

## **Carpet Industry of India: Weaving Growth of Rural Economy**

### **1. Introduction**

Human Development has been the primary objective behind all man-made enterprises. In this integrated, globalised world we are constantly striving for betterment in all-round quality of life. To usher in balanced development, trade liberalisation is much sought after. It is believed that increased trade will eventually lead to poverty reduction by developing all sectors of the economy. Trade liberalisation intensifies competition leading to the establishment of the most competitive, efficient producers in the world market.

Carpets and floor coverings are categorised as a handicraft product. A handicraft is a hand-made product that is made using simple tools. Carpet manufacturing is a long process right from the stage the carpet's design is conceived till the time the carpet finds its place at the buyer's. Lots of thought, patience, labour, money, and infrastructure are involved in the entire process. The carpet weaving industry in India is highly labour intensive and it forms a considerable part of the handicraft industry. It is an almost 100 per cent export oriented industry. The industry provides livelihood to approximately 2.5 million artisans and earns significant foreign exchange for the country. Export earnings from carpet industry have been increasing over the years especially from 1996 onwards and over USD621 mn were earned by the industry during 2005-06 [Table 3].

Given the context, this paper looks at the importance of carpet industry in Indian economy given its potential to generate large-scale employment opportunities and its export-orientation. The paper tries to analyse the importance of carpet industry in Indian economy given its export potential and labour intensity. The paper begins with charting the evolution of carpet industry in India, followed by the current scenario of carpet industry and the role of Carpet Export Promotion Council (CEPC) in forwarding the growth of this sector. The next section delves on the employment and poverty reduction aspects of this industry followed by the export story. Then follows some views from the stakeholders followed by conclusion.

### **2. Historical Background and Geographical spread in India**

Carpet industry provides the finest example of how a domestic industry practised at home can be transformed to a full-grown mechanised industry. From the safe confines of home where the carpet was weaved jointly by all the family members, this beautiful piece of handicraft has found its way to industries where it is now produced on a mass scale.

Carpet weaving is one of the oldest industries in India. The history of carpet weaving in India dates back to the 16<sup>th</sup> century (1580 AD), when Mughal Emperor Akbar brought some Persian carpet weavers to his palace in Agra. Subsequently Agra, Delhi, Lahore (now in Pakistan) became the prime production and training centres of Persian carpets.

The Mughals established the art of carpet weaving in the town of Akbarabad or Agra. During the Mutiny of 1857<sup>1</sup> the carpet weavers fled from Agra to a village called Madhosingh between Bhadohi and Mirzapur and started carpet weaving on a very small scale there. Later with the support from the then Maharaja of Benaras, the art of carpet weaving flourished in this part of India.

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It is difficult to determine why the industry is carried on in these particular places. Its distribution often appears to be capricious. Many a times, a few weavers have collected in particular locality through the initiative of some local magnates or by pure accident and the industry has been handed down from father to son and has persisted despite all difficulties. In some cases the industry has been started either by released convicts themselves or with the help of their labour. In the medieval times, the prisoners were taught the art of carpet weaving and they used to weave carpets especially during the reign of British in India.

Many a times emergence of new towns have attracted weavers like during British India the emergence of the town of Kanpur in Uttar Pradesh drew weavers from Agra, Aligarh.<sup>ii</sup> Since then, this weaver's product has been gaining importance not only in providing employment to people in rural areas but also in earning crucial foreign exchange later for Independent India. Carpet weaving is looked upon as an industry that helps India in earning thousands of dollars every year and preserving India's rich cultural past in its diversified art form.

The carpet industry is spread over some specific belts in India. The traditional carpet manufacturing regions are located in Mirzapur, Bhadohi, Agra in the state of Uttar Pradesh, Jaipur in the state of Rajasthan and in the Kashmir valley. In the recent times other parts of India such as Gwalior in Madhya Pradesh, Panipat in Haryana are also coming up in producing carpets as the industry is spreading away from her traditional centres.

