



## MARKETING PROBLEMS AND PROSPECTS OF HANDLOOM INDUSTRIAL UNITS IN SELECT DISTRICTS OF TAMILNADU

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### Abstract

Indian handloom industry is the oldest industry. Since times immemorial it has been an integral part of the Indian economy. This industry helps in the creation of ample opportunities of employment especially for the labour class. It helps in earning considerable sum of foreign exchange to the country, thus strengthening the national economy. Handloom weaving is India's biggest cottage and labour intensive sector, which has been playing a very important role in the country's economy by forming part of India's rich heritage and exemplifying the rich artistry of the weavers. The sector faces problem like lack of government support, problems in product development, lack of market research, pricing problems and supply chain problems in the select districts of Tamilnadu. To make the handloom sector profitable, the marketing problems should be well-known as well as the prospects should be estimated. In this context, the present study is undertaken to analyze the marketing problems and prospects of handloom industrial units in the select districts of Tamilnadu. There are 206 handloom industrial units in Dindigul district, 850 handloom industrial units in Vellore district and 600 handloom industrial units in Virudhunagar district in operation as on March 2015. These handloom industrial units are considered the universe of the study. In the present study, out of handloom industrial units, 20 per cent of the units were selected from each district i.e. 330 handloom industrial units were selected by using simple random sampling. As an essential part of the study, the primary data were collected from 330 handloom owners with the help of well designed schedule for a period of 6 months from July 2015 to December 2015. The results of the study reveal that there is no significant relationship among the acceptance levels of the respondents belonging to different genders, age groups, educational status groups, varied years of existence, investment groups and monthly sales groups towards marketing problems of the select handloom industrial units. On the other hand, a significant relationship is found among the acceptance levels of the respondents belonging to different age groups, ownership patterns and districts belongs to towards marketing problems of the select handloom units. The researchers suggest various measures for the prospects of marketing of handloom products.

**Key Words:** Handloom Sector, Cottage Industry, Handloom Marketing, Handloom Products, etc.

### Introduction

Indian handloom industry is the oldest industry. Since times immemorial it has been an integral part of the Indian economy. Indian handloom industry is not only ancient, but also unique in the sense that in no other country hand weaving is carried out on a national-wide basis. Today, in the country, handloom weaving is the second largest employment generating activity after agriculture and it contributes nearly 14 per cent share of the total production of textile industry. A strong and diverse raw material base, cheap labour, an ever-growing domestic market and relatively better technologies are the key strengths of the Indian handloom sector that have resulted in such a pronounced prominence of this industry. This industry helps in the creation of ample opportunities of employment especially for the labour class. It helps in earning considerable sum of foreign exchange to the country, thus strengthening the national economy. Handloom weaving is India's biggest cottage and labour intensive sector, which has been playing a very important role in the country's economy by forming part of India's rich heritage and exemplifying the rich artistry of the weavers. In the present economic climate where dependency on foreign capital and know-how is increasing all round, the handloom industry presents a sustainable model of economic activity that is not energy intensive and has low capital costs, as well as an extensive skill base. The industry has displayed innate resilience to withstand, and adapt itself to the changing demand of modern times. The Government is devoted to sustaining handloom sector, which would give significantly to production, employment and skill development thereby promoting economic development.

### Statement of the Problem

Tough competition is considered the major challenge in Indian handloom industry. This competition can be inter-sector competition i.e. from mill, powerloom, etc. While handlooms have been losing the low end market to the powerlooms, it has been gaining new ground in the high and mid-range markets with its creation of new niches. The competition also can be intra-sector competition i.e. from foreign countries like China, Bangladesh, etc. Further, handloom logistic is not managed in scientific way where calculation of stock keeping period and cost incurred because of maintaining huge stock, money blocked for this purpose and interest burden on overall sector should be done. Hence, it is one of the major factors impeding the expansion and growth of handloom sector. Handloom sector is far lagging behind in promotion and advertising of its product as compared to the textile sector. Generally, the promotion is only through exhibitions and fairs with limited outlets.



