



## EMERGING BRANDING STRATEGY FOR HANDLOOM BUSINESS: GEOGRAPHICAL INDICATION

Dr. Venkatesh J\* Mr.Vinoth Kumarasamy\*\*

Associate Professor, Department of Management Studies, Anna University Regional Centre Coimbatore, India.  
Research Scholar-PhD part time in Management, Karpagam University, Coimbatore, Tamil Nadu, India.

### Abstract

Geographical indication is an exclusive branding strategy which provides reputation, cultural protection and revenue for the livelihood with traditional products produced by rural communities. Those products have reputation in the market for their unique quality over generations. Geographical indication generate brand name for valuable products, and also sustain and improve the standards under the trade related aspects of intellectual property rights and it is a strong tool to fight against the fake and imitated goods. India has a rich cultural heritage with handloom products which have unique material, colour and design. Its results of knowledge passed on to them from generation to generation in particular region. This paper analyses the problems in handloom industry and protects its business weavers by using GI as a branding strategy to refresh the handloom sector for its new avatar.

**Keywords:** Geographical Indication, Branding Strategy, Handloom Products.

### INTRODUCTION

Handloom is a time-honoured method of weaving which shows the cultural heritage of India and the unique icon of its civilization. This uniqueness is sustained by its skilled weavers engaged in weaving for decades. Handloom plays a vital role in the country's economy. It's the second largest employment sector next to agriculture. This industry is carried out with the labour contribution by the entire family. Handloom weavers are bonded together with the co-operative society. As per Handlooms and Textiles Policy Note (2013 – 2014) in the year 2012-2013, the Handloom Weavers' Co-operative Societies in Tamil Nadu have produced 962.86 lakhs metres of handloom cloth valued at Rs.750 core and sold the handloom fabrics to the extent of Rs.975 core.

At present, the handloom industry is being plagued by different set of problems. Since handloom is the cultural heritage of our country, we have a sincere duty to protect and promote this sector. Intellectual property rights could provide a solution for the recognition of handloom products and for a revolution in this industry.

Trade related aspects of Intellectual Property Rights under World Trade Organization (WTO) considers Geographical Indication (GI) as an important intellectual asset to protect the consumer's interest in high quality & genuine products along with enhancing benefits to the local producers of it by increasing economic returns and protecting traditional knowledge. Traditionally, GIs have been linked with the agriculture products & food stuffs. In the fifth session of Intergovernmental Committee on Intellectual property and genetic resources, Traditional Knowledge & folklore mean that certain traditional culture expression such as handicrafts are qualified and could be protected by GIs. So Geographical Indication became an excellent management aspect to bring Unique Selling Proposition (USP) of the product in the world market.

GIs provide a detailed specification of the product like source of the good and quality of the product towards nature with human factors involved in it specifically related with tradition. GIs provides Collective monopoly, Non transferability, Non excludability, & Non rivalry so that the same product cannot be produced in the demarcated region thereby promoting sustainable livelihoods.

### TRADITION OF INDIAN HANDLOOM

The origin and development of Handlooms through ages can be found in various Hindu epics like Ramayana, Mahabharata and Vedas which illustrate a wide range of fabrics that were used in those days.

An archaeological proof reveals that the fragment of cotton cloth dyed with madder, bone needles and spindles were discovered in Mohenjo-Daro and Harappa, the ancient spaces of Indus valley civilization. Rig Veda indicates the golden woven fabric hiranyadrapi. The Indian textile trade with other countries begun with second century BC. A black printed and resin dyed fabric from Gujarati origin found in the tombs of fostat, Egypt were the evidences of large scale export of Indian cotton fabrics. These facts are the testimony that the handloom has its root in prehistoric times in history. These weavers of the past were the true masters of their craft. Such was their capability that the legend even refers to the fabulous semi-transparent sari (a great technical feat) worn by Amrapali, the famous courtesan. Moving ahead, silks were exported to Indonesia in the 13th century, India also exported a lot of cotton and chintz to Europe and the Far East before the advent of the British East India Company.



### **IMPORTANCE OF HANDLOOM SECTOR**

The handloom sector is an unorganised rural based industry which plays a vital role in Indian economy. The strength of the handloom is behind the unique designs which can't be replicated by power looms. This art is still alive due to its skilled weavers transforming the excellent arts in the form of a fabric.

The handloom industry could make customized products in minimum quantity by changing its design, colour & textures. Handlooms don't make noise, air & water pollution. And it won't put away electric power which is now in scarcity. This industry uses natural fibres like cotton, silk, wool.etc thereby making all handloom products eco-friendly.

Realizing the importance of handloom sector Indian government passed "Handloom (Reservation of articles for production) Act 1985". It was endorsed with the view of protecting the employment of handloom weavers and rich culture of the Indian handloom industry from the encroachments of power loom & mill sector.

### **GEOGRAPHICAL INDICATION-TOOL TO PROTECT TRADITIONAL KNOWLEDGE**

The introduction of trade related aspects of intellectual property rights under World trade Organisation, Geographical indication is an important intellectual asset which not only protects the consumer's interest in high quality products, but also serves millions of livelihoods in rural areas with a rich traditional knowledge.

