Value Chain Analysis Of Varanasi Silk Sarees And Brocade

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Abstract: The paper focuses on value chain analysis of Varanasi Silk Sarees and Brocade making use of the Value Chain model given by Porter (1985). In the process, it also looks into different production models practiced in the industry. The paper takes into consideration both support and primary activities of Porter's model. In order to understand the different production models in detail while analysing the value nodes through the value chain, multiple qualitative methods were used (Miles, 1979). In-depth interviews with key stakeholders and case based research methods were adopted for qualitative data collection. The study identifies and outlines the prevalent three types of value chain models as traditional, contemporary & mixed with respect to the primary activities of the value chain. Findings draw a comparison between various types of value chains prevalent in the industry highlighting the relevant differences among them and suggesting the best suited one in artisans' interest. The study states that interventions that can be undertaken through collaboration of Government, Private organizations and NGOs to improve the situation of artisans and contribute towards sustainability of the craft can be achieved by improvements and modifications in design and execution of activities. The suggestions and recommendations were made pertaining to eliminating the involvement of middlemen to reduce the cycle size and increase artisans' wages. Government should work towards educating the progressive artisans in e-commerce and linking them to e-commerce portals. The implications of this study for development organizations, government, marketers and producers (artisans) include evolving a sustainable value chain in the interest of artisans and the industry.

Keywords: Value Chain, Textile Handicrafts, Varanasi Silk Sarees & Brocade, Handloom, Direct Marketing, E-Commerce, Production Management, Textile Industry

JEL Classification: L25, L31, L23, L67, L81, M1, M11, M14, M3

1 INTRODUCTION

The history of Indian Handicrafts is as old as one of the oldest civilizations of the world. Government started taking measures for preservation of crafts and up-gradation of skills in 1970s. However, later the focus shifted to exports, until recently, it was realized that the national heritage is in danger and active measures are being taken to provide a backbone support to the artisans and the crafts. Handicrafts are defined as: "Items made by hand, often with the use of simple tools, and are generally artistic and/or traditional in nature. They are also objects of utility and objects of decoration." (Development Commissioner, Ministry of Textiles, NA) Indian handicrafts are part of Indian heritage and date back to the oldest civilizations of the world. Handicrafts have been defined as objects of utility and decoration that are made by hand using simple tools (Development Commissioner, Ministry of Textiles, NA). Handicrafts industry is unorganized small scale industry (Sarvamangala, 2012). Handicrafts industry in India is part of unorganised sector (Sarvamangala, 2012) and operates as cottage or small-scale industry.

Handicrafts play an important role in the economy of the country and employment generation as it employs more than 7.3 million people (KPMG Advisory Services Pvt. Ltd., 2011-12); the actual figures are believed to be much higher than those captured because of it being an unorganized sector, which is largely unaccounted. According to the same report, the Handloom and Handicrafts sector is estimated to grow by 16% in next five years and is expected to be employing 17.79 million people by 2022. Even with such huge potential, the low wage rates for artisans, market price gap, lack of education and awareness of technology is forcing artisans to take up alternative livelihood options (Team, 2015). Non-farm sector comprising of cotton textiles, wood, pottery, food, metal products, other handicrafts, etc. accounted for 60% of rural GDP in 2010 and is expected to contribute to 70% of rural income by 2020 (Kashyap, 2012). This paper is an extension of previously published paper on value chain of Chikankari handicraft of Lucknow and forms part of a broader research on direct marketing of textile handicrafts of Uttar Pradesh. It aims at doing the value chain analysis by identification of value nodes, as well as noting the variations in value chain observed due to different prevalent production models in the Varanasi Silk Sarees and Brocade. It has been observed that mostly entire family of weavers, including women, are involved in the handloom activity, however the income earned through the activity is meagre to meet the needs of entire family, thereby, keeping them in never ending cycle of poverty. The value chain analysis will help us in identifying the value nodes in the entire cycle highlighting the value addition done by weavers and finding ways to increase the income earned by adopting the most efficient value chain. Increase in income will help in sustaining the craft by motivating the weavers to continue their traditional activity and pass them to their generations. The city of Varanasi, also known as Benaras and Kashi, has a prominent place in history for its cultural heritage. The city gets its name from tributaries of Ganga river, Varuna and Asi. It is known as the ‘City of Lights’ and

