

# Challenges and Contribution of the Carpet Manufacturing Firms of India

**Richa Bhatia**

Assistant Professor  
Mittal School of Business,  
Lovely Professional University,

**Paramjit Singh**

Assistant Professor  
Mittal School of Business,  
Lovely Professional University.

## Abstract

If someone wants to have a lavish styling at home he/she may have first option to decorate his/her flooring and the best available option is Carpets. Carpets are not only increasing the entire grace of the home but also increase the status of the home owner. When it comes to export India have its carpet industry as a shining star. Why so? Because its only industry that is 100% export oriented. Millions of people depend on this carpet industry for employment whether directly or indirectly. If talking about the present condition it is believed that this carpet industry exports contributes to nearly USD \$930 Million (approx) to Indian revenue. The world have already acknowledged the talent of Indian hand weaving carpet industry. The designs are authentic, attractively designed and this in whole leads to increasing the entire grace and styling of the carpets. This study is a secondary data based study because the demand of the topic is to take data from various Govt. Websites and reports published by Textile Ministry, CAG and various other concerned departments.

## Introduction

If talking about the major earnings from export carpet industry is having its own special place for India. From Indian context the major countries which buy carpets from them are Europe, America, Afghanistan, Pakistan and Turkey. Since 1961 there is a positive side experience for growth of Indian Carpet industry contrary to the fact that there was immense increase in competition in the world market. Due to unique weave of Indian carpets it was able to compete at world level. And in the upcoming future the authors are quite assured that this carpet market will be able to compete and raise the Indian exports due to its sustainability

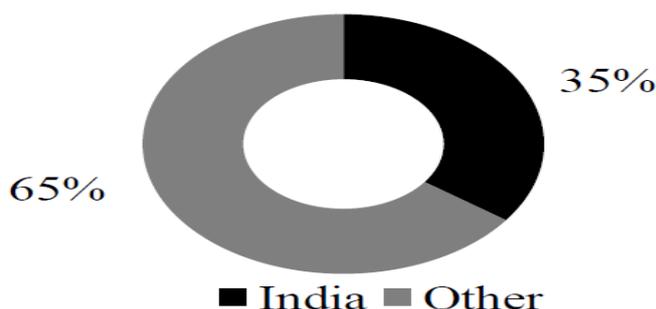


Figure 1 Contribution of Indian market of handmade carpets and the world markets

In 2015, India participated in a trade fair called Domotex Turkey in Turkey for showcasing their carpets and floor coverings. This gave carpet industry an good platform for presenting its innovations and creative designs and also gave it the opportunity to learn from international leaders. India is having surplus labor and this also available at a very affordable rate. Specially, if rural side of India is taken i.e. village areas are rich in labor force. Geographically taken among 29 states U.P. is having the maximum number of villages with more than one lakh villages followed by Madhya Pradesh with 55429 Villages as per Census 2001. An important point to be noted is Uttar Pradesh is the largest manufacturer of the hand knotted carpets in India. If given proper attention by Government and other stake holders the carpet industry have the full stamina to tackle the evil like unemployment. Why authors are insisting to this point because carpets from India are hand knotted whereas in developed nations its made with the help of machines and this make the all difference.

India is known for its farming and cattle rearing and if all the major raw materials required to manufacture carpet also comes these sectors like cotton yarn and woolen yarn this actually put India at a much strong position than its competitors. Government of India is now putting a lot pressure on the development of entrepreneurial skill and market understanding capabilities in order to motivate the people of India to come forward and start a new revolution. Even State governments are also working by joining hands with Central government to provide collateral free loans to the needy and to give business loans at a much lower rate and making all documentation process a much easy. Like some of the already running programs are MSME Business Loans, Start Up India, Credit Link Capital Subsidy Scheme etc.

While talking about the major attractions of this sector are as follow:-

- 1) Requirement of small tools- No need to go for the state of the art technologies or heavy engineering items in carpet industry all it require is just the small and simple tools that can be collected from the local area shops or can be manufactured locally.
- 2) Boost the income- this carpet manufacturing can also be done part time and this opens the door to increase the household income. Females of the family can also work on this.
- 3) Highly flexible- Carpet manufacturing is highly flexible and can be done any time in the year. This can even be the solution to those people who are the victim of seasonal unemployment.
- 4) Abundance of Resources- Talking about cotton yarn the India is self sufficient and in some parts woolen yarn is easily available while in others not so easy. This problem of less availability of woolen yarn can be solved by importing it from abroad.
- 5) Proven success records- In India there are 9060 registered handicraft export units. The detailed data of registration is given below in Table 1.

|  |                               |
|--|-------------------------------|
| Export Promotion Council for handicrafts | Registered with Carpet Export |
| 6500                                     | 2560                          |

There are certain external factors which are not under the control of carpet manufacturing firms but are like to effect the industry like buoyancy of the market, trade policies and growth in personal income. Similarly, there are certain internal factors affecting the trade and manufacturing of carpets like easy availability of raw materials and different strategies opted by exporters.