Hence, the customer purchases only when available and switches to the other products when it is not available. The quality and standardization of the handloom product is not regularly monitored. There is another find fault that availability of handloom products is at very less outlets that restricts the customer from purchasing the handloom in their vicinity and comfortably. In the handloom market, when customers evaluate products, they are forced to make a variety of tradeoffs. Currently the research and development activities are insufficient for the Indian handloom sector due to the poor financial conditions of the weavers. This results the inefficiency of new designs accord to the market trends. As the family is very poor, any delay in marketing the cloth hurts the weavers.

The reservation policy for handlooms is meant to protect this sector from mills and powerlooms. Legislative action for reservation of certain handlooms articles was taken in 1985. But, the Supreme Court issued a stay order in favour of the powerloom sector. The order was in force till December 5, 1993. However, the Supreme Court upheld the constitutional, validity of the legislation and the reservation made in favour of the handloom sector. The powerlooms began to produce items reserved for the handloom sector. Therefore, the handlooms disappear one after the other, and there is constant decline in the number of handloom workers. To make the handloom sector profitable, the marketing problems should be well-known as well as the prospects should be estimated. In this context, the present study is undertaken to analyze the marketing problems and prospects of handloom industrial units in the select districts of Tamilnadu.

### Objectives of the Study

The study has the following objectives:

1. To analyze the marketing problems of the handloom industrial units in the study area.
2. To suggest suitable measures for the marketing prospects of the handloom units in the study area based on the findings of the study.

### Testing of Hypotheses

The following null hypotheses have been formulated and tested:

**H<sub>01</sub>:** There is no significant relationship among the acceptance levels of the handloom owners belonging to different socio-economic profiles towards marketing problems of the handloom units in the study area.

**H<sub>02</sub>:** There is no significant relationship among the acceptance levels of the handloom industrial units belonging to different institutional profiles towards marketing problems of the handloom units in the select districts of Tamilnadu.

### Sampling Design

This study is confined to the handloom industrial units of select districts in Tamilnadu. There are 206 handloom industrial units in Dindigul district, 850 handloom industrial units in Vellore district and 600 handloom industrial units in Virudhunagar district in operation as on March 2015. These handloom industrial units are considered the universe of the study. In the present study, out of handloom industrial units, 20 per cent of the units were selected from each district i.e. 330 handloom industrial units were selected by using simple random sampling. The following table shows the sampling distribution of the present study.

**Table 1: Sampling Distribution**

S. No	Name of the District	No. of Handloom Units	Sample Units
1.	Dindigul	200	040
2.	Vellore	850	170
3.	Virudhunagar	600	120
Total		1650	330

### Tools for Data Collection

The present study is empirical in character based on survey method. To enhance the quality of data, the researcher employed multiple data sources for the study: primary and secondary data. As an essential part of the study, the primary data were collected from 330 handloom owners with the help of well designed schedule for a period of 6 months from July 2015 to December 2015. Taking into consideration the objectives of the study, a schedule was prepared after a perusal of available literature and thorough consultation with the experts of related fields. Pre-testing of schedule was done during June 2015, involving 30 respondents to know the relevance of the questions. In the light of pre-testing, necessary changes were incorporated in the questions and their sequences.

### Framework of Analysis

The analysis of one-way variance and t-test were employed to find out the relationship among the acceptance levels of handloom owners and handloom units belonging to different demographic and institutional profiles towards marketing



problems of the handloom units. The co-efficient of variation has been employed to find out the consistency in the acceptance level of the handloom owners and handloom units towards marketing problems of the handloom units. The factor analysis is used to find out the underlying dimensions in the set of statements relating to the marketing problems of handloom industrial units in the select districts. Discriminant function analysis has been used to study how the sole proprietorship handloom units differ from the partnership handloom units in terms of their level of acceptance towards marketing problems of handloom industrial units. Multiple regression analysis was used to measure the effect of independent variables on the acceptance levels of the handloom owners and handloom units towards marketing problems of the handloom industrial units. Besides, comprehensive, descriptive and percentage analyses have also been employed in this study.

