

Indian Heritage and Commerce: Problems and Growth of The Handloom Sector

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Abstract—India's handloom industry is a vital traditional sector that merges cultural heritage, rural employment, and indigenous craftsmanship. After thriving under the Mughal period's flexible manufacturing practices, the sector declined under adverse British colonial policies. Today, it faces threats from mechanised production, fast fashion, shifting consumer preferences, limited market access, low artisan incomes, and declining youth participation. Despite these challenges, the Fourth All India Handloom Census (2019–20) records 35.22 lakh weavers and allied workers, highlighting its ongoing livelihood impact. Supported by initiatives like 'Make in India', the sector holds strong potential for output, employment, and export growth. Based on secondary data, this paper provides an overview of the handloom sector, examines its core challenges, and evaluates government promotional policies.

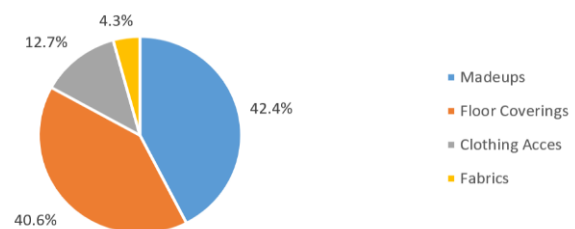
Index Terms—Handloom Industry, Indian Textiles, Rural Employment, Indigenous Craftsmanship, Make in India, Government Policies, Export Earnings, Weaver Livelihoods.

I. INTRODUCTION

The handloom sector in India is a culturally rich and traditional industry that reflects the country's heritage through generations of skilled craftsmanship. It is highly labour-intensive and eco-friendly, relying on minimal mechanisation and sustainable practices. Predominantly based in rural areas, the sector provides significant employment opportunities, especially to women, thereby playing a crucial role in supporting rural livelihoods and promoting inclusive economic development.

The handloom sector of India is one of the biggest unorganized sectors. The handloom industry in India has a long tradition of outstanding artisanship that represents and preserves vibrant Indian culture. India's handloom artists are globally known for their unique hand-spinning, weaving, and printing style.

Category-wise share of handlooms export revenue (FY25)



Source: The Handloom Export Promotion Council (HEPC)

They are based out of small towns and villages of the country which transfer skills from one generation to the next. The handloom industry is the country's largest cottage industry, with 2.8 million looms. It is also the rural region's second-largest employment provider, employing around 3.52 million people in direct and allied activities. India produces several traditional products such as sarees, kurtas, shawls, ghagra cholis, lungies, fashion accessories, bedspreads, etc. In the contemporary product category, the country produces fashion fabrics, western dresses, bed linens, drapes, kitchen linen, decorative furnishings, rug durries, etc. The handloom sector of India has the advantage of being less capital intensive,

eco-friendly, having less power consumption and having the ability to adapt to market conditions.

According to the Handloom Census 2019-20, about 35.22 lakh handloom workers were employed across the country, out of which 25.46 lakh were women with a share of 72.29%. The sector employs 26.73 lakh weavers directly and indirectly throughout the country with 72% of them being women.

II. HISTORICAL OVERVIEW OF HANDLOOM INDUSTRY: FROM TRADITIONAL CRAFT TO MODERN BUSINESS

The handloom industry has a rich and diverse history, dating back thousands of years. Handloom weaving was once a traditional craft practiced by skilled artisans in many parts of the world. It was an integral part of the cultural and social fabric of many communities, with the finished products being used for clothing, household items, and other purposes.

Over time, the handloom industry evolved from a traditional craft to a modern business. With the advent of industrialization, many countries began to shift towards machine-made textiles, which were cheaper and could be produced in larger quantities. This led to a decline in the demand for handloom products, and many weavers struggled to earn a living. Despite these challenges, the handloom industry persevered, and in many countries, it has experienced a resurgence in recent years. Consumers have begun to appreciate the unique qualities of handloom products, such as their durability, quality, and craftsmanship. Governments and NGOs have also recognized the importance of supporting the handloom industry, both as a means of preserving cultural heritage and as a source of employment and economic growth. Today, the handloom industry is a vibrant and dynamic sector, with weavers utilizing both traditional and modern techniques to create a wide range of products. Handloom textiles are highly valued for their unique designs, textures, and colours, and are often used in high-end fashion and home decor products.

III. PRESENT SITUATION OF INDIAN HANDLOOM INDUSTRY

The present situation of the Indian handloom industry reflects a sector undergoing transformation. While it remains rooted as a decentralized, home-based craft

providing rural employment, it is actively transitioning into a modern, export-ready creative industry aligned with sustainable fashion.