In India the Geographical Indications of Goods (Registration and Protection) Act, 1999 came in force with effect from September 2003.

### **TYPE OF GEOGRAPHICAL INDICATION**

The below two type are considered based on European Union schemes of geographical indication.

#### **Protected Designations Of Origin (PDO)**

Characteristics resulting solely from the terrain and abilities of producers in the region of production with which they are associated.

#### **Protected Geographical Indication (PGI)**

Characteristic or reputation associating them with a given area, and at least one stage in the production process must be carried out in that area, while the raw materials used in production may come from any other region.

### **PENALTY FOR OFFENCES AGAINST GEOGRAPHICAL INDICATION IN INDIA**

Penalty in violation of Geographical indication could be clearly state with the help of Delhi high court case in 2006 in between Scotch whisky vs. golden bottling limited. The civil section obtains damage or an account of profits under Section 67 of the GI Act. Golden bottle limited used the brand of Scotch whisky so settled Rs.Five lakhs under sec 67 of the GI act to Scotch whisky association. And they have born the fee of litigation of Rs. Three lakhs .In this case, Scotch whisky had a GI tag and the petitioners contended that the defendants were misusing on their GI tag by selling its whisky under the name 'Red Scot'. The Court found that the petitioner's intellectual property rights had been misused upon and granted them relief under the GI Act.

### **REQUIREMENT OF GIS IN HANDLOOM INDUSTRY**

In 2003 GI act came into effect to protect millions of artisans from fake handicrafts and handloom products from mass produced & imitated its nature. Due to mass production in a mechanical way the power looms and mill sector could provide low cost saris promoted as the handloom sari. It severely affects handloom weavers because of decline in sales for handloom saris in the market.

Geographical indication really helps weavers to differentiate their product from others by stamping GI tag and "Original". It will increase the genuine product sales volume so that the weavers shall get economic benefit and protect their traditional values.

In a global prospective, due to the competition of power loom and mill sector, handloom industry has been given up in many developed and developing countries. In India, the total number of handlooms is decreasing day by day. In last ten years around 40% of handloom weavers gave up this sector and were switching up to power loom or other sector. As Indian handloom segment have economic importance to rural livelihood we cannot ignore this art as other countries did.

### **CASE STUDY OF COLOMBIAN COFFEE: SUCCESS BRANDING WITH GI**

Today if we ask someone which country produces the best coffee, the answer would be Colombia. But in 1959 the answer was Brazil. Colombia is not at all spelled out even though it produced 15% of world coffee, second only to Brazil. Colombia's



one of major industry is Coffee and second largest coffee producer of the world who employed 6 million people in the coffee industry. Colombian coffee producers have an excellent footprint in strategy development to protect and promote their product.

In 19th century Colombia started its coffee production by Colombian coffee federation. In 1927 Federation brought vitality in the industry and guided to the expansion of international markets for Colombian coffee.

In 1950s Colombian coffee price dropped 50% per kg due to an extreme supply than demand in the world market. At that time coffee market was conquered by the coffee roasters, they used to combine coffee beans from different origins which could increase their profit and it's more flexible to trade. It was a result of public awareness about the origin of coffees. The federation of growers realized that the problem could be overcome only if consumers knew where coffee comes from. To become the primary coffee-producing country in the world to get on an active strategy of differentiating and marketing its product.

Literally federation began to position a face of Colombian coffee. They have created a brand through a traditional character wearing a sombrero and leading his horse which represents the typical Colombian coffee cultivator. Consumers started to react to the significance that Colombian beans are grown and harvested with great care in perfect climatic conditions with shower of rain, sun and volcanic soil which is ideal fertile. Due to the awareness of quality coffee with speciality of origin, Colombian coffee established its reputation and demand. All of a sudden many coffee roasters started to market their products as a Colombian coffee. So Colombian coffee federation faced challenge to let their consumers to distinguish genuine Colombian coffee.

In December 2004, Federation submitted the Colombian government with an application to recognize "Café de Colombia" as a GI. First time this had done for a product from a country outside the EU following the opening of the EU system for non-European GI products.

The Colombian coffee federation has made an extraordinary business result in aid to Colombian coffee and its grower's livelihood as well as to the country itself. Federation proved that an organization of small farmers could increase GDP of their country. Through its innovative strategies, ranging from branding to certification marks to GI, Colombian coffee became a world best coffee which increased the country's coffee exports and economic growth to growers and traders. In the international coffee market, "Juan Valdez" has been a huge success over the last several decades, creating a clear, global brand identity for Colombian coffee. Every single kilogram of Juan Valdez coffee has been sold, ever since its inception, at a 20 percent higher price than coffees from other countries.

One of the most important factors to the success of Colombian coffee is the excellent strategic use of IP protection for their products. The Federation realized the importance of branding for differentiating and adding value to the product as early as the 1950s, and went through several steps from certification marks to trademarks and GIs protection for the Colombian coffee industry.

### **Branding Strategy with Geographical Indication**

Always brand name allows producer to get market recognition and differentiate the quality and service offering. GI can provide "Brand Name" equity and protection from fake products. GI-based branding strategies are a form of market protection and support which have long been available for wines and spirits in the European Union like Scotch & Champagne.