### **Findings**

1. There is no significant relationship among the acceptance levels of the respondents belonging to different genders and educational status groups towards marketing problems of the handloom units. However, a significant relationship is found among the acceptance levels of the respondents of different age groups towards marketing problems of the handloom units in the select districts of Tamilnadu.
2. Male respondents, respondents in the age group 31-40 years and respondents with degree qualification have higher acceptance level towards marketing problems of the handloom units.
3. There is consistency in the acceptance levels of the male respondents, respondents in the age group 41-50 years and respondents who have post graduation and above qualification towards marketing problems of the handloom units in the select districts of Tamilnadu.
4. No significant relationship is found among the acceptance levels of the handloom units belonging to varied years of existence, investment groups and monthly sales groups towards marketing problems of the handloom units. On the other hand, a significant relationship is found among the acceptance levels of the handloom units belonging to different ownership patterns and districts belonging to towards marketing problems of the handloom units.
5. The handloom units having existence above 15 years, partnership handloom units, handloom units having investment below Rs.250000, handloom units having monthly sales Rs. 200001-300000 and handloom units situated in Dindigul district have higher acceptance level towards marketing problems.
6. There exists consistency in the acceptance level of the handloom units having existence for 6-10 years, partnership handloom units, handloom units having an amount of investment below Rs.250000, handloom units having monthly sales below Rs.100000 and handloom units situated in Virudhunagar district towards marketing problems of the handloom units.
7. There has been a modest correlation (0.517) between the overall acceptance score of the respondents towards marketing problems of the handloom units the selected independent variables. The R square indicates that 26.70 per cent of variation in the acceptance towards marketing problems of the handloom units is explained by all independent variables taken together. The F value indicates that the multiple correlation coefficients are significant. Further, gender, age, education, monthly income, number of looms owned, amount of investment, years of existence and district belonging to have no significant effect on the respondents' acceptance towards marketing problems of the handloom units. Ownership pattern of the handloom industrial units has significant effect on the acceptance towards marketing problems at 1 per cent significance level.
8. The factor analysis technique is applied in this study to find out the underlying dimensions in the set of statements relating to the marketing problems of handloom industrial units in the select districts of Tamilnadu. The 32 variables in the data were reduced to 5 factor model namely problems in product development, lack of market research, pricing problems, supply chain problems and lack of government support.
9. The results of the discriminant function analysis reveal that 'problems in product development' is the maximum discriminating variable ( $R^2=93.89\%$ ) between sole proprietorship and partnership form of handloom units, followed by lack of market research (37.09%), lack of government support (31.92%) and pricing problems (31.47%) in that order. The least contributing variable is supply chain problems contributing 14.82% in discriminating between sole proprietorship and partnership form of handloom units in the select districts.



10. In regards to the various problems in the product development of handloom units, the majority of the respondents (33.94%) neither agree nor disagree with the list, followed by agree (30.09%) and strongly agree (15.76%). 8.18% and 3.03% of the respondents disagree and strongly disagree respectively towards problems in the product development of handloom units. The mean acceptance score shows that the respondents have a higher acceptance level (3.77) towards absence of product range, followed by conventional product range (3.68). In the case of lack of absence of customization of products, the respondents have a lower acceptance score (3.38).
11. In regards to various marketing problems of the handloom units, lack of government support, problems in product development and lack of market research stand at the first, second and third places with a mean rank of 3.66, 3.52 and 3.54 correspondingly. Pricing problems and supply chain problems are the other problems of the handloom units in the select districts of Tamilnadu.
12. Respondents ranging from 29.70 per cent to 46.67 per cent suggest that incentives to weavers, categorization of handloom units, use of research and development, scientific pricing approach and use of sales promotion will make certain the handloom units for the marketing prospects of handloom units. Collective market orientation, area-based industry approach, launch of new products, decentralized yarn production facility, production of fine fabrics and credit facilities are the suggestions of the respondents ranging from 50.61% to 60% for the prospects of marketing of handloom products in the select districts of Tamilnadu. Respondents ranging from 60.91 per cent to 90.30 per cent suggest that market pressures to expand demand, government support and assistance, handloom marketing complexes, strict enforcement of handloom reservation, handloom industrial estates and parks, and use of handloom mark will prospect the marketing of handloom products in the study area.