Industry Overview: Scale & Demographic Footprint
India's handloom sector forms the second-largest employment generator in rural India after agriculture.

Demographic / Operational Metric	Figures / Statistics	Research Implications
Total Handloom Workforce	3.52 million (35.22 Lakh)	Represents a massive decentralized rural labor force.
Female Participation	72.3% (2.54 million)	Crucial driver of rural women's economic empowerment.
Rural Base	87.4% Households	Operates primarily as an agrarian off-season household activity.
Geographical Concentration	>60% in 4 States	Concentrated in Assam, West Bengal, Manipur, and Tamil Nadu.
Operational Looms	2.82 million Looms	Predominantly pit looms (42.2%) and frame looms (31.5%).

Macroeconomic Performance (FY 2025–26)

While total textile exports registered positive growth, handloom-specific exports reveal a sharp contrast between domestic consumption and international market penetration.

Export Market Category	FY 2025–26 Value	Growth Rate / Share	Context & Key Insights
Total Indian Textile Exports	₹3,16,334.9 Crore	+2.1% YoY	Supported by new Free Trade Agreements (FTAs).
Cotton, Made-Ups & Handlooms	₹1,02,399.7 Crore	+0.4% YoY	Stable segment backed by domestic cotton production.
Direct Handloom Exports	₹1,330 Crore	~0.4% of Total Textile Exports	Indicates high domestic absorption but untapped global potential.
Handicrafts (excl. carpets)	₹15,855.1 Crore	+6.1% YoY	Fastest-growing value-added handicraft category.

Social Welfare & Scheme Impact

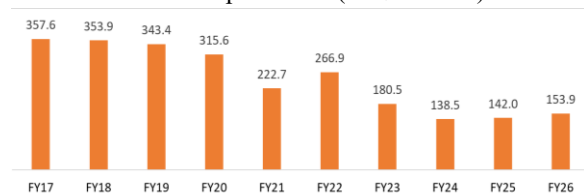
Government-led interventions under the National Handloom Development Programme (NHDP) and

financial inclusion initiatives have begun shifting baseline metrics for cluster-based weavers:

Welfare & Operational Metric	Baseline / Pre-Intervention	Post-Intervention (2025–26 Data)	Impact Summary
Average Daily Weaver Earnings	₹360 / day	₹560 / day	+55.5% Increase in cluster development zones.
Average Monthly Household Income	₹9,600 / month	₹15,000 / month	Significant reduction in extremely rural poverty.
Daily Production Capacity	Baseline standard	+53% to 55% Increase	Driven by lighting kits and frame upgrades.
Social Insurance Enrolment	Low historical coverage	2.02 Lakh+ Workers	+80.8% Growth in PMJJBY & PMSBY schemes.
Weaver Credit via MUDRA	Informal reliance	₹280+ Crore Sanctioned	~40,000 formal loans issued directly to artisans.

IV. EXPORT TRENDS

India's handloom export trend (US\$ million)



Source: The Handloom Export Promotion Council (HEPC)

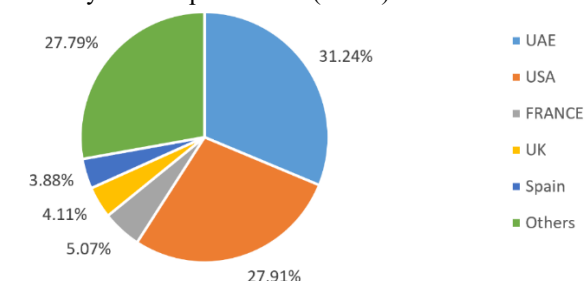
India's handloom product exports have shown a mixed trend over the past six years, reflecting shifts in global demand, discretionary spending patterns and evolving destination dynamics. Exports to the United States, traditionally the largest market, declined from US\$ 100.47 million in FY20 to US\$ 39.18 million in FY25, indicating moderation in demand from a key mature market. Likewise, exports to the United Kingdom and France softened over the same period, with FY25 exports standing at US\$ 7.76 million and US\$ 7.82 million, respectively.

In contrast, exports to the United Arab Emirates have strengthened steadily, increasing from US\$ 11.16 million in FY20 to US\$ 21.33 million in FY25, highlighting growing demand from West Asia.

