

Opportunities and Challenges to Traders and Exporters for Marketing of Lace Products in Narasapuram, Andhra Pradesh.

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Abstract: India's largest lace industry concentrated in Andhra Pradesh in general and occupied at Narasapuram Area in both West and East Godavari districts. It contributes a significant share in exporting Lace products and fetches foreign exchange to the country. The Export Promotion Council for Handicrafts set up the International Lace Trade Centre at Narasapuram is to enhance the exports of lace and lace products. It acts as a buying agency and consolidates supplies from various Narasapuram based manufacturers and supply to brands/ importers/wholesalers/retailers/ stores, etc. The present study focused on the perceptions and opinions of traders and exporters about the opportunities and challenges faced by lace industry in Narasapuram lace cluster area.

1. Introduction

The history of the lace industry in and around Narsapur in the West Godavari District is closely linked to the history of colonial penetration into this area. Lace making came as a hobby but later on became a craft and now it is a profession. Almost every household in the rural areas at least one pair of hands are always busy knitting and knotting simple cotton thread into beautiful designs. Lace making became a part and parcel of the cultural life of the rural women folk. For rich and middle class it may be hobby but to the poor rural it is the chief means of livelihood. The State Government with an objective of overall development of Andhra Pradesh economy is focusing on the development of labour-intensive and export oriented industry for generating both sustainable employment and valuable foreign exchange.

The lace making is carried-out in putting-out system and workshop manufacturing. In this system there is no relationship between the exporter and worker and the entire relationship is carried-out between the agent and the worker. Exporter employed several agents – who visited the artisans at certain intervals gave them the thread and the designs their customers abroad had ordered and after a certain time they came to collect the finished articles. Another system of lace making is workshop manufacturing, where the exporter arranges the preparation of lace items with the men and women workers. There is a general division of work between men and women in this system the lace making including Chethipani (hand work), Athukupani (joint or attachment work), Kajakuttu (bordering and lining) is done by female workers, whereas checking, repairs, finishing, washing, ironing, packing and forwarding are performed by male workers.

Though the region is catering to the best of buyers, the business is not organized and almost every household in the villages in and around the towns is engaged in producing crochet items for exporters who give them orders and specifications which they get from their buying offices. To promote and sustain the crochet industry, the Pan Godavari Lace Facilities and Services centre was established under aegis of Development Commissioner (Handicrafts), Ministry of Textiles Government of India under Comprehensive Handicrafts Cluster Development Scheme (CHCDS), to scale up the infrastructure and production chain at handicrafts clusters. Pan Godavari is looking at aiding artisans, manufacturers and exporters of Narsapur and nearby areas of east and west Godavari regions to improve networking, assist in design- driven marketing requirements, catalogue design, portfolio enhancement, brand development and promotional activities.

More than 80 per cent of the exports of lace products originate from the East and West Godavari region. Their workmanship is known in India and major markets of the US, Europe and Japan. By knowing this Export Promotion Council for Handicrafts (EPCH) has set up an International Lace Trade Centre (ILTC) in this region under the ministry of textiles to help craftsmen, artisans, producers and exporters. ILTC offers to develop new designs, to adopt production techniques of lace products, and to market and export through exhibition and craft bazaar. It acts as a buying agency and

consolidates supplies from various Narsapur based manufacturers and supply to brands/ importers/wholesalers/retailers/ stores, etc.

On a positive note, the wheel has been set on roll –there is the intent of the government to make Narsapur a vibrant export hub, there is the younger generation bursting with energy and innovative ideas to take the traditional craft forward, the co- operatives are doing their bit in getting their members trained so as to improve the standard of their product and the exporters are working doubly hard to employ technology to create the best of the designs to make an impact in the world market. Yet the challenges remain like females are no more staying back home, they are willing to move out of their houses and join other industries for better wages. Ramesh Hemdev, president of Sri Devi Exports also opined that unless the government formulates a proper policy to streamline the industry and brings it under the organized sector, the 225-year-old lace business will die a slow death. This is focused identify the more opportunities export of lace products and same manner explore the challenges to solve for export growth of lace products.

2. Literature review

Some studies identified the establishment, employment and foreign exchange earnings around the world related to the lace industry. Based on the literature, the need for study is sought to be established. The research of various studies on lace industry and work, in different countries and their observations are helpful to understand the lace industry in India.

Pardhasaradhi. R and Venkagta Subbarao. P (2015), study pointed that said that, Narsapur Lace park is one of the innovative organizations for empowering women by acting as a liaison between artisans and middlemen, and providing training to the local women. It is found that, more than 50 per cent of the women workers felt their personal status got enriched as a result of their works in the lace park and there are less promotional channels in the organization.