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is one of the oldest inhabited cities. It holds special place in Hinduism as pilgrims visit the city to perform different rituals. Mark Twain once wrote about Varanasi as “Benaras is older than history, older than tradition, older even than legend and looks twice as old as all of them put together.” Another part of the cultural heritage that Varanasi boasts about is some of the finest handicrafts. Banarasi silk sarees is one of the many handicrafts of the region and is popular across the world. The history of Varanasi weaving dates back to the ages when it was the capital city of Kasi Kingdom, which was governed by Siddhartha, later known as Gautam Buddha. It has been mentioned in ‘Jataka Puran’ that during the time of Buddha, Kasi kingdom was a hub for silk and cotton fabrics. As a matter of fact, in 5th and 6th century BC, the exquisitely woven cotton fabrics of the district became popular across the globe and were most in demand globally. The craft is being practiced by more than a lakh weaver families. It is the source of livelihood for millions of people in the region. This makes it imperative to work for the upliftment and benefit of the craft and weavers practicing it.

2 REVIEW OF LITERATURE

Value Chain has been defined and interpreted in a number of ways by different authors. The definition adopted under this study is the one given by Michael Porter in 1985. Value Chain is a system of interdependent interlinked activities and value chain analysis is the systematic study of activities and competencies of an organization related to its value chain, which determines its competitive advantage (Porter, 1985). Porter, through his value chain model explained the competitive advantage of an organization is dependent on the value that is offered to the customers. His value chain model defined five primary activities (inbound logistics, operations, outbound logistics, marketing & sales and service) and four support activities (infrastructure, human resource management, technology development and procurement). The figure -1 presented ahead depicts the value chain model as was given by Porter.

Another definition of value chain defines it as the process or activities including inception, production and distribution through which a product passes to reach to end customer, followed by disposal and recycle (Kaplinsky & Morris, 2001). There have been several studies in the field of agriculture and apparel industry focussing on supply chain and value chain (Meaton, Abebe, & Wood, 2015). Value chain studies on global apparel have used global value chain framework to explain the transformations in strategies which helped in altering the conditions for innovation and learning in apparel industry over the past decade (Gereffi & Memedovic, 2003). In the same study value chain has been defined as producer driven and buyer driven. Apparel industry has buyer driven value chain with three major components – retailers, marketers and branded manufacturers in the context of North American market. Handicrafts being entirely dependent on demand generated by customers, also seems to follow buyer driven value chain. Another study highlighted the effect that integration of information and material flow through supply chain on operational performance having long term supplier relationship as the driver of integration (Prajogo & Olhager, 2012). It highlights that the information technology capabilities and information sharing affects the logistics integration and thereby significantly affecting the performance. Further, the organization in electronics manufacturing industry are adopting flexible approach towards logistics and value chain to gain advantage and fulfill customer expectations. This is done through different levels of integration and adopting different strategies for requirements of different volume and product mix (Hock Soon & Mohammad Udin, 2011). Studies on global value chains have made a significant contribution by highlighting the interlinked activities between organizations with in an industry instead of focusing at firm level activities. Thus, shifting the focus to industrial value chains from organizational value chains. These studies further highlight the importance of knowledge flow and innovation dynamics within industrial value chains (De Marchi, Di Maria, & Ponte, 2014). As for the textiles industry, another study focusing on SMEs highlighted that supply chain strategy is crucial in overall performance of supply chain (Ganesh & P. Suresh, 2017). Further studies pertaining to handicrafts industry including supply chain, market segregations, marketing interventions, etc. have highlighted that linking craftsmen directly with consumers helps in improving the situation of crafts and artisans and has been proven to be better way of marketing (Singh, Agarwal, & Modi, 2015). It further highlighted that in order to encourage the craftsmen to continue their traditional craft, it is important to improve their earnings, which can be done by improving their production capabilities and organizational skills. It states that in Chanderi, weavers could not meet the demand of one famous business house because of lack of such skills that result from inconsistency in number of weavers working for a certain period of time. This inconsistency is further resultant of weavers getting engaged in alternate livelihood options and uncertainty of work in handicrafts sector. After exhaustive literature review around value chain and supply chain across different industries, it was found that there is dearth of literature in value chain for textile handicrafts. Hence the purpose of the study holds importance. The paper studies different prevalent value chains and production models across Varanasi Silk Sarees & Brocade handloom industry and does a comparative analysis among them. The study further identifies the key actors, their roles and relationship among them. The findings from the study enables us to make recommendations around value chain modifications to benefit the weaver community at large.

