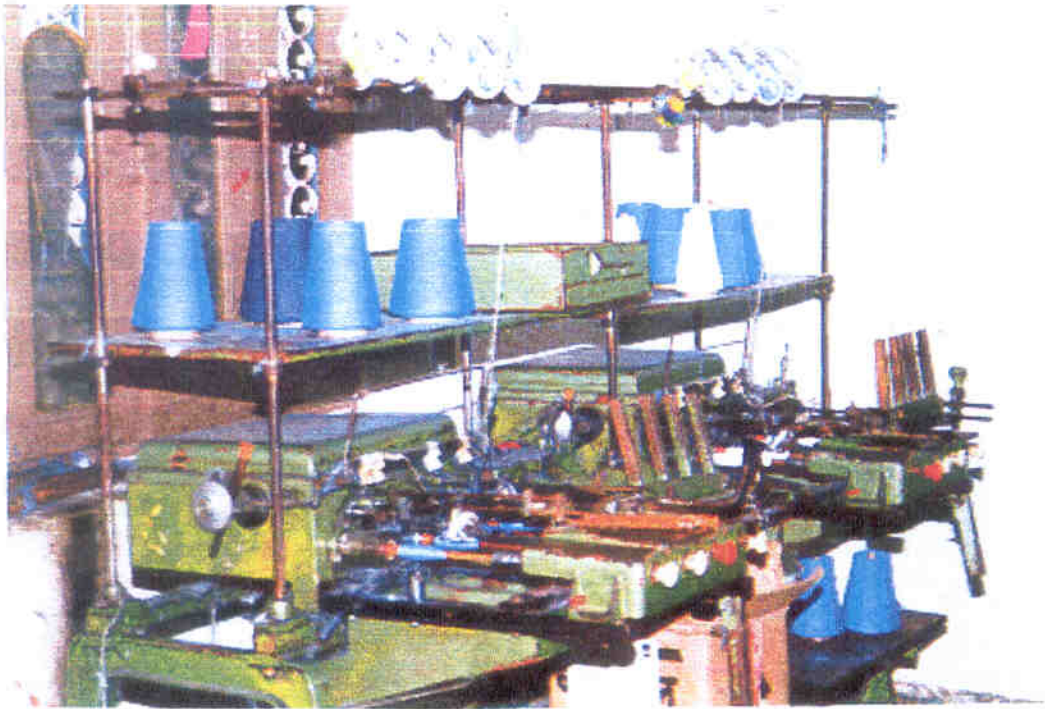


CHAPTER - 7



CHAPTER 7

Marketing and Related Issues

One of the major reasons for the present ills of the powerloom sector is that there is no proper linkage between the market requirements and the actual production in the different production centres. This is so because the production of textiles is being carried out to cater to the traditional markets be it in the domestic or export segments, which does not have proper forward and backward linkages. Further, more than 75% of the production is to cater to the demand from master-weaver-manufacturers who are controlling the production right from yarn procurement to marketing of the final product. Therefore, the powerloom operators functioning as job work units are far removed from the changes taking place in the market and are not adaptive enough. It is seen that the powerloom sector has got cluster wise specialisation and caters to both export and domestic markets. Due to the above reasons, there are different types of marketing channels and practices prevailing in the sector. The products that are made for the domestic market are marketed in a different manner as compared to the textiles for export.

7.1 Market segmentation

The two broad categories of market segmentation are (i) export and (ii) domestic. Within this segmentation, further there is bifurcation based on grey fabrics and yarn dyed fabrics. In grey fabrics, the exports are being made directly by the manufacturers as well as through merchant exporters. It is also seen that there is a tiny export segment catering to the bed linen items in processed form in the grey fabric production.

7.2 Yarn dyed fabrics segment

7.2.1 Export segment

“The difficulty of local processing and the dispersed location of producers have made the merchant co-coordinators role crucial in Tamilnadu powerlooms. The capitalist is one who sub-contracts between the processor-cum-trader who is often from outside the state and the local producer. To become an intermediary, one needs to have enough capital and operate at a large enough scale to demand 60-90 days credit from the yarn dealer, to

give such credit to the buyer, have enough access to information which is critical in exports and have capital for necessary modernisation. Numerous merchant firms, with offices around this shandy, engage in long distance trade. They sell cloth on contract or spot to out-of-the state merchants. In the Erode area, the main business is in coloured cloth, but elsewhere a lot of greys are also sold this way. The out of state market is segregated; different states come to Erode for different requirements. There are thus two types of merchants at Erode, the local or production point merchants and the outsiders or consumption point merchants. The local merchants visit their main markets and clients in distant parts of India about two to three times a year. At these meetings, samples are seen, orders are placed and confirmed. The local merchants get the yarn, get it sized, give them to weavers, receive finished goods or greys and get the greys processed. Rarely does such a firm own a process house, spinning mill or looms, though exceptions do exist. Several of the spinning mills are known to execute contracts on cloth but they are not the typical players in the Erode area.