Each manufacturing region specialises in producing a certain kind of carpet. Kashmir specialises in weaving elegant hand-knotted silk and woollen carpets. Agra specialises in producing high quality hand-knotted Persian, Turkish carpets using natural dyes. The Bhadohi-Mirzapur belt in the state of Uttar Pradesh produces maximum number of carpets in India. This region can produce carpets of all designs and quality. Majority of the carpet weavers are established in this area.

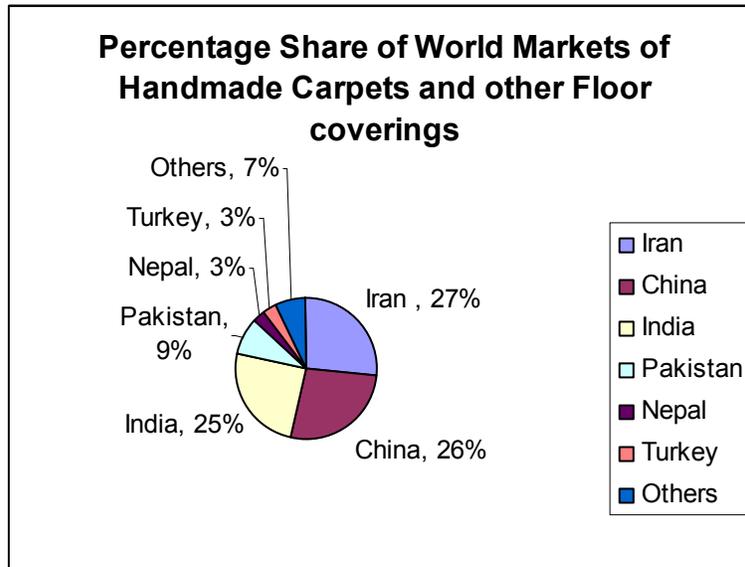
In present times, Bhadohi- Mirzapur, Panipat (Haryana) apart from Jaipur, Agra form the prime carpet manufacturing areas. This growth and the spread of the industry can be partly attributed to the caste and village system unique to India. This industry is primarily rural in nature with minimal requirements. From the beginning, this industry had been dominated by the Muslims and was practised besides agriculture. Most of the households had a loom at its disposal where in the family members could weave a carpet as and when they had spare time. This practise is in use from the ancient times.

Over time this industry had become more modernised though in essence it still remains the same. The urbanisation of this industry along with its export worthiness has seen the spread of this industry to Panipat in the state of Haryana, where the weavers migrated from Bhadohi-Mirzapur. The world –famous hand knotted carpets are woven in the remote villages of Uttar Pradesh.

The carpet weaver has grown as a creator weaving poetry of myriad designs, with every knot he ties. A carpet weaver's skills are his own and the design he evolves are from his mind to be translated into beautiful form with the help of wool and silk<sup>iii</sup>. Indian carpet industry draws inspiration from countries as diverse as Persia, China, Afghanistan in weaving intricate pieces of high artistic value. The speciality of Indian carpets lies in its exquisite designs with natural and traditional motifs, subtle elegance, attractive colour combinations and excellent workmanship.

Indian carpet industry has travelled a long distance since the time Akbar introduced carpet weaving in India. They are mainly exported to USA, Canada, Spain, Turkey, Mexico, Australia, South Africa, Belgium, Holland, New Zealand, Denmark and many other European countries. The industry, vibrant since the mid-nineteenth century had to face rough weathers during the World Wars I & II and the Great Depression of the 1930's due to recession and a slump in demand. Between 1947 and 1965, carpet exports ranged from INR 32.2 million to INR 56.6 million. The

world market of handmade carpets is estimated to be around US\$ 2.4 billion and the market share enjoyed by major carpet producing countries is as below:



*Source: CEPC, Carpet-e-Journal, International Annual Journal 2006*

The pie-chart shows that India commands second position in the world market of handmade carpets. India is preceded by China. Discussions with stakeholders also substantiated this finding. China is posing a strong competition to India because of her highly efficient production techniques.