3 RESEARCH METHODOLOGY AND DATA COLLECTION

The Handloom industry is an unorganized sector with complex relationships between different stakeholders,
dynamic market structure, multiple production models, etc. Therefore, in order to understand the complex interlinkages between stakeholders and value chain of the industry, highlighting different production models and key differences between them, a qualitative study in informative manner seemed appropriate (Miles, 1979). Survey based statistical analysis could not have been able to do justice in highlighting the intricacies of the entire structure. In light of scarcity of literature on value chain of Varanasi silk sarees and brocade handloom industry, qualitative study would play and important role as it provides the benefit of in depth analysis from multiple stakeholder point of views (Merriam, 1998). The key source of information for the study included handloom weavers involved in Varanasi silk sarees and brocade craft, master weavers, traders (gaddidars), SMEs, NGOs, and govt. officials. The entire process of production has different actors and value nodes that needs to be identified while studying the entire production and marketing cycle. Also, the challenges faced by various actors will be studies so as to identify and develop ways of overcoming the challenges. Further, multiple-case-based research methodology for data collection and analysis was adopted. Multiple cases helped us to analyse the prevalent value chains in the Varanasi handloom industry and make comparisons between them. It helped in getting a comprehensive outlook towards the complex value chain structure of the unorganized industry where weavers are predominantly from the poor socio-economic section of the society. As the first step, preliminary interviews with industry experts were conducted. Based on these discussions, different organizations and stakeholders were selected as the cases for the study to highlight different value chains prevalent in the industry and do a comparative analysis. Efforts were made to identify organizations belonging to different homogenous groups that are heterogeneous to other groups. Industry experts included officials of experts from All Indian Artisans and Craftworkers Association of India (AIACA), Regional Office of Development Commissioner Handicrafts, Human Welfare Organization, an NGO actively working with weavers. The data for this study was collected over the time period of around six months from November 2016 to April 2017. The findings that emerged during a case analysis was tested across other cases, thus, enhancing reliability and validity of the conclusions drawn (Eisenhardt K. M., 1989; Yin, 2009). Theoretical sampling was done based on interviewer’s judgement for selection of organizations and stakeholders (Eisenhardt & Graebner, 2007). A total of The sampling involved selection of four organizations in total. Two organizations that representation majority of the industry and follow a traditional approach, referred as ‘traditional model’ hereafter. Two organizations that follow a different approach which is comparatively new to the industry were studied and were termed ‘the contemporary model’. The data collection involved collection of data from diverse sources, such as, any form of published information, organizations’ website, focus group discussions with key stakeholders, interviews, observations, etc. This helped in triangulation of data for establishing data validity and reliability. The data analysis was done in an elaborate manner and case by case analysis was done. For case analysis of each organization, raw data was converted to meaningful codes. A separate case report was prepared for each organization showing the key value processes and relationship among actors. Thereafter, organizations with similar patterns were grouped into one category. The results have been discussed ahead.

4 DISCUSSION ON THE VALUE CHAINS IN VARANASI SILK SAREES AND BROCADE

For Varanasi Silk Sarees & Brocade, production process involves a number of steps. Production in Varanasi Silk Sarees & Brocade is done either on work order basis or on market anticipation. Type of production decides the marketing strategy. In work order basis production, wholesale customers (export houses, business houses, popular designers, etc.) place orders with gaddidar and shopkeepers who pass on the order to middlemen/master weavers with or without the raw material at a pre-decided rate per piece. The work is further distributed by these middlemen or master weavers to the weavers on fixed wages per piece or per day depending on the amount of work and time taken. In market anticipation, the gaddidar the middlemen or master weaver sometimes produce as per their experience and seasonal demands and sell the products to the shopkeepers and retail customers through shops and exhibitions. Further, Gaddidaar and Master Weavers etc. sell the finished products to retail and wholesale customers (export houses, business houses, e-commerce sites, designers, etc.) through shops and exhibitions. The weaver and master weaver differ in terms of their skill sets, resources and capabilities to market the products or meet the work order deadlines. The detailed presentation of key findings from the study derived after extensive analysis of data collected from the field is given ahead. The key value chain activities and actors involved in the craft of weaving Varanasi silk sarees and brocade are studied and explained in Table-2 in relation to the definition of value chain activities (Holsapple, 2001) with certain contextual modifications.

Table 2: Value Chain Activities in Varanasi Silk sarees and Brocade

<table>
<thead>
<tr>
<th>Activity</th>
<th>Definition</th>
<th>Actors Identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Inbound Logistics</td>
<td>Receiving, storing and distributing materials to master weavers and weavers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Procurement and storage of raw materials</td>
<td>• Shopkeepers/Gaddidars/Business</td>
</tr>
<tr>
<td></td>
<td>• Distribution of raw material and design to weavers</td>
<td>Houses/export houses/NGOs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Middlemen/ Master weavers</td>
</tr>
</tbody>
</table>
2. Operations

- Transforming inputs (raw material and design) into finished products
  - Weaving silk sarees and brocade
  - Weavers

3. Outbound Logistics

- Storing and distributing products
  - Shopkeepers/Gaddidars/Business Houses/export houses/NGOs
  - Master Weavers/ Middlemen

4. Marketing & Sales

- Promotion and sales efforts

5. Service

- Maintain or enhance product value through post-sale services

Support Activities

1. Infrastructure

- Support for the entire value chain, including general management, planning, finance, accounting, legal services, government affairs, and quality management

2. Human Resource Management

- Recruiting, hiring, training, and development of human resources

3. Technology Development

- Improving products and manufacturing process.