Export Promotion Council for Handicrafts Council (2015), study revealed the need of establishment of International Lace Trade Centre (ILTC) at Narsapur (Andhra Pradesh) by government of India, and also anticipates the ILTC will build the requisite

marketing infrastructure and foster trade linkages with national and international markets thereby promoting growth of the cluster and its primary stakeholders.

Rajander Kumar and Vandana Sehgal Arora (2015), study provided an in-depth analysis of competitiveness of Indian exports at different time points and link this to South Africa. Revealed comparative advantage of Indian exports for manufactured goods classified chiefly by material, at the most aggregated level of the sections.

Gopal. K (2016), study anticipated that exports will take a giant leap from the present Rs. 60/- crore to Rs. 500/- crore in the coming five years, in the way of arranging Reverse Buyer Seller Meet organized by the Export Promotion Council for Handicrafts (EPCH) at International Lace Trade Centre (ILTC), Narsapur.

3. Objectives of the study:

- *To explore the opportunities for exporting of lace items*
- *To know the challenges perceived by trader & exporters to enhance the exports*
- *To offer suggestions to utilize opportunities and overcome the challenges in this aspect*

4. Methodology of the Study: *This study is used primary data and secondary for achieving the stated objectives. The researcher has gone through earlier studies other published literature for identifying of opportunities and challenges faced by lace industry in narasapuram cluster area. Not only that questionnaire has been formed for taking up the opinions of Traders &Exporters on opportunity factors and challenging factors intensity for the growth of export business in this area. Sample size (50) has been taken by using convenient sampling technique because all traders and exporters are having homogeneity nature. Five points Likert scale is used for measuring opinion on degrees like 1)strongly disagree, 2) Disagree, 3) No disagree and No agree, 4) Agree, 5) Strongly Agree.*

5. Opportunities for export potential of lace items in Narasapuram Area:

The Office of Development Commissioner (Handicrafts) is the nodal agency in the

Government of India for craft and artisan-based activities. It is a central nodal office to work for a) Socio-economic upliftment of the artisans and b) Supplement the efforts of the State Governments for promotion and development of handicrafts within the country and abroad. At present, the office of Development Commissioner (Handicraft) is implementing the following seven schemes for promotion and development of handicraft sector: (i) Baba Saheb Hastshilp Vikas Yojana (ii) Design and Technology Up-gradation (iii) Marketing Support and Services (iv) Research and development (v) Human and Resource Development (vi) Handicrafts Artisans Comprehensive Welfare Scheme and ,(vii) Infrastructure and Technology Development Scheme.

Export Promotion Council for Handicrafts (EPCH) under the aegis of Development Commissioner (Handicrafts), Ministry of Textiles, and Government of India is a non- profit organization, established under the EXIM Policy of Government of India in the year 1986-87. It is an apex body of handicrafts exporters for promotion of exports of handicrafts from country and projected India's image abroad as a reliable supplier of high quality of handicrafts goods and services and ensured various measures keeping in view of observance of international standards and specification. To make the Indian handicrafts competitive in the world market and to enable India acquire a larger share of the market, the EPCH devised an integrated policy for product innovation, development, adaptation, up gradation of technology, designs, packaging and presentation aggressive publicity in the world market. Council has taken various initiatives for enhancing designs and quality of lace and lace products by organizing skill development programme in different segments such as Training of value added skills on Crochet, Training on stitching and garmenting, Training of Dyeing, Training on Entrepreneurship Development Programs and Capacity Building. Apart from above, EPCH also arrange linkage of designers to the centre to help in develop new designs as prevalent in International markets and marketing linkages to the products being produced by artisans of Narsapur at various Internationals fairs such as IHGF-Delhi Fair, Reverse Buyer-seller meet at ILTC, International fairs during Heimtextil, Birmingham Spring fair in UKetc.