### **3. Present Day Carpet Industry**

Carpets that decorate our homes, offices, travel a long distance from the initial raw material silk/wool stage to find its way to our home/offices. From the time wool is sheared from the sheep the journey of carpet manufacturing begins. This section recounts the manufacturing process and the current situation of the blue-eyed carpet industry in India.

#### **3.1 Raw Material**

Carpets can be woven out easily from the natural fibres like wool, silk, cotton thereby making it a farmer's home product. In earlier days, the wandering travellers from West Asia especially Persia used to weave carpets while migrating from one place to another. In the present times with the commercial touch coming onto this domestic industry production equations have changed drastically. Carpets are no more made by the wanderlust. Rather now the entire production process in India and elsewhere has been systematised to suit timely qualitative delivery to the buyer.

India specialises in production of all types of carpets. Silk carpets need a lot of fine work with concerted effort. Seven to eight months can be spent in weaving one silk carpet at times. They are of high quality and fetch high-prices abroad. However, the majority of carpets exported from India currently are woollen carpets. In the carpet industry manufacture/export of woollen carpets have

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gained prominence because of increased availability of raw material i.e. wool and also since they can be woven and manufactured within a comparatively shorter time scale.

The fine qualities of wool for weaving carpets are imported from New Zealand, Australia, Morocco and various other countries. Wool is imported because India does not produce the required quality of wool for carpet weaving. Also the quantity of wool produced in India is sufficient only to cater to 8-9 percent of the carpet industry's demand. Given these conditions the major chunk of domestic demand for wool is imported from New Zealand. The imported wool has better shine and length than the Indian wool and is also cheaper than the Indian variety [Perception from the carpet manufacturers].

The imported wool industry forms a very important subsidiary industry of the carpet sector. Most of the wool find its way to Bikaner (Rajasthan) where the wool manufacturers are based. From Bikaner, wool is transported to the respective carpet manufacturing destinations of Bhadohi-Mirzapur, Panipat, Agra, Kashmir. Bikaner has grown up as an important wool-processing place because of the sheep population available there. The presence of shepherds and the wool importers in Bikaner with the support of efficient transport system ensures timely delivery of wool required in the carpet manufacturing zones. The state of Rajasthan grows coarse carpet –grade wool because the climatic condition does not provide for producing finer variety of wool with the pasture available particularly the grass being copper deficient. The wool industry and the efficient transport system give the initial support to the carpet manufacturer.

Dyes form another important ingredient in the carpet weaving process and are also one of the prime support industries for carpet weaving. Before the introduction of chemical dyes in the second half of 19<sup>th</sup> century, only natural dyes were used which were extracted from indigo plant, cochineal insects, fruit, wild rose and other indigenous products to produce the vibrant shades of red, blue, green. Modern day have seen the use of chemical dyes for colouring of wool. Nevertheless in recent times there is an increasing demand and also a trend to use vegetable dyes for colouring of the wool. Agra is famous for carpet production using natural dyes.

Once the wool is imported it is sent to the dyeing plants for dyeing. In carpet industry, the wool providers supply different colours of wool as per requirement of the manufacturer. Wool can be dyed in various colours of green, blue, maroon or the natural colour of wool is maintained. There are various dyeing processes but primarily two main dyeing processes are in use – power driven dyeing mills and the traditional way of dyeing where the wool is soaked in colour and steamed for long hours.

Some carpet manufacturers/ exporters have their own dyeing plants. Once the wool is procured from the supplier, the manufacturer either gives the contract for dyeing to someone else or gets it dyed from his own plant. An average dyeing plant can employ upto 100 people. The employment is on a contractual basis and varies from season to season depending on the export demand. Usually medium scale exporters own around 2-3 such dyeing plants. Both the dyeing and wool industry are backward linkages industry that provides employment to rural, unskilled people.