4. Procurement

- Purchasing inputs

Handloom is part of an unorganised sector; therefore, the actors for these activities are not clearly defined. However, most of the activities defined here are controlled and executed by the shopkeepers/gaddidars/business houses/export houses/NGOs themselves.

Flows from top to bottom, gaddidars hire master weavers and master weavers hire weavers. However, training and development does not form a part of it as the skill is passed on over generations.

Decisions of this level are mostly made by those providing the work orders and are dealing with customers directly.

Inputs are purchased by either gaddidars or master weavers and given to weavers also design is provided by them. Sometimes in corporate buying, design is also provided by the client.

As explained above, the ‘outbound logistics’ are regulated by shopkeepers/gaddidars/business houses/NGOs and in many instances even middlemen/master weavers play a significant role in regulating outbound logistics. Master weavers take work order from gaddidars, business houses, NGOs and sometimes from customers. They are either provided with raw material and design along with work order or they themselves decide the design and procure raw material. Further, they pass on the work order to a group of weavers and pay them individually on pre-decided daily wage rates for weaving a product (operations). The number of days required in weaving a particular design is decided before assigning work to the weavers. The finished product is collected by the master weaver and taken to gaddidar or whoever has placed the work order. The gaddidar either sells in retail or supplies to business and export houses. Some gaddidars also use e-commerce platform to reach out to their customers.

In the traditional model, the pivotal role is played by the master weavers as they act as the contractors and middlemen for weavers. Master weavers have progressed to acquire one step above weavers. They act as the connecting link between gaddidars and weavers as they...
take work orders from gaddidars and get the work done through weavers. Some master weavers also produce in anticipation and approach gaddidars with the products that they make. On one hand master weavers facilitate the process of production (weaving) because they have more resources and are progressive but on the other hand since master weavers act as middlemen, the amount that should be paid to weavers gets reduced. It must be noted that the weavers earn the least despite adding maximum value in the value chain. Moreover, to finish the task in stipulated time, all the members of the weavers’ household are required to work either together or in shifts. The time and labour cost of the household members are not taken in account while calculating the wages for weavers.

“...we are required to work long hours to deliver in time, else penalty is charged and we cannot afford that...'” (Weaver)

“...we don’t have resources to do our own work...we don’t have money and are not educated enough to be able to take work order and work independently...” (Weaver)

“...it is important to deduct money if weavers don’t deliver in time because I will have to bear the repercussion of delays...gaddidar might even cancel the order or pay less in case of delays...” (Master Weaver)

Traditional Value Chain followed by most of the players in Varanasi Silk Sarees & Brocade Industry has involvement of various stakeholders between shopkeepers or gaddidar to weavers. This leads to reduction in wage rate of weavers. The profit is enjoyed by the gaddidars, middlemen and master weavers get share in the amount decided for each product, while weavers are given meagre amount as their wages. It must be noted that the traditional model is the most dominant model in the industry. Another model which was explored during the study is limited to one or two players at large scale and a few small players. It has been presented ahead as the ‘contemporary model’.

FabIndia is one of the organizations that follow the contemporary model and work directly with weavers by reducing the value chain and eliminating the middlemen or master weavers in most of the cases. They approach the weavers directly for getting the work done and provide the necessary support to the weavers. This lowers the cost and increases the wage rate of weavers and thereby, reduces the exploitation of weavers in the chain.

“...we work directly with the weavers...we have employees who deal with the weavers directly...it is more cost effective for us as...” (Contemporary Model Organization)

“...Placing orders to master weavers sometimes adds to our worries as they delay sometimes and do not control quality as well as we can by directly working with weavers...” (Contemporary Model Organization)

The organization allocates work, design and raw material to weavers and maintains a record of the quantity allotted to the weavers and time taken by them to complete the work. Time to complete the work and accordingly the wage rates are fixed before work allocation and are communicated to the weavers. It was found that some weavers still feel reluctant in trusting to work directly with any organization without the involvement of master weavers. This clearly reflects the lack of confidence among them and the extent of exploitation they might have faced from some organizations. It was found that there have been incidences when organizations got their work done but never paid or paid a lesser amount making some or the other excuse.

