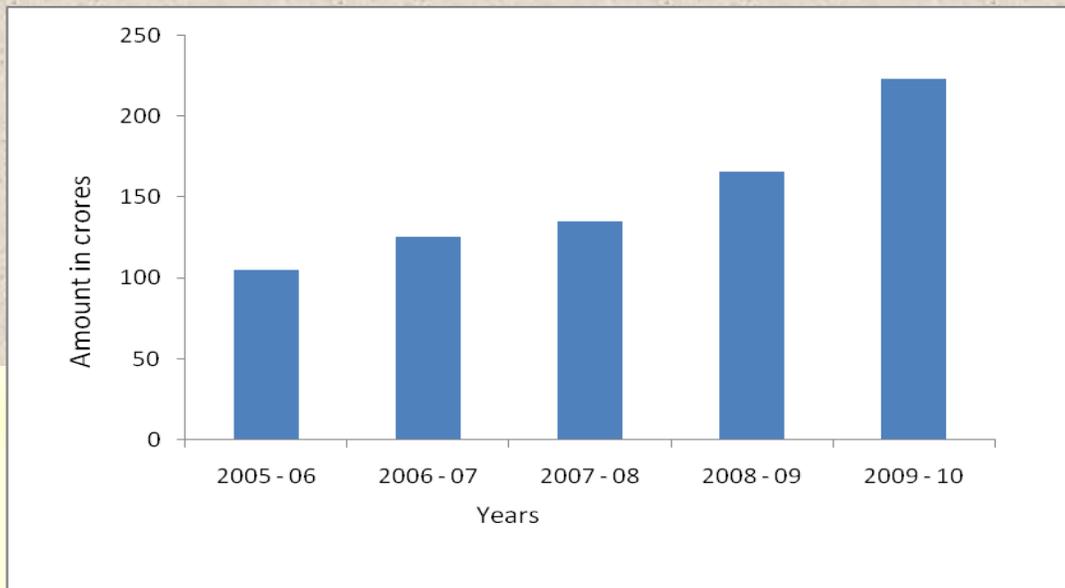


Fig. 2: Sales performance of Andhra Pradesh State Handlooms Weavers Marketing Cooperative Society

Internationalization process of SMEs in Andhra Pradesh Handloom Industry involves developing, planning and implementation of strategies to strengthen the Andhra Pradesh Handloom Industry in turn helping the artisans who nourished the art since ages. These fabrics should reach international standards in design and quality to attain this objective. The internationalization process of SMEs will promote Andhra Pradesh Handloom market to gain a strong foothold in the World Textile Industry.

4. PRACTICAL IMPLICATIONS:

Based on our study we make the following suggestions for the development of Indian handloom sector:

Weavers' viewpoint:

- Government has to extend solid support to give subsidy to purchase raw materials.
- Weavers' wages should be increased and middlemen's role should be minimized.
- Regular work and payment on time will encourage retention of weavers.
- Exclusive weaver showrooms/outlets similar to factory outlets should be established where the weavers gain from direct marketing.

Consumers' viewpoint:

- Artisans should become aware of their own strength and realize the value of their talents.
- They should develop skills to explore texture of the fabric.
- New ideas, aesthetic designs, and latest technology should be incorporated.
- Fashion designing should cater to global culture and tastes.

Government viewpoint:

- Updating the designs to latest fashion trends and modern needs to suit international market is essential.
- Material should meet global parameters.
- Blending of the fabric and designs to accommodate the present needs is required.
- Quality, branding to conquer international market is an important requisite.

Role of SMEs:

Small and medium scale enterprises have an important role to play in the country's economy due to their contribution in terms of industrial production, employment and creation of local economic chains. The growth and prosperity of SMEs contribute towards the significant growth of a country's economy. Internationalization process of SMEs can unleash the untapped potential of handloom sector [24]. Product diversification, designing, quality, innovation and market linkages are the key factors that impact the internationalization process of an SME. Review of studies also reveals that cluster approach has been utilized by SMEs of developing countries to maximize gain [25].

5. CONCLUSIONS

Our study deduces certain aspects which can be employed by the weavers and the government for the mutual growth of handloom SMEs and the weavers. We perceive that

instead of depending on the government, the weavers should develop and rely on their own business acumen exploiting the existing technology and social networks. Moreover, to make a niche in the international textile arena, Indian handloom companies should focus on blending fabrics, investing in creative designing workrooms, predicting the fashion trends, and aggressive marketing on par with the international competitors.

As there is a great potential for handlooms in the domestic market as well, government should step in to strengthen Andhra Pradesh State Handlooms Weavers Marketing Cooperative Society. This approach will naturally lead to the survival of the weavers, eliminating the control of master weavers and this strategy will help in strengthening the handloom sector.

Marketing is the weakest link in the development of handlooms which is manipulated according to the convenience of the middlemen. Production in the handloom sector should be linked with adequate understanding of markets to avoid accumulation of stock. The weavers need to be made aware of developing consumer tastes and preferences depending on the changing trends and fashions.

Besides these measures, special exhibitions and sales should be organized to dispose excess stock. Research projects should be initiated for analyzing specific problems related to spinning, dyeing and weaving.