In export segment, further sub segmentations are made in the following product groups.

- (i) Shirting and dress materials: Shirting goes mainly to garment exporters in the developing world. Shirting of good quality can be made on a plain loom with dobby and the quality was reportedly improving. Many garment exporters from Tirupur, the centre of knitwear production and others from distant parts of India who target the higher valued shirting market at home, buy this cloth. A subset of Erode local merchant firms supplies export orders, either directly or indirectly via sale to out of state requirements. Those who produce such clothes are typically larger and more modern in equipment than the average in powerloom industry. Exporters until recently bought from Erode superior towels. But increasingly, the main export from Erode is greys and checked shirting. These items are manufactured and marketed through agents to the exporting garment manufacturing units. The buyers are located in Chennai, Bangalore, Mumbai, Delhi etc.
- (ii) Home textiles: These items are manufactured and marketed through merchant manufacturers suppliers located in Karur who supply to merchant exporters of Karur as well as Mumbai, Delhi, Kolkata, Panipat etc. Amongst countries, USA, Canada, Germany, France, UK, Italy, Netherlands, Norway, Sweden, Spain and Switzerland are major importers from Karur.

- (iii) Surgical/Bandage Cloth: The manufacturers are directly exporting the above technical textiles in grey as well as bleached form” (Tirthankar Roy).

7.2.2 Larger units operating in export market

“Some examples of large firms come from the Tirupur town where about 10 firms, which rose from the ranks of powerloom operators, ‘control’ several thousand looms each. It is seen from the Erode and Coimbatore clusters that several firms, which could send one member of the family on regular, trips abroad to contract with wholesalers in North America. In the same clusters several master weavers whose involvement with the production process was till recently restricted to sizing of the yarn, have set up factories with 50 or 60 looms, improved dobby and drop boxes and employed advanced systems of quality control. In some places, notably Salem, there are a few examples of persons from powerloom background establishing modern garment units with a strong emphasis on quality control. In the Rajapalayam cluster, the main players in the industry are large producers (Prof. Tirthankarr Roy)

7.2.3 Domestic segment

7.2.3.1 Direct sale to wholesalers and retailers

In the domestic market, the manufacturers are found to adopt a variety of channels as the products are having a national market. Through limited use of weekly markets and also suppliers operating from Erode through shops located in Coimbatore, Erode, Salem, Madurai, etc.,. The upcountry merchants are linked to the local markets. Further, the manufacturers cater directly to the retailers located in all the important states and also metros like Mumbai, Delhi and Kolkata where in addition to the traditional home textiles, varieties of new designs in the LDM, sarees, etc. are produced and supplied as per the local market preferences.

7.2.3.2 Erode biweekly market

This nationally reputed market convenes on two days in a week giving an opportunity to the yarn dyed textiles manufacturers in the state. The outstation wholesalers and retailers visit this biweekly market (on Mondays and Tuesdays) and book their

requirement after finalising the terms of payment. The turnover per day is estimated between a modest rupees one crore to five crores and thus provide the much needed marketing channel to the powerloom as well as handloom products. It may be noted that no grey cloth is being traded in this market but processed fabrics do find a place in this market.

7.2.3.3 Grey fabrics marketing

Grey fabrics are almost marketed outside the state to the manufacturers/processors mainly in places like Ahmedabad, Mumbai, Delhi, etc. The above processors are having their local purchase offices for procurement and delivery to the respective processing centres. Also the grey fabrics produced by the manufacturers are marketed directly through marketing branches maintained by the local manufacturers located at different places in the country. Due to the absence of fabric processing facilities within the state, the powerloom weavers are not gaining much through value additions as regards to their fabric production.