In addition to providing skill training to young women in a bid to bring in the next

generation into the Crochet fold, EPCH has also set NOS (National Occupational Standards) for Lace work and has begun issuing Level 1 certificates to the eligible trainees, who are being fine-tuned at the craft and also enterprising individuals who are being trained at EDP. The latter can either work for the existing exporters or become entrepreneurs. EPCH has also set up 55 Community Development Centres in various locations in the two Godavari districts that are used to impart training and as a common facility to work for women. Doing crochet for a stipulated time everyday together under a watchful eye would lead to better and consistent results and the craft will then cease to be just a part time work. With a view to address the need to integrate the cluster to major and international buyers and build an amenable marketing platform to scale up of business, Council in coordination with the Government of India is establishing International Lace Trade Centre at Narasapur (Andhra Pradesh). The objective of this Centre is to help craft persons, artisans, producers and exporters in the East and West Godavari region of Andhra Pradesh to develop new designs, to adopt production techniques of lace products, its marketing and exports through exhibition and craft bazaar etc. It would also help to provide critical production and commercial infrastructure, technology, marketing support, capacity building and product diversification to build competitiveness to ensure sustainable development of the cluster. This centre also enable the producing and exporting community to interact with the foreign experts, designers and buyers with regard to product development and ultimate exports.

The State Government with an objective of overall development of Andhra Pradesh economy is focusing on the development of labour-intensive and export oriented industry for generating both sustainable employment and valuable foreign exchange. Establishment of Alankriti Lace Park at Narsapur is the first step in this direction in the year 2004, conducting training programs for artisans and giving encouragement for women workers. This organization brings the desperate, scattered women groups into self-help groups under one umbrella, brings in experts from outside for educating and training these groups, allows experiments in improving the designs and skills and makes the groups self-sufficient to market their own produce and decide their own future. The lace park's vision is to have uncompromising attitude on quality,

professionalism that sparks discipline, hard work and adherence to schedule, something that was not known earlier in this sector. Keeping the view of the projection of India's exports, the Government of Andhra Pradesh proposes to set an export target in line with its state's target of achieving a sustained double digit economic growth. Our export policy focuses not only on the measures to identify new markets and developing new exportable products as per international standards but also to enhance the entire trade ecosystem of the state and support.

Going by the response of the exporters, the other very important factors to be considered for export promotion include improved connectivity to Narsapur that will have a direct impact on the cost and introducing incentives and subsidies on export. On a positive note, the wheel has been set on roll –there is the intent of the government to make Narsapur a vibrant export hub, there is the younger generation bursting with energy and innovative ideas to take the traditional craft forward, the co- operatives are doing their bit in getting their members trained so as to improve the standard of their product and the exporters are working doubly hard to employ technology to create the best of the designs to make an impact in the world market.

5.1 Analysis of Opinion of Traders & Exporters on Opportunity factors

1) Strongly disagree, 2) Disagree, 3) No disagree and No agree, 4) Agree, 5) Strongly Agree.

S.No	Opportunity Factors perceived by Trader and Exporters	1	2	3	4	5	Mean	SD
1	<i>Lace cluster has the largest concentration of Lace artisans</i>	1	9	21	12	7	3.30	.995
2	<i>Rural artisans felt rural employment after agriculture though lace work is highly labour intensive</i>	1	1	15	21	5	3.42	.950
3	<i>No need of giving primary training lace work is being taught at home</i>	1	4	24	10	11	3.52	.995

4	<i>Lace park established for formation of mutually aided cooperative societies for smooth work flow</i>	1	2	17	19	11	3.74	.992
5	<i>Skill development trainings are being given by Lace park, ILTC, NRDC, EPCH</i>	1	1	13	18	17	3.98	.937
6	<i>EDP programmes are being conducted for the existing exporters on export procedure market research under EPCH</i>	1	1	9	23	16	4.04	.880
7	<i>ILTC provides critical production and commercial infrastructure and develops new exportable products.</i>	1	1	10	21	17	4.04	.903
Avg							3.72 4	

Source: Primary data

The table reveals the opinion of traders & exporters on opportunity factors. Five point likert scale {(1) Strongly disagree, (2) Dis agree (3) Not disagree or Not agree (4) Agree (5) Strongly agree} has been applied for taking up degree of responses on factors, which favour the potential export opportunity to respondents. The mean responses of all respondents to five point scale has been calculated for the factor “Lace cluster has the largest concentration of Lace artisans” is 3.30, i.e that means potential intensity of that factor is just above neutral. Same manner the “Rural artisans felt rural employment after agriculture and lace work is highly labour intensive” is 3.42, i.e that means potential intensity of that factor is above neutral, “No need of giving primary training lace work is being taught at home” is 3.52, “Lace park was established for formation of mutually aided cooperative societies for smooth work flow” is 3.74. The mean of the responses for “Skill development trainings are being given by Lace park, ILTC, NRDC, EPCH” is 3.98, i.e that means potential intensity of that factor is agreeable level. Same manner the factors “EDP

programmes are being conducted for the existing exporters on export procedure market research under EPCH”, “ILTC provides critical production and commercial infrastructure and develops new exportable products” are reached just above agreeable level. It is concluded that three factors are reached above agreeable level, two factors are in between neutral and agreeable level, other two factors are just above neutral level. It is understood most of the factors are influencing and motivating respondents towards export of the lace products,