Furthermore, introduction of advanced techniques like computer-aided designs would help the weavers to develop new motifs. Counseling bodies comprising of professional, trained counselors who belong to a similar background should be constituted for the benefit of weavers.

6. SUGGESTIONS FOR FUTURE RESEARCH:

The range of innovative experimentation in the making of handlooms has to be explored. Researchers have hardly dealt with health related issues arising in weavers due to weaving handlooms. Industry-University linkages to identify the culture and designs that are similar to Andhra Pradesh traditional designs should be further developed.

References

- Government of India (2010) *Milestones: 2009-10. Textiles: Resurgence*. Ministry of Textiles, New Delhi.
- Seemanthini Niranjana, Soumya Vinayan, 2001. *Report on Growth and Prospects of the Handloom Industry*. Planning Commission, New Delhi.
- Crill, Rosemary, and Thomas, Ian. *Chintz: Indian Textiles for the West*. London: V & A Publishing, 2008.
- Government of India. *Handloom Mark: The Assured Originality*. Ministry of Textiles, New Delhi.
- Niranjana, Seemanthini and Soumya Vinayan (2001). "Report on Growth and Prospects of the Handloom Industry", The Planning Commission, 2001. <http://www.google.co.in/search?q=report+on+growth+and+prospects&hl=>
- Government of Andhra Pradesh: *Annual State Administrative Report*, reports from 1977 to 2005. Directorate of Handlooms and Textiels, Hyderabad.
- Dastkar Andhra (2005) *Interventions in Design and Marketing: A Study of three handloom-weaving regions in Andhra Pradesh*. Report prepared by Syama Sundari and Seemanthini Niranjana for the Development Commissioner, Handlooms, New Delhi.
- Marketing handlooms: A Fresh Look, 2006a. Handloom Industry: Issues and Challenges, *Yojana*
- Verghis Chandy, Sen, Monalisa, eds. *SME World*. Spec. issue of *The Financial Express* November, December 2010 – January, 2011:18 – 21.
- "Indian Todd, Patricia R. and Rajshekhar G. Javalgi. *International Journal of Emerging Markets* Vol. 2 No. 2, 2007, 166-180.
- Textiles and Clothing Industry. ”
[http://www.citiindia.com/images/PDF/Indian_TC_at_a_Glance\(1\).pdf](http://www.citiindia.com/images/PDF/Indian_TC_at_a_Glance(1).pdf) 24/06/11
- Data obtained from State Wise Address of Retail Outlets Selling Handloom Mark Products as on 31/12/2010.
- Rasmussen, E. S., Servais, P, & Madsen, T. K. (2000) "Born to be International? The Born Global Firm in Denmark", Paper for 14th Conference on Small Business Research Arhus, June 18- 20.

- GAPS Series Workshop Proceedings: 1, September 2004
<http://www.cess.ac.in/cesshome/wp%5CGAPproce.pdf> 2^{4th} June, 2011
- Nussrah Sanat, T. Ramayah, Yusliza Mohd. Yousof, DO ISO certified SMEs have higher quality practices? Empirical Insights from the Northern Region of Malaysia. Vol 3. International Journal of Business and management 66 – 75, 2008.
- Kanitkar, Ajit. Credit Flows to the Handloom Sector, Policies and Practices: An Exploratory Study. <http://www.aiacaonline.org/pdf/research-credit-flows-the-handloom-sector.pdf> 24th June, 2011.
- Political articulation and policy discourse in the 2004 election in Andhra Pradesh by K. Srinivasulu, August, 2004. <http://telanganaisue.files.wordpress.com/2009/12/8033.pdf> 25th June, 2011.
- Kathuria, S. and A. Bharadwaj (1998) – “Export Quotas and Policy Constraints in the Indian Textile and Garment Industries”, Development Research Group, The World Bank, Policy Research Working Paper 2012. <http://www-wds.worldbank.org/external>
- Pochampally handloom cluster receives IPR Protection. <http://textilescommittee.nic.in/pochampally-GI.pdf> 23rd June, 2011.
- Syama Sundari (with Seemanthini Niranjana), 2006b *Handlooms. Andhra Pradesh – a 50 year overview*, Centre for Documentation Research and Communication, Hyderabad.
- Mukund, Kanakalatha and B Syamasundari (2001): *Traditional Industry in the New Market Economy – The Cotton Handlooms of Andhra Pradesh*, Sage Publications, New Delhi.
- Diagnostic Study Report of Madhavaram Cluster by APSHWCS. APSHWCS Limited, The. Diagnostic Study Report on Madhavaram Cluster. Hyderabad. http://www.msme.foundation.org/DSR_temp 25th June, 2011.
- Wright, Mike. Westhead, Paul, Uchazaran, Deniz (2007), “The Internationalization of SMEs and International”, Journal on Regional Studies, Vol. 41, 1013 – 1030.
- Todd, Patricia R. and Rajshekhar G. Javalgi. International Journal of Emerging Markets Vol. 2 No. 2, 2007, 166-180.
- Beddig, Clarisse, 2008. *Cluster Development Policy rooted in the Collective Efficiency Approach: An Effective Poverty Alleviation Tool in the Indian Handloom Sector? Case studies: the Varanasi and Chanderi Handloom Clusters (2007-08)*. Graduate Institute of International and Developmental Studies, University of Geneva, Switzerland.