“...we do not prefer working for unknown people...there have been some incidences when people came and got their work done but we didn’t get paid as promised...it is better to work with known master weavers for lesser wage than not being paid at all...” (Weavers)

Concluding Remarks

The key activities involved in both the value chain models are in line with the model given by Porter (1985), that are, Outbound Logistics, Inbound Logistics, Operations, Marketing & Sales and Service. Inbound activities, outbound activities and operations are key functions of Production process in the handloom craft that are done either on work order basis or on market anticipation. Type of production decides the marketing process and strategy. In work order basis production, wholesale customers (export houses, business houses, popular designers, etc.) place orders with shopkeepers or gaddidars. In market anticipation, the shopkeepers/gaddidars produce as per their seasonal demands and sell the products to the retail customers through shops and exhibitions and in some cases to gaddidars as well. As regards the marketing & sales part, gaddidars, shopkeepers, retailers, etc. sell the finished products to retail and wholesale customers (export houses, business houses, designers, etc.) through shops, exhibitions and e-commerce portals in some cases. It will be apt to highlight here that irrespective of traditional or contemporary model, the weavers who are the creators of these handloom products, are lowest paid on daily wage basis. While moving up in the chain, the profit margin increases and is maximum for sellers who directly sell to the customers. It was also found that weavers were reluctant in working for strangers due to their bad experiences related to payments. An end-to-end value chain is likely to improve the situation of weavers by maximizing their benefits, without which the craft and weavers are not likely to sustain for long. The contemporary model follows a comparatively smaller value chain and the earnings of weavers is higher as compared to the traditional ones. However, not many organizations would be interested
in taking the hassle of dealing with weavers directly and ensure timely delivery of quality products. Another way could be of identifying progressive weavers and provide them with required support so as to enable them to utilize different platforms to showcase their art and sell to the customers directly. The modifications of value chain will help in undertaking measures to improve the overall situation of weavers and sustainability of the craft. Competitive advantage can be achieved by improvements and modifications in design and execution of activities through cycle time reduction, productivity improvement, cost reduction, exploring new marketing & distribution channels, etc. (Porter, 1985).

**Implications & Recommendations**

The current study revisits Porter’s Value Chain Model for unorganized handicrafts sector. It looks into the various support and primary activities that form the part of the value chain of Varanasi silk sarees and brocade industry. It also analyses the value chain and compares different models that are prevalent in the industry. A smaller value chain not only increases the margin for weavers but also is beneficial for organizations practicing it as it helps in developing a pool of weavers who are likely to show more affinity and loyalty than those working through middlemen. It also helps in sustaining the producer-trader bonding as well as the craft itself. Deploying employees to overlook the entire transaction with weavers will be more cost effective. Moreover, some of the progressive weavers can be identified form within the weavers’ community to take care of operational tasks of completing the work order while ensuring quality. A smaller value chain also gives greater control to the organizations on efficiency, cost and quality. Further, few of the strategic recommendations based on the findings of the study are:

- Limit the involvement of middlemen, if not completely eliminate, thereby increasing the wages of weavers and reducing the cycle size
- Deploy employees to identify progressive weavers for allocation and submission of work
- Development of producer organizations so as to develop them into self-sustained organizations and groups working in the Varanasi silk sarees and brocade livelihood
- Marketing assistance to be given by government departments in the form of exhibitions and linkage with e-commerce portals
- Producer groups and organizations should opt for e-commerce portals for marketing of handicraft products, this will help them in increasing their market reach as they will be able to reach out directly to overseas customers
- Linkage of progressive weavers directly to customers through electronic platforms and train them in business and organizational skills
- Handicraft marketing support centres can be made as contact point for artisans willing to use e-commerce portals
- Different e-commerce start-ups should be encouraged by the government to work directly with the weavers so that the benefit percolates down to the weavers directly

Aforementioned are some of the recommendations that are likely to improve the overall situation of weavers and sustainability of the craft. However, feasibility of different suggestions needs to be explored.

**Limitations and Scope for Future Research**

Limitations of the case study research include generalisation, as the method is restricted to a bounded context and a small number of subject. Also, this method generates huge amount of data, managing which is a challenge and selecting form this data may be subject to researcher’s bias and overlook. The study leaves scope for further studies on value chain analysis quantifying the value added and benefits received at each node of the value chain. This will validate that artisans add maximum value and receive minimum benefit in current value chains in practice. Moreover, the existing models can be developed further to ensure sustainability over time.

**5 BIBLIOGRAPHY**