### **Suggestions**

1. The situation today is one where market demand dictates production. As a result, regionally specific products are now being produced in a number of distant centres across regions. Hence, the concept of fostering an 'area-based industry' should be explored in order to promote handloom production. Also, there is a need to protect 'geographical indicators' in products and to promote common brand names such as, for example, Ikkats, Uppada sarees, Gadwal sarees, and other kinds of fabric.
2. Identifying high growth areas, new product categories and potential marketing avenues on continuous basis will direct the handloom units towards profitable business model. New product categories can be organic cloth, high growth areas can be kids wear, and new market avenues can be forward integration setting up the tailoring units and ready made garment making units in the handloom cluster to produce readymade handloom garments.
3. At present yarn is produced in spinning mills located in distant towns and cities. Since the handloom units are dispersed across different regions and villages, developing smaller units of yarn production to cater to their needs will be feasible. Small-scale, decentralized yarn production located near cotton fields and weaving clusters will provide crucial linkages between these sectors through which direct flows can be established between cotton cultivation and textile production. This direct relation would eliminate many of the costly and unnecessary stages of the current pre-spinning process such as baling and reduce the need for carding.
4. Adequate credit at reasonable rate of interest should be supplied to the handloom units. The institutionalized credit system should come forward to meet the credit needs of handloom units, waive the provision of margin money, simplify the procedures and try to ensure financial inclusion of the handloom units. The credit guarantee scheme should be started to enable the banks and other financial institutions to sanction more loans to the handloom units. Moreover, each unit should be provided with adequate working capital to run their activity on sound lines.
5. Market pressures and the incessant demand for variety will drive producers to constantly look out for something new. In the domestic market, handloom units have a permanent demand for certain kinds of products such as sarees and dhotis, since culture defines dress codes. In order to protect this market demand, it is necessary to patent these categories of items, and reserve for ourselves the exclusive right to produce them. Such rights could vest in the hands of the Association of Handloom Units as a whole, rather than specific individuals.
6. There are very limited sources available for exporting of handloom products in terms of infrastructure, information and training. Lack of government support, infrastructure and skills available were not able to meet the international market requirements. The government should extend all benefits to handloom products, which are enjoyed by handicrafts like tax benefits and other subsidies. The government agencies should take initiative to do quality check,



standardization of the processes and quality and have a mark which shows the place of the production, patent and branding. The state government should release the handloom policy for the state at the earliest. Further, the government should develop and create the handloom industrial estates or handloom textile parks in the major clusters of the state.

7. In Tamilnadu, marketing of the handloom products is one of the major problems of the handloom units. They are exploited by the merchants and commission agents. So the government should develop and encourage the Handloom Marketing Complexes in which the government should control the pricing policies.

### **Conclusion**

The handloom industry is highly fragmented and unorganized in India. The sector gives India its distinct cultural identity and contributes considerably to the economic activities in India. Dominant in the rural areas of the country, the sector caters to several lifestyle and utility products. Traditional skills and eco-friendly methods used for production add to the products' uniqueness. This sector largely comprises people who are self-employed and have been in this profession for generations. As an economic activity and in terms of employment generation, the handloom sector occupies a place second only to agriculture. This sector is, however, is confronted with various marketing problems. In order to examine the marketing problems and prospects of the handloom industrial units, the present study was conducted with a sample size of 330 handloom units in the three districts of Tamilnadu. The study suggests suitable measures for the prospects of marketing of handloom products in the study area.

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