The dyed wool now in the form of yarn, is to be rolled into balls to be used for weaving. The wool is rolled into balls by women folk and on an average a medium sized carpet manufacturer with a yearly turnover of INR 80-90 million can employ around 15-20 women for rolling wool yarn into balls. However, since carpet industry is primarily a handicraft industry many a times, wool is taken by weavers to their villages wherein they are rolled into balls by womenfolk of the family. It becomes difficult to estimate in such cases the employment generation capability of this industry. But womenfolk constitutes majorly into the labour force without being accounted for. This is largely because of the unorganised nature of this sector. The labour structure is mainly contractual in nature and export demand driven i.e when export orders are high there is more labour requirement compared to the lean seasons (if any).

The weaving takes place on a loom, which is a wooden frame. The looms can be found at both the weaver's home and the industry that manufactures the carpets. The loom supports the warp on which the carpet is weaved. Warp threads are vertically wound around the loom parallel to each other, on the basis of type and size of the carpets. Simple tools like a knife for cutting the yarn as the knots are tied, a comb like instrument for packing down the wefts, and a pair of shears for trimming the yarn are required for carpet weaving. Nowadays, a tufting machine, which resembles a pair of large scissors, is used for weaving the carpets. The tufting machine costs around INR 100

[INR 100 = USD2.17] that is provided by the manufacturers themselves. The weaver sits on a stool throughout the day and weaves the carpet from bottom upwards.

### **3.2 The Working of the Industry**

Carpet Industry is one of the prime industries that is entirely demand-driven. Indian carpet exporters basing on demand are now manufacturing woollen hand tufted carpets that has a ready demand abroad. It was surprising to learn that exporters did not manufacture for the domestic market. Demand at home is minimal because of the tropical climate that India has. Also, carpets are one of the high end furnishing items for a middle class Indian. For example, we found during our survey, a medium quality, average sized [5 feet by 8 feet] carpet will cost around INR 25,000-30,000 [USD 542- 651]. The price of Indian made carpet thus becomes comparatively high for Indian households. Moreover these days competition from machine –made Belgium carpets priced at around INR 3000-4000 [USD 65- 87] caters for demand at home.

Different exporters adopt different modes of promoting their products. Generally they prefer to promote exports by visiting overseas customers frequently, exhibiting its products in International and Indian Carpet Fairs and approaching foreign customers with carpet photographs and export promotion catalogues. They regularly produce new samples for the markets. A hand tufted average sized carpet of 5 feet by 8 feet can be woven within 2-3 days if two weavers are employed. Following the weaving, another two-three days goes in washing and latexing (the rear of the carpet is smeared with rubber to increase the longevity and durability of the carpet). Once the carpets goes through these processes a final trimming of the carpet's surface is done to bring about the uniformity after which the carpet is ready to be packed and exported. The entire process ranges from 7-10 days depending upon the number of hands being employed. Usually, two labourers do washing and latexing respectively. For trimming an average sized carpet one or two persons can be employed.

Once the carpet is packed, it is loaded onto trucks for its destinations overseas. Usually, the Mumbai port is used for exporting. Sometimes, to meet urgent orders exporters send across their goods by air also, in such case New Delhi airport is used for transit. The transport costs go up when air transport is availed, hence it is only used in emergency or when delay in delivery happens because of some management/production glitches. The exporters had negligible grievance on customs proceedings. They reported that delay in exports because of customs and other bureaucratic procedures were at a minimum.

#### **4. Carpet Export Promotion Council**

The Carpet Export Promotion Council (CEPC) was set up by the Government of India in 1982 to promote the exports of hand-knotted carpets and floor coverings. CEPC advises the government on carpet export promotional measures and helps the exporters by bringing their problems to the attention of the government. It identifies potential markets, conducts promotional fairs, buyer-seller meet, exhibitions for display of Indian carpets in and outside India. CEPC also provides financial assistance to new exporters for enabling their participation in the fairs abroad. CEPC is headquartered in New Delhi with its representative offices in the major carpet producing centres. CEPC informs the exporters through its regularly updated website about any change in Government policy with respect to duty drawback schemes and the like for the benefit of the exporter. The exporters are the members of CEPC. This helps them in availing the export promotional measures undertaken by CEPC.