The entrepreneurial units are manufacturing the textiles in the form of grey cloth, yarn dyed fabric meant for lungi, dress material and also sarees, home textiles including furnishings, bedsheets, towels, napkins and other textile items and market them in the domestic as well as export markets. The master-weaver-manufacturers are marketing their products either in the domestic market or in the export market depending upon the varieties produced. The textile items are being marketed by self as well as through agents. In the case of grey fabric textiles, the sales are effected both on credit as well as cash and sold through agents.

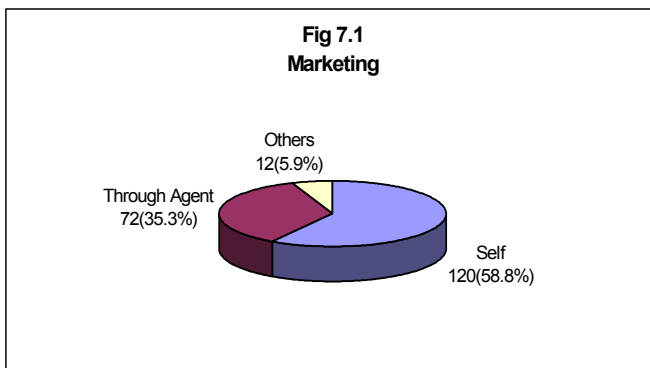
Sarees : The manufacturing is done by master-weavers who provide the yarn to job work units. After getting the sarees manufactured, the master weaver supplies to wholesalers in different markets. Most of the manufacturers of sarees are to be found in Salem, Madurai, Coimbatore as well as Chennai who are specialising in developing new designs in sarees.

Lungi : The manufacturer supplies through wholesalers in different markets throughout India. The material is sold to wholesalers as well as retailers.

Ladies Dress Material : Manufacturer supplies to wholesalers as well as retailers in different markets. Mainly this material is being supplied to retailers in different metros in the country.

7.3 Channels of marketing for powerloom products

It is seen that irrespective of their sizes, the powerloom units are adopting two types of marketing channels. In the first instance, there are units who themselves undertake the marketing through retail and wholesale channels. Also some of the units are seen to market their products through agents located in different textile markets. Out of the total 272 respondent-units, around two-third of the units have stated that they themselves are carrying out the marketing of their products. Only in the case of one-third of the units, the agents are undertaking the marketing. The self-marketing units are seen to adopt credit



sales to a larger extent though around 36% of the units have reported cash sales. The credit period ranges from 45 days to 90 days. The marketing of the products is national and widespread. The manufacturing powerloom units move their goods to

the upcountry market and sell them to retailers directly or through agents. This applies to all the yarn dyed products being produced in the clusters other than Coimbatore.

In the case of yarn dyed shirtings for export segment, the production is carried out on the basis of confirmed orders from the upcountry exporters. Some times it is reported that the exporters are failing to honour their orders leading to hardships to the powerloom weavers. It is common to come across powerloom fabric manufacturers in Salem cluster who complain about great losses due to the failures on the part of export garment manufacturers.

As learnt from the local manufacturers, the marketing is not a sophisticated process for the powerlooms and suffers from various inadequacies. Most of the manufacturers desire that the government in this direction should play a pro-active role. In each cluster and major sub-cluster, the powerloom operators are having only one request to make i.e., to develop powerloom textile marketing complexes nearer to the weaving centres that can

bring the buyers and sellers together on a continual basis. Even in the existing Erode market, the weavers are suggesting for a separate well-developed marketing complex exclusively for powerlooms. The same is applicable to Somanur, Palladam, Avanashi, Tirupur etc where separate marketing complexes are demanded by the local manufacturers.

It is also suggested by the weavers from the places like Somanur, Coimbatore etc. that the state government that will give importance for modernisation and development should develop large number of industrial estates specifically for powerlooms.

7.4 Cluster wise marketing details

7.4.1 Coimbatore cluster

The items of production in this area that are marketed in the domestic as well as export markets are (i) Grey dhoti, (ii) Saree material (grey), (iii) Industrial fabrics (grey), (iv) Bed linen (in finished as well as grey form), (v) Dress material (grey form), (vi) Drill fabrics, (vii) Made ups (bed sheets, pillow covers and bed linens) and (viii) Others (grey form).

The production in this area is organised by the existence of a large number of master weavers who are owning even sizing units as well as spinning mills. Each master weaver is controlling a few hundred looms to a few thousand looms that are engaged in grey fabrics.