During April 2025–February 2026, India's total handloom exports stood at US\$ 142.23 million, with demand continuing to be supported by rising global preference for sustainable, handcrafted and heritage textile products. The major handloom export centres

are Karur, Panipat, Varanasi & Kannur where handloom products like Bed linen, Table linen, Kitchen linen, Toilet linen, Floor coverings, embroidered textile materials, curtains etc. are produced for export markets. In FY25, India exported cotton yarn/ fabrics /made-ups, handloom products etc. worth US\$ 10.56 billion.

Country-wise exports share (FY26)



Source: The Handloom Export Promotion Council (HEPC)

V. CHALLENGES FACED BY HANDLOOM INDUSTRY: A LOOK AT MARKET TRENDS AND GOVERNMENT POLICIES

The handloom industry faces numerous challenges that threaten its sustainability and growth. One of the most significant challenges is the competition from machine-made textiles, which are cheaper, easier to produce in large quantities, and more consistent in quality. This has led to a decline in demand for handloom products, particularly in urban areas, where

consumers are more likely to prefer machine-made textiles. Another challenge faced by the handloom industry is the lack of access to modern technology, which makes it difficult for weavers to compete with machine-made products. Many handloom weavers continue to use traditional techniques that are time-consuming and labour intensive, which limits their productivity and hinders their ability to meet market demand. Additionally, handloom weavers often struggle to access credit and financial services, which makes it difficult for them to invest in their businesses and improve their products. Many weavers also lack marketing skills, which limits their ability to reach new customers and expand their businesses.

VI. OPPORTUNITIES FOR GROWTH: INNOVATION, TECHNOLOGY AND MARKETING STRATEGIES FOR HANDLOOM INDUSTRY

The handloom industry has numerous opportunities for growth and development, particularly in the areas of innovation, technology, and marketing strategies. Innovation can help the handloom industry to develop new products, improve existing products, and explore new markets. One area of innovation that is particularly promising for the handloom industry is the development of sustainable and eco-friendly products. Consumers are increasingly interested in products that are ethically produced and have a low environmental impact, and the handloom industry has the potential to capitalize on this trend by developing products that meet these criteria. Technology can also play a critical role in the growth and development of the handloom industry. Advances in technology, such as digital design software and automated looms, can help handloom weavers to improve their productivity, reduce waste, and increase their competitiveness. Technology can also help to improve the quality of handloom products, making them more appealing to consumers. Marketing strategies are also important for the growth and development of the handloom industry. Handloom weavers often struggle to reach new customers and expand their businesses, but effective marketing strategies can help to address this challenge. One promising approach is the use of e-commerce platforms, which can help handloom weavers to reach a global audience and sell their products directly to consumers.

VII. GOVERNMENT MEASURES:

The Indian handloom industry has significant potential for expansion in both domestic and international markets. Government policies are increasingly focused on improving skills, technology, product development and market access available to weavers. Export promotion measures, including international exhibitions and buyer-seller interactions, are also helping Indian handloom products reach wider markets.

Through institutions such as the Handloom Export Promotion Council (HEPC) and schemes such as the Market Access Initiative (MAI), exporters receive assistance in developing international market opportunities. These measures can contribute to strengthening the economic and cultural importance of handloom in India.

National Handloom Development Programme (NHDP)

The NHDP program has several components that focus on various stages of the handloom business. The Cluster Development Programme (CDP) provides financial benefits to clusters and during FY22, assisted 66 clusters.

In addition to this, the government provides Handloom Marketing Assistance (HMA), the Urban Haats scheme and handloom awards to develop the industry and encourage businesses in India. For the development of mega handloom clusters, the Government of India plans to provide financial assistance of Rs. 30 crore (US\$ 3.9 million) to at least 10,000 handlooms.

VIII. SUGGESTIONS:

Suggestions for students:

Students should be encouraged to study the Indian heritage and also the cultural significance of the handloom products.

Suggestions for Investors:

Investors should invest more in modern technology, e-commerce, and sustainable handloom businesses.

Suggestions for Consumers:

Consumers should authentic handloom products over mass-produced alternatives.

Suggestions for Farmers:

Farmers should encourage cultivation of natural fibres such as cotton, jute, and other suitable fibres.

IX. CONCLUDING REMARKS:

The handloom sector assumes special significance for a labour surplus economy like India because its technique of production is mainly labour intensive and it has the potential to absorb a very large size of our unemployed workforce. However, this sector suffers from myriad of problems related to technology, supply of inputs, shortage of capital and weak marketing network etc. As a result of effective government intervention through financial assistance and implementation of various developmental and welfare schemes, the handloom sector, to some extent, has been able to tide over these problems/constraints. If proper attention is paid for the development of this sector, it may contribute significantly to the generation of income, output, employment and foreign exchange earnings.

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