##### **4.1 What exporters say about CEPC**

###### **i) CEPC Export Figures do not reflect the true picture**

The export figure provided by the Directorate General of Foreign Trade (DGFT), Kolkata are exaggerated. The carpet industry is under recession for the last two years. But CEPC figure shows no decline. Since the exporters are not seeing any improvement in the carpet volumes and value hence they cannot support the increased export figures quoted by CEPC. On the otherhand no exporter reveals his export figure, was stated by certain stakeholders. Everybody is reluctant in this respect. Also there is a lack of authenticated data in this industry. The crux of the issue is that the figures reported by CEPC were not acceptable to the exporters. The exporters were of the opinion, if the government gets the correct figures, which will show a declining trend, it will open its eyes and come forward to support the carpet industry. Exporters should provide correct figures so that the government will consider their case, was the opinion by CEPC officials. Moreover, these figures should be shown statewise and productwise for analysing the demand trend i.e. demand for which product is higher.

###### **ii) CEPC Delegates have their own interest**

Generally most of the members of the CEPC delegation are only interested in promoting their own business interests in the visiting countries. In this respect the field perception was that the representatives from CEPC should have genuine interest for the welfare and promotion of the carpet industry as a whole. They should be able to take the open world market opportunities for facilitating maximum gain for the carpet industry.

###### **iii) CEPC must be fair on fairs**

Merely sending delegation to the buying countries would serve no purpose. It must ensure stands in all carpet fairs. It should also allow even small exporters to participate in them with new quality and varieties at nominal stall rent. Market Development Assistance Grant and CEPC's own fund could make up the balance. CEPC should be more active in promoting Indian carpet exports. It should make available promptly all the facts regarding various carpet fairs organised anywhere in the world. Details about the participating exporters, visiting buyers, quantum of business generated,

products exhibited, special range of products needed in that country, should be incorporated in such reports.

#### **Anecdotal Incidence**

One of the exporter narrated that he did not have good experience with CEPC, which is the nodal agency for Export Promotion of Indian handmade carpets and druggets. He explained that recently he attended a carpet export promotion fair in Sydney organised by CEPC but did not found any promotional activity in favour of Indian carpet exporters during/after this fair.

One of the exporters in Bhadohi described the mismanagement of CEPC. He narrated that his firm invested considerable amount of money in fees, for booking stall in one of the international carpet fair abroad and it was CEPC's responsibility to mass deliver all the products. But unfortunately CEPC could not get the products delivered to its destination and carpets/floor covering did not reach the stall till the day of the fair. It was a great disappointment for all the participating exporters as they could not showcase their manufactures without the carpets!

***Source: As narrated to authors during their visit to Bhadohi***

#### **4.2 What CEPC say**

- i) The production figures value and quantity wise are taken from the exporters themselves. CEPC officials stated that production figures show an increasing trend in Jaipur and Panipat though there is a declining trend in production from Bhadohi. Sizewise Bhadohi accounts for 75 per cent of the total production size with 25 per cent being contributed by Panipat, Jaipur, Agra, Gwalior.
- ii) There is a shortage of funds within CEPC. There is no financial support from the government for working of CEPC. CEPC has to generate her own revenues. Annually INR 1.8-2.0 million are generated by CEPC from membership fees. Carpet industry does not get any substantial support from either the central government or the state government was the general refrain from CEPC officials despite the export industry status that carpet industry enjoys.
- iii) CEPC has taken up the initiative to establish warehouses in USA and other countries for focused selling. Government gives capital support to CEPC for establishment of such warehouses. CEPC is trying to take new initiatives for marketing of Indian carpets. The CEPC officials were of the view that Indian products lack proper marketing. There has to be aggressive marketing strategy. CEPC is arranging to display carpets rejected by importers with a nominal fee charged from the exporter.
- iv) As part of promotional measures, CEPC has Market Development Assistance (MDA) scheme, for exporters who give their stalls with CEPC in carpet fairs. CEPC gives INR 0.15 million as MDA to exporters whose total turnover is less than INR 150 million.