The following are the details regarding the number of master weavers and exporters in Coimbatore area:

Table No. : 7.1

Master Weavers and Direct Exporters in Coimbatore Cluster

Sr. No.	Name of the sub cluster	Master weavers	Direct exporters
1	Somanur	150	5
2	Avanashi	50	3
3	Palladam	100	5
	Total	300	13

It is gathered from local experts that 50% of the production is going for export and the remaining 50% is meeting the domestic market requirements. It is also gathered that a

few manufacturers are processing the wider width grey fabrics into made ups after getting them processed in far away places like Ahmedabad, Hyderabad etc. These bed linen varieties are being exported directly to the overseas market mainly in EU and US. As far as the domestic market is concerned, the grey fabrics are being marketed locally. There are buyers from other processing centres like Ahmedabad, Surat, Delhi, and Mumbai etc. who procure through their local offices from Coimbatore and nearby areas.

7.4.2 Erode cluster

The items of production in this cluster that are marketed in the domestic as well as export markets are (i) Yarn dyed lungies, (ii) Shirting, (iii) Towels, (iv) Bedsheets, (v) Napkin, (vi) Saree, (vii) Dress material, (viii) Dhoti and (ix) Towel.

It is gathered from local sources that presently there are around 100 masterweavers/manufacturers who are carrying out the production and marketing of yarn dyed textile items for the domestic market. There is substantial reduction in their number as compared to more than 250 of them some five years back.

7.4.3 Karur cluster

In Karur area, the total annual production is estimated at Rs. 1200 crores which consists of the textile items like (i) Furnishing material, (ii) Made ups and (iii) Home textiles.

It is gathered from the local sources that there are around 400 merchant manufacturers suppliers located in Karur who supply to merchant exporters of Karur as well as Mumbai, Delhi, Kolkata, Panipat etc. The total exports from Karur is estimated at around Rs.1100 crores. In addition, the production for domestic market is estimated to the extent of Rs.300 cores. In Karur itself, there are 140 direct exporters though the total registered exporters are 400 in number. Among these exporters, 50 of them are doing consistent and stable exports and are well established. The production from this centre is also marketed from Erode where the turn over is said to be Rs.1 crore daily.

It is also learnt that there are 75 export houses in Karur, together exporting about 50% of Karur's total production and generating Rs.700 to 800 crore in foreign exchange through direct exports. Amongst countries, USA, Canada, Germany, France, UK, Italy, Netherlands, Norway, Sweden, Spain and Switzerland are major importers from Karur.

Generally in Karur cluster, the owners of powerloom units are sole proprietors having less than 12 looms doing job work for Karur exporters and local merchants located in Karur and also Erode. They are solely dependent upon the Karur and Erode merchants for domestic items. If there are no job orders, they are forced to keep their loom idle. The units in general work in full swing for six months, be in partial working for three months and remain idle for another three months.

7.4.4 Salem cluster

The items of production in this area that are marketed in the domestic as well as export markets are (i) Saree, (ii) Dhoti, (iii) Towel, (iv) Export shirting, (v) Furnishing, (vi) Bandage cloth, (vii) Lungi and (viii) Hand kerchief.

It is gathered from local sources that presently there are around 50 masterweavers/manufacturers who are carrying out the production and marketing of yarn dyed textile items for the domestic market. There is substantial reduction in their number as compared to more than 300 of them some five years back.

7.4.5 Madurai cluster

The items of production in this area that are marketed in the domestic as well as export markets are (i) Saree, (ii) Dhoti, (iii) Towel, (iv) Export shirting, (v) Furnishing, (vi) Bandage cloth, (vii) Lungi and (viii) Hand kerchief.

In the case of textile items meant for the domestic market, the main centres are Madurai, Tirunelveli, Chennai and nearby cities in Kerala also. Except in the case of surgical/bandage cloth, other items are meant only for domestic market.

7.4.6 Chennai cluster

The items of production in this area that are marketed in the domestic as well as export markets are (i) Saree, (ii) Export shirting, (iii) Lungi and (iv) Napkin. Most of the textile items are being marketed in the nearby cities and towns including Chennai and also Andhra Pradesh.

7.5 Present inadequate marketing facilities

The marketing is the major problem for the powerloom industry and the majority of the manufacturers lack adequate marketing knowledge and contacts. Most of them are depending on the existing handloom products' market and are not able to expand it substantially. As seen in earlier pages, the majority of looms are working on job contract basis and the small weavers are not capable of investing in own production and marketing. The size of the units thus thwarts any improvements in developing the marketing skills.