GIs allow the producers to create an image of unique or scarceness that facilitates them to obtain the premium prices for their products. According to Colombian coffee case we need to create awareness and highlight the idea to "Buy Colombian when buying coffee". Even if producers from other parts of the world could replicate coffee varieties made in Colombia, Colombian producers will have an advantage because of their recognized geographic origin image.

So, in this way bringing an awareness and Brand equity could increase the sales and generate an income to its weavers in the origin. "Consumers are hungry for the time and are overwhelmed by the choices available to them. They want strong brands that simplify their decision making and reduce their risks". Geographical indication could help consumers to take a trustable decision to buy the genuine handloom products.

Geographical indication registered brands are producing more handloom products than any others namely Kanchipuram silks, Salem silks, & Kovai kora cotton sari from Tamil Nadu, Pochampally ikat from Andhra Pradesh, Mysore silks from



Karnataka , Kota doria from Rajasthan, Banares silk from Uttar Pradesh ..Etc. So, if we analyse good handloom products in the world market, then obviously GI registered products are the toppers in production and revenue generation. GI registered handlooms are always preferred and encouraged by the consumers for their cultural identification and the trust in quality.

India has a huge and diverse population with different handloom products which have to be identified as a special product through GI registration to boost economic activity of weaver's for their long term handloom business. Similar to Colombian coffee case if the fake producers or power loom/Mass producers from the other parts of the world come up with kanchipuram silk sari, counterfeit could not affect since kanchipuram weavers have a GI tag advantage.

### CONCLUSION

The use of GI-based marketing strategies creates a brand visibility which is the most important asset for handloom producers and their foremost source of competitive advantage in the marketplace. Accordingly, GI would serve for handloom products by choosing it as branding strategy to have an appreciation to the business weavers and for the protection of cultural heritage and its knowledge. Today most of the consumers are ready to pay premium price for GI registered products since it is zeal with quality. It will provide revenue for the entire chain of handloom industry. GI would offer the handloom sector an ability to influence these markets as a source of sustainable competitive advantage in the future.

### REFERENCE

1. Report on Growth and prospects of the Handloom Industry by Seemanthini Niranjana& Soumya Vinayan found in [http://planningcommission.gov.in/report/sereport/ser/stdy\\_handloom.pdf](http://planningcommission.gov.in/report/sereport/ser/stdy_handloom.pdf)
2. History of handloom found in <http://www.tantuvi.com/history.htm>
3. Lend a hand to the handlooms by Dr. Rajendra Mohan Gonela, Krishnaveni.S, Dr. Sudhir Ravindran found in [www.altacit.com/pdf/lend-a-hand-to-the-handlooms.pdf](http://www.altacit.com/pdf/lend-a-hand-to-the-handlooms.pdf)
4. The handlooms (reservation of articles for production)Act 1985,found in [http://handlooms.nic.in/hl\\_act\\_reservation](http://handlooms.nic.in/hl_act_reservation).
5. Emerging issues of geographical indication in branding strategy by Sanjeev Agarwal and Michael J. Barone, MATRIC Research Paper 05-MRP 9,jan 2005.
6. Babcock, Bruce A. 2003. "Geographical Indications, Property Rights, and Value-Added Agriculture." Iowa Ag Review, Vol. 9, No. 4.
7. World Trade Organization. n.d. Web site home page. [www.wto.org](http://www.wto.org)
8. The tamilnadu handloom-Leads the way by B.B paul found in [www.fibre2fashion.com/.../the-Tamil-nadu-handloom-leads-the-way](http://www.fibre2fashion.com/.../the-Tamil-nadu-handloom-leads-the-way)
9. Accessed from the web site: [http://www.wto.org/english/tratop\\_e/trips\\_e/t\\_agm3b\\_e.htm#3](http://www.wto.org/english/tratop_e/trips_e/t_agm3b_e.htm#3), visited on 30th April 2015
10. "Guide to Geographical Indications: Linking products and their origins," Accessed from the web site: [www.intracen.org/WorkArea/DownloadAsset.aspx?id=37595](http://www.intracen.org/WorkArea/DownloadAsset.aspx?id=37595), visited on 25th April 2015
11. Jayashree Watal, "Intellectual Property Rights in Agriculture, Indian Council for Research on International Economic Relations," ICRIER Working Paper No.44 available at [www.icrier.org/pdf/jayashreew.pdf](http://www.icrier.org/pdf/jayashreew.pdf), visited on 22nd April 2015
12. Suresh C. Srivastava, "Geographical Indications and Legal Framework in India," Economic and Political Weekly, September 20, 2003
13. Scotch Whisky Association v. Golden Bottling Limited , 2006 (32) PTC 656 Del.
14. Gautam. K and Bahl. N Geographical Indications of India: Socio-Economic and Development Issues, Policy No. 2, 2010, All India Artisans and Craft workers welfare Association (AIACA)
15. Accessed from website <http://lawmantra.co.in/protection-of-geographical-indications-gis-from-infringements-an-indian-perspective/> on 2nd may 2015.