- v) CEPC arranges workshops with bank officials and exporters to discuss about probable problems in banking operations and find ways to ease them for exporters benefit. Such workshops are organised 3-4 times in a year.

### **Child Labour**

Carpet Industry is haunted with frequent labour problems. The one, which makes them wary outrightly, is the issue of child labour. In the mid 80's, there was this movement against carpet exporters that they are using child labour. Situation has changed drastically since then. As we saw in our visits to different carpet manufacturing units in Panipat and Bhadohi, there were these labels of "No Child Labour" outside the manufacturing unit. Carpet weaving is primarily a family art, where the weaving is taught since childhood just as any other art form. Contrary to some prevalent myths, children are not employed as weavers either because they have nimble fingers or because they are paid less than adults. Children are employed because their parents are teaching them skills which are perfected only after a considerable period of time and which are not as easily performed by children. [Source: *Indian Carpets, CEPC*]

Exporter's common refrain was, if son or daughter of any labourer came to deliver meals or for any errand purpose in the workplace the labour inspectors used to harass the exporters on the pretext of using child labour. In fact, most of the manufacturers are guarded against the presence of child in the premises. The scourge of labour inspectors and child labour is deeply ingrained within the mind of the carpet exporter. The labour inspectors used to come and charge bribe in form of two-three carpets sometimes for only himself and sometimes for family, relative/friend. The exporters have no choice but to keep the labour inspectors happy in order to maintain the exporting license and avoid other bureaucratic hassles. [*Field perceptions*]

### **Dismal Infrastructure in Bhadohi**

Bhadohi can easily claim to be the home of some of the richest carpet exporters in India. Despite this, there are no proper roadways to and from the city. The road leading to Bhadohi from the state highway is rickety and gives the traveller a nice bumpy ride into the carpet city of India.

Electricity supply is on an average for 6-7 hours on a day, though most of the time low voltage prevails. In the evening hours the town is shrouded in darkness, where only light comes from lanterns, low-voltage bulbs or the car headlights. But as soon as one steps into the exporter's mansion, the scene changes. The power supply from the generators ensures continuous electricity supply in the exporters' mansions. Apart from road, electricity, water supply is also irregular. People have wells or deep tube wells for water supply. Though there are ponds and other water bodies near Bhadohi, but the exporters said that the chemicals used in dyeing pollutes the water. The State Government is not taking any active role in improving the infrastructural facilities in this major export-earning city.

Carpet Production needs uninterrupted power supply, and the generators provide this power. One of the exporters engaged in this business for the last 40 years, lamented the misuse of human and financial resources because of the government's inefficiency in providing uninterrupted power supply to Bhadohi exporter. The story is as follows:

On an average, a generator runs for 14-16 hours daily. A medium-sized exporter with two-three weaving mills under him and one –two dyeing plants needs to install a generator per unit. This brings the number of generators to five-six generators on an average. The cost of running the generator per hour comes to eighty rupees (inclusive of all costs, maintenance etc.). Therefore, per hour the cost multiplies to INR 320 – INR 400 [USD 7-9 (approximately)]. This when multiplied with the total number of hours a generator works in a month at the exporters place comes to a huge amount. The dismal state of electricity is not new, this has been the situation since the beginning. Staying without electricity has become a part of life for these exporters of Bhadohi who makes a substantial contribution to India's export revenues.

However, Panipat has a better power situation than Bhadohi. This can be partly attributed to the close proximity that Panipat has with the national capital New Delhi. The Government approved Bhadohi as a special economic zone in the Exim Policy 2002-07. However, any development as expected in a SEZ is still far off.