6. Challenges to Traders and Exporters to export of Lace Products

Narasapur lace cluster is located in East and West Godavari districts of Andhra Pradesh, sitting pretty on the right bank of Godavari, the lifeline for the large tracts of fertile lands. The womenfolk of the farming community began to use their leisure time to create wonderful artefacts from colourful lace. In course of time, women who felt a need to augment their income devoted more time and effort to produce lace products. It is not a direct profession to earn their livelihood. The women are not aware of the actual cost of the raw material used for the lace making and the value added after the lace is prepared and the rates at which the finished lace is sold in the market. In other words, their work is totally restricted to their labour only. Therefore, artisans earn very less amount as remuneration in this lace making process. Like in every field, the lack of proper organization and the entry of middlemen meant an exploitation of these womenfolk and their lace products.

More than 1,00,000 home-based women artisans of about 100 villages in West Godavari, East Godavari and Krishna district of Andhra Pradesh and around 60 firms known for hand-made crochet laces, various products of home furnishing and even garments, are facing the heat of decreasing business despite various efforts and initiatives by the Government and other organizations to boost trade. Before recession, this hub was doing average business of Rs. 100 crore per annum but it has come down to even less than one-third, as now the figure is a mere Rs. 30 crore, the reasons are the usual ones – less demand, increasing cost, be it material or labour, more use of similar but machine-made products, lack of innovation in designing and marketing, poor skill development, less interest of next generation in this traditional

work, etc

The manufacturers are currently forced to go to other places for raw material, dyeing and bleaching, pushing up the production cost. Among the most serious issues today is the lack of proper dyeing facility which is still being outsourced from Tirupur, Erode and even some parts of Delhi-NCR which not only adds cost but also increases the process time. In fact, design input is another big issue as the sector is an unorganized business, and intricate nature of production leaves little room for creativity and new designs as most of the women are not working for any particular firm; besides exporters too don't take interest and are more concerned about getting their work done on time.

Many initiatives to support these women artisans have been taken by the Pan Godavari Lace Facilities and Services, Development Commissioner (Handicrafts) and Crochet Lace Park, an initiative by District Rural Development Agency, but they have not proved as fruitful. National Centre for Design and Product Development (NCDPD) too has some capacity & skill development programs running in the area, while the Development Commissioner (Handicrafts) has set a target to train 15,000 women in three years. Not only the Government, but even some NGOs and brands have come forward to help, like Mother Earth lifestyle brand, which is working on a special- purpose vehicle project with the Government in Narsapur with access to over 15,000 crochet artisans to build scale in sourcing. SETU also had two training centres for training in remote villages for the crochet lace artisans, specially the HIV affected and their families. All these initiatives have had some impact but there has not been any big or critical change in terms of skill development, business or overall development of the cluster.

According to the local exporters, last decade the industry's exports have halved due to the slowdown in the major markets such as Europe, US, Australia and Scandinavian countries like Sweden. In addition there is the entry of global players, mainly from China and now from Vietnam, that have flooded the market with much cheaper machine-made products. Our lace is handmade, which is why we can't beat the Chinese competitors either on the volume or price front. The Chinese are also

able to provide much cheaper products and have cornered a major chunk of the global orders because of various subsidies their government gives them. The other reason, according to another exporter, is that many companies in developed countries want products that conform to factory compliance norms, which is difficult to ensure for a cottage industry in this area, country. However, it is increasingly becoming difficult to fare well in the global competition especially from China that is able to produce lace at much cheaper rates. On the home front, the money the women get after working on lace is very small and evidently the next generation will prefer to go for more profitable professions. More importantly, none amongst the present generation is willing to teach the craft to their children. They would rather see their daughters well-educated and winning the corporate world than toil in the low- paid craft work.

The development commissioner of handicrafts, district rural development agency and other agencies, imparted training on various skills to the women artisans and helped them to develop several designs in association with National Institute of Fashion Technology and National Institute of Design, Ahmedabad. This helped them to export quality cushion covers to IKEA. In course of time, for want of support from the state government and other agencies, the one-time popular Lace Park has become a non-performing asset. Experts in the field say that with no election held for federation cooperative societies for nearly 13 years, it has become dormant. No audit of accounts and renewal of permission to societies are being taken up for five years. No training on skill development is being provided to the artisans for the last five years either by the state government or by the Centre. The Lace Park lost the crucial connectivity to other design and resource centres and also to International Lace Trade Centre resulting in no innovating activities being taken up in the production of lace works.

Several common production centres and common facility centres set up by DRDA remained in operative for long. The machinery installed in the park developed rust for want of maintenance and usage. According Assistant Director, Office of development commissioner for handicrafts the demand for machine made lace works goes up in the international market, there is no much demand for manually made lace works.

Moreover, an exit strategy is being worked out on Lace Park. However, as the Common Production Centres are linked up with an exporter, they have to go for value addition and diversification of production to find out market for their products and make the Lace Park viable. There is so much adverse going on against the artisans of the Godavari hub that it has become difficult to find solutions. In this context study focused and identified crucial challenges faced by traders and exporters in this lace export business.

6.1 Analysis of Opinion of Traders & Exporters on Challenge factors

1) Strongly disagree, 2) Disagree, 3) No disagree and No agree, 4) Agree, 5) strongly Agree.

S.No	Challenging factors to Traders and Exporters	1	2	3	4	5	Mean	SD
1	Lace artisans present generation is not willing to teach the craft to their children because they get less amount as remuneration	1	1	8	18	22	4.18	.919
2	Artisans unaware of the actual cost of the raw material and the value added after the lace is made	1	9	22	12	6	3.26	.965
3	China and Vietnam, which have flooded the market with much cheaper machine-made products.	1	2	1	8	38	4.68	.881
4	Poor skill development training imparted to lace artisans	1	1	8	13	27	4.28	.948
5	No innovating activities being taken up in the production	1	1	4	13	31	4.44	.884
6	Lack of proper dyeing facility and critical production facility accessible	1	1	9	16	23	4.18	.941

7	No audit of accounts and renewal permission to Lace Park lost the crucial connectivity to other design and resource centres	1	2	23	15	9	3.58	.906
Avg							3.94 2	

Source: Primary data

The table reveals the opinion of traders & exporters on perceived challenging factors against export favorable environment. Five point likert scale {(1) Strongly disagree, (2) Dis agree (3) Not disagree or Not agree (4) Agree (5) strongly agree} has been applied for taking up degree of responses on factors, which are challenging to respondents. The mean responses of all respondents to five point scale has been calculated for the factor “Artisans unaware of the actual cost of the raw material and the value added after the lace is made ” is 3.26, i.e that means potential intensity of that factor is just above neutral. Same manner the “No audit of accounts and renewal permission to Lace Park lost the crucial connectivity to other design and resource centres” is 3.58, i.e that means potential intensity of that factor is in between neutral and agreeable level. The mean of the responses for “Lace artisans present generation is not willing to teach the craft to their children because they get less amount as remuneration” is 4.18 , “Lack of proper dyeing facility and critical production facility accessible” is 4.18, i.e that means potential intensity of these factors is just above agreeable level. The mean of the responses for “Poor skill development training imparted to lace artisans” is 4.28, “No innovating activities being taken up in the production” is 4.44, “China and Vietnam, which have flooded the market with much cheaper machine-made products” is 4.68, i.e that means potential intensity of these factors is in between agreeable level to strongly agreeable level.

It is concluded that one factor is reached just above agreeable level, one factor is in between neutral and agreeable level, other one factor is just above agreeable level and other three factors arrived in between agreeable level to strong agreeable level and more one factor is perceived in between agreeable level and strongly agreeable

level. It is understood that one factor is perceived only neutral level, some factors are perceived in between neutral level and agreeable level, other four factors are perceived above agreeable level.

7. Conclusion

Researcher has understood that based on this study that lace industry is evolved before independence, eventually that hobby has become profession major income path for artisans who are in narasapuram area and the same manner government gets foreign exchange out of this lace making industry. Government made a strategy to make this handicraft industry more profitable and income generating profession for lace artisans. Department of Development commissioner handicrafts is continuously supporting by arranging skill development programs, infrastructure for critical production methods, and marketing and supply chain management techniques for exporting of this lace products. But still there is a challenging with internal stake holder Artisans and external stake holder say international competitor China and Vietnam. Same manner some infrastructure and method producing lace products are not enough competent with counter partners.

Unless the central and state governments recognize the business potential and bring the industry into the organized sector, these all support for skill development and production infrastructure may use less for growth of lace business in Andhra Pradesh. Also Government should take initiation by encourage MSMEs and companies to enter this business with all research and production infrastructure may help this business in more profitable manner.

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