Figure2- Total Export in crores of the carpet manufacturing firms from India

### Contribution to the economic growth of India:-

From the figure 3 it can be observed that India exports to greater than 70 countries in the world, which constitutes USA, Canada, Australia, U.K, South Africa, Italy, Brazil, etc. Carpet industry suits in the Kashmir as it is more labor intensive and less capital intensive, consequently having scope for employment generation on a large scale. It is providing employment to both literate and illiterate people in rural, urban and tribal areas. The carpet industry acts as a secondary source of income for the farmers who remain unemployed during the winters. Both men and women are dependent on the carpet industry in Kashmir for their subsistence. The Government plays an important role to uplift the carpet industry by providing various schemes and programmes Being a labour-intensive industry, carpet industry is major source of employment. It provides direct employment to 2.5 million artisans and also indirectly to all those who are employed in allied fields such as logistics support. The sheer numbers can be gauged from the fact that a medium sized manufacturing unit in Bhadohi employs about 400-500 artisans and there are close to about 2500 carpet manufacturing centres in the country. The artisans are largely confined to rural areas. As such, growth in carpet industry can accelerate the growth of rural economy. Carpet making industry is a major source of employment for the weaker sections of the society. Of the total number of people employed in handicraft industry, 24.16% belong to SCs, 4.18% are STs and 47.4% are women and 22.99% belong to minority groups. Singh (1979), in his paper explains how organizational structure is connected with entrepreneurial activity and what sort of actively determines entrepreneurial success and economic development. Carpet industry has

spread many parts in India but Bhadohi carpet industry is The handmade carpet of Bhadohi contributes to the economic development of that particular region. Under cottage industry carpet weaving is one of the major industry in India. The production of handmade carpets in Bhadohi-Mirzapur Utter Pradesh contributing the bulk of is approximately 80%, while other contributors include Jaipur, Agra, Gwalior etc. This industry is responsible for generating employment and helps in maintain the balance of payment of the economy. The wages generated in the production of the carpet is responsible to give the backup to weaker section of the society. The 30<sup>th</sup> India Carpet Expo was organized by Carpet Export Promotion Council in October 2015, which was said to be the largest fair for the handmade carpet in showcasing the best quality of rugs, hand-made carpets and floor coverings. The basic motive was to endorse the heritage of India and proving the platform for international buyers and agents of the carpet.

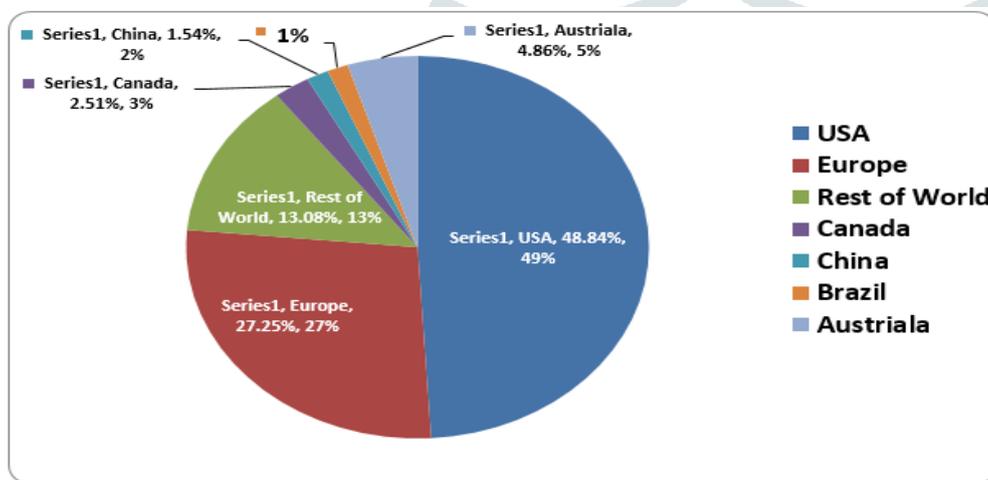


Figure 3- Potential markets for export of carpets from India

### Challenges

The carpet manufacturing firms have to suffer because of shortage of electricity, lack of transportation and infrastructure facilities. Poor roads in semi-rural and rural region lead to loss during transportation. Moreover, the good quality woolen yam is also not available at the affordable prices, lack of facilities for product innovation, increasing competition, lack of dyeing facility and lack of public relations, contributes to the major challenges faced.

### Recommendations

The handmade carpets are very labour intensive. Different carpet manufacturers have their own speciality of carpet making where Uttar Pradesh is currently at the top position. The weaving of the carpet should be encouraged in the other states as well. The migration of the weavers should checked. There should be a good rate of wage provided to the workers so, they can sustain their better life. The new technology should be

introduced for better productivity and manufacturing. The connectivity should be there with highways to small regions of the city.

### Conclusions

The growth in carpet industry can accelerate the growth of rural economy. Carpet making industry is a major source of employment for the weaker sections of the society. Carpet production has changed in the 20th century, with a burst of tufted bedspread production in Dalton. This industry is responsible for generating employment and helps in maintain the balance of payment of the economy. Due to unique weave of Indian carpets it was able to compete at world level. Government of India is now putting a lot pressure on the development of entrepreneurial skill or understanding market capabilities.

### Bibliography

<http://texmin.nic.in/>

<http://cepc.co.in/industry-at-a-glance/attachment/key-material-potential-0>

<https://commerce.gov.in/>

<https://commerce.gov.in/>

<https://pib.gov.in/newsite/PrintRelease.aspx?relid=160246>

<http://handlooms.nic.in/>

[www.handicrafts.nic.in](http://www.handicrafts.nic.in)

<http://ministryoftextiles.gov.in/press-release>

<http://goidirectory.nic.in/index.php>