### ***5. Employment Scenario / Structure***

Carpet Industry is a skill-driven, labour intensive industry. The industry in India is dependent entirely on the shoulders of labour community. All the activities starting from the processing of wool, till the carpet is loaded on the ship is labour dependent.

Currently, the foreign buyer is at the top of the ladder. In the decade of 1970-80, exporters ruled the carpet industry and were able to supply products of high quality to the world market. But with subsequent liberalisation all over the world and stiff competition from countries like China, Pakistan the buyers are now ruling the industry. Since the demand is generated from them, hence the exporters are dependent on them for their survival. The exporters in turn pass on the required demand to the manufacturer. In certain cases manufacturers are also exporters. Exporters cum manufacturers were more common in Bhadohi than in Panipat. In Panipat, big exporters give their work to other carpet manufacturers. The factors behind this cannot be discerned distinctly, nevertheless an entire overview of this working can be professed as follows:

Bhadohi since earlier days has been the prime location of carpet manufacturing. This art form has been transferred over generations from father to son and so on. Even today the work in Bhadohi speaks of the high quality output and is a pleasure to buy just for the sheer beauty of the work. Since the exporters are deep-rooted in producing high quality works, so they manufacture them as well, to avoid any production lapse. However, such a lapse is not common, but carpets form an integral part of life within the Bhadohi populace.

Commercialisation of carpet manufacturing hasn't yet come to Bhadohi as was seen in Panipat. Panipat is an industrial area, where the exporters are absolute professionals. To avoid any manufacturing hassle, they distribute the supply order to a number of carpet manufacturers who deliver their work as per schedule. The exporter then exports the same. However, there are also exporters-cum- manufacturers in Panipat also. In Panipat, quality of work is quite stereotypical. More emphasis is given on quantity than on quality. This is because, buyers demand more numbers

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at cheaper rates, hence the manufacturers design simple carpets that can be manufactured in larger quantity than the ones with intricate designs.

In Bhadohi, though the exporters and manufacturers are singularly owned enterprise but the onus of carpet weaving is delegated to the labour contractor. The manufacturing unit is owned by the exporter who supplies wool etc. to the labour contractor. The labour contractor in turn hires the weavers responsible for carpet weaving. In this kind of arrangement, if a labourer gets paid INR 100 [USD 2.17] on a single day then INR 10 is passed on to the labourer contractor as a commission from the owner. The agreement for hiring of labours is made between the exporter and the labour contractor. An average labour contractor can make upto INR 10,000 [USD 217 (approx)] a month (Bhadohi rate) and in Panipat, a contractor may earn up to INR 25000 [USD 542 (approx)] a month. Considering the cost of living in these carpet belts, most of it is saved. Many a times a weaver by his sheer determination can rise to the level of the labour contractor. The weavers come from rural India and are usually agricultural casual labourer. The labour contractor is responsible to look after the welfare of the workers. Separate living quarters are provided by the exporters/manufacturers for outside labour where the labourer makes his own arrangement of food and other living necessities. Many a times the exporter-manufacturer insists the hired staff for opening up an insurance policy or to enter into a government approved saving scheme. An interesting aspect in this field was there were almost no female weavers. Of course women folk were employed in the yarn stage where wool yarn is rolled into balls, but in the factories that were visited we did not come across female weavers.

A medium sized manufacturing unit can produce upto one hundred thousand square metre of carpet a month. The mill can employ 400-500 weavers spread over the entire manufacturing unit. This employment is apart from the people employed in other subsidiary industries of dyeing, washing. Weavers and all other employees are on a contractual basis. Permanent employees are people in administration and the security guards. Even the designers are recruited on a contractual basis. This is mainly because carpet production is a skill-driven and currently demand driven industry. On an average a carpet weaver can earn INR 100-150 [USD 2.17 (approx)] per day. However, since the work also depends upon the number of hours a labourer can put in, if someone works for more than 8 hours he gets paid more. In fact, this particular feature of carpet industry is seen by the rural populace as a means to earn quick money during the agricultural lean season.

We learnt from the carpet weavers that monthly they can earn INR 3000-INR 4000 [USD 65 – 87] in carpet manufacturing units. The weavers are from rural India with little or no education. They come to weave carpets during the lean agricultural season and save upto INR 2500 [USD 54] a month that they send it back to their villages. Many a times these rural folk come to join carpet industry to earn quick bucks to meet their financial requirement at home. This temporary inclination of their stay in the carpet belts is facilitated by the contractual nature of the job. Usually most of the weavers work for three-four months before going back to their home during harvest season or any festivities. At home they spend two-three months and then when again financially strained they find their way back to the carpet belts. Sometimes of course they go to other agriculturally strong states of Punjab, Haryana to earn a few more thousands before they return to their villages. The labour scenario in the carpet industry is a very good study of migration to industrial belts by the rural populace for increased income. However, if there were regular employment structure in the villages they would not have migrated to the carpet belts, as was opined by the weavers. This migration is driven by the lean season in agriculture and the structural uncertainty within Indian agriculture.

### **5.1 Employment supportive**

A manufacturer cum exporter explained about the potential that this industry has in providing employment to rural poor people. He gave a rough figure of number of people who are engaged at different stages in the making of ‘one’ carpet in the industry.

On an average one tufted carpet goes through approximately 30-35 pairs of hand from the time order for a carpet is placed to an exporter. It would take 7-10 days to finish a tufted carpet of five inch by eight inch size and of medium quality. In the current times, there is a heavy demand for low-quality tufted carpet than the high-quality hand knotted carpet. The profit margins are going down because of low price the carpets are fetching in the international markets. These days the gross profit of an exporter is 10-15 percent. Table 1 gives a detailed breakup of number of labour required for an average sized tufted carpet.

**Table 1**

<b>Production Stage</b>	<b>Number of Labours (Range)</b>	<b>Wage earned per carpet 5 inch by 8 inch, per person, per day for medium quality tufted</b>
Map/Designing of carpet (Design + Colour)	2	INR 250 – 300 [USD 5-6] [This is a skilled job, so wage rate differs as per skills]
Contracted for making a carpet- Labour Contractor	1	INR 8000-INR 10000 [USD 174- 217] per month
Weaving of Carpets (5 inch by 8 inch) Weaver/labourer	2	INR 100 - INR 150 or INR 500 per carpet
Washing	2	INR 150
Latexing	2-4	INR 30
Clipping/Trimming	2	INR 125
Binding	3	INR 32
Clothing at the back	2	INR 20
Finishing	2	INR 40
Role Packing etc.	2	INR 10

[INR 100= USD 2.17]

Apart from these labour expenses, the manufacturer has to bear electricity expense [carpet industry needs uninterrupted electricity supply especially in the night], transport expenses and other production costs.

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There was a common response from weavers, labourers, manufacturers that the daily wage rate in the carpet industry has gone up in the recent times. In the early days wage rates were at a much lower level but now with carpet weaving spreading across India, and alternative agricultural occupations such as harvesting of wheat and other economic activities giving a high wage to labourers, daily wage rate in carpet industry have also gone up.

**5.2 Importance/Role of the Carpet Industry in Poverty Reduction**

The carpet industry provides job opportunities to the rural artisans and other poor sections of society. Alongwith providing direct employment to more than 2.5 million artisans as of now with a total of more than 2000 million of rupees export business, it also gives indirect employment to several thousands of people who work in raw material and other sectors connected with carpet industry such as the transport sector which forms an important backbone for sustenance of this sector. It is difficult to completely assess the number of people employed in this sector as this sector has backward linkages and support industries.

The Indian Hand-made carpet Industry is an ideal industry for the Indian Economy because of the following reasons: