



Crafting a New Narrative: India's Handloom Industry



By Preeti Pandey

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Boosting Forex Through Global Reach – An Opportunity Behind The Looms

India's handloom sector is renowned for its heritage and artisanal excellence. Despite this, its capacity to generate substantial foreign exchange remains underutilised. Recent data from FY 2024-25 shows exports at just USD 139.19 million, a sharp drop from previous years and far below the sector's potential. This underscores the urgency for a renewed, strategic approach to unlocking value and expanding global reach. By examining export performance, we can better understand the barriers and opportunities that lie ahead.

Handloom carries place, memory, and human skill in every thread. That is a contemporary proposition for fashion, interiors, and conscious consumption, even when it is presented as an old tradition.

The product is only one part of the value. The story, origin, and maker matter too. A textile becomes more legible to the world when the buyer can understand where it came from, how it was made, and why its difference deserves attention.

Our Current Export Performance

- Handloom exports declined from USD 516.81 million in FY 2012-13 to USD 139.38 million in FY 2024-25. Let those figures sink in!
- Main export markets: USA, UAE, Netherlands, UK, France, and Spain.
- Exported products include fabrics, sarees, home furnishings, and accessories.
- The European Union is India's second-largest export destination for textiles and apparel, after the USA.

With exports concentrated in a few key markets the sector faces significant headwinds.

Factors Affecting Export Decline

This decrease may be attributed to a combination of global influences and underlying domestic logistic issues:

- Withdrawal of preferential treatment by US (2019) and progressive suspension by some European countries made Indian exports significantly more expensive and less competitive.
- Strict EU non-tariff regulations (ESG compliance, workforce rules, supply chain transparency, quality and safety standards) pose challenges for informal handloom clusters.
- Covid-19 pandemic sharply reduced exports and exposed structural vulnerabilities.
- Global supply chain disruptions and shifting consumer preferences impacted traditional exports.
- Over-reliance on Western markets further increases risk.

These challenges highlight the need for innovative solutions and diversified strategies. Addressing these issues requires collaboration among stakeholders and targeted investment.

India's Handloom Export Trend

(US\$ million)



Source: The Handloom Export Promotion Council (HEPC)

“Heritage becomes an advantage when it is made legible to the world.”



Unlocking Global Luxury: Repositioning rural craft to luxury status

What defines a luxury product?

Superior craftsmanship, exclusivity, premium pricing, and rich heritage. Luxury products rely on creating emotional connection and scarcity to build enduring prestige and consumer loyalty. Our handloom industry ticks all these boxes.

So, how can we effectively position Indian handloom as a global luxury brand and unlock its market potential beyond borders?

- Every handwoven product is a reflection of its local environment, mythology, and social customs. The intricate patterns and motifs are not just designs, it's mirror into a region's past and its people. Luxury consumers buy the story as much as the product and unfortunately, for our handloom industry this story remains largely untold.

- Target eco-conscious and luxury clients by differentiating handloom products through artisan heritage and transparent supply chains. Use D2C channels and digital storytelling to justify premium pricing.
- Filter mass consumerism from targeted clients and market the differentiator. Our handloom products, like many other global luxury brands are a result of skill, arduous labour and craftsmanship. An average consumer used to power-loom products and fast-fashion will not value this enough.
- To successfully export India's handloom sector as luxury, focus will also have to be directed to strict global compliance. Government schemes like Handloom Mark and Geographical Indication tags, have helped boost authenticity and market appeal. Additionally, to prepare for the India-EU Free Trade Agreement, handloom clusters will have to upgrade compliance with EU sustainability standards and digitize supply chains. This transitioning will require early preparation to maximize the benefits of duty-free access. The India-EU FTA is expected to significantly strengthen the textile sector ecosystem by enhancing market access, improving competitiveness and supporting employment across key clusters.





- Taking a leaf out of the Prada-Kohlapuri book, look for effective and complementary partnership with global luxury fashion houses or boutique designers. While direct partnerships have resulted in successful collections for major labels (such as the Chanakya School of Craft's long-standing relationship with Dior), there is also a need for equitable credit and fair compensation, rather than just using them as an economical supply resource.
- Participate in international trade fairs and exhibitions to showcase products and build business connections. Trade bodies like the Handloom Industry and Exports - IBEF can help facilitate curated global buyer-seller meets and international trade fairs to position our artisans directly in front of premium couture houses. I would go a step ahead and even advocate for more representation of our handloom industry on international fashion shows and on the runway. Dior's Autumn/Winter 2026/27 Haute Couture show at the Musée Rodin heavily celebrated India's rich artisanal heritage. The collection featured 18th-century Indian chintz, floral references inspired by Gujarat, and intricate jewellery crafted by artisans in Jaipur.
- Educate and train our artisans on market trends, access to global markets, importance of sustainability and compliance laws, and most importantly financial literacy.
- Organize curated and focused visits, where international retailers and brands spend time with our artisans. This is a highly impactful way to preserve handloom traditions, foster global design collaborations, and empower local artisans. These immersive experiences bridge the gap between rural craftsmanship and the modern international fashion landscape.

The global luxury and fashion market offers tremendous opportunities for the handloom industry, provided we can support our artisans and weavers to navigate the demands of a swiftly changing market dynamics and fashion trends.

Role of Professional Services, Private Equity, and Impact Funds

Strategic Investment for Sustainable Growth

Strategic investment can realise what government schemes have been aiming for, i.e. transparent, sustainable and scalable solutions. Private capital can catalyse the handloom sector by facilitating market reach and bringing in operational best practices.

Until now, Government has supported the handloom sector through various policies and programmes, mainly via state agencies, cooperatives and self-help groups. Despite government support through frameworks like the National Handloom Development Programme and MUDRA credit lines, the handloom industry continues to face challenges.

With increasing competition in national and global textile markets, there is now a need for a more structured, lean, and tangible approach to help handloom weavers. But how do you structure a sector that by its very nature is unorganised and dispersed? This age-old problem will need a fresh perspective and intervention and business solution.

Private and professional actors can drive innovation and scale, but this must be paired with operational restructuring. The big question is can specialist consultancy firms implement these changes?





Specialist Consultancy Firms

Special Consultancy Firms can help bring in operational structuring and provide tailored strategic roadmaps for the entire handloom value chain.

- Conduct surveys and impact evaluation. For example, PWC and Targus Technology evaluated 381 clusters in 2019-20, offering a blueprint for ongoing assessment.
- Digitise and modernise production by introducing technology platforms for inventory management and collaborative design.
- Implement lean manufacturing and tech-enabled supply chains to connect weavers directly to international buyers, eliminating intermediaries.
- Adopt manufacturing process audits to optimise machine utilisation, improve loom ergonomics, and establish inventory tracking systems.
- Build systems for transparency and compliance with international quality and ESG standards, directly addressing EU market requirements.
- Sector experts can facilitate access to government funding, including support for aggregating producers through formal cooperatives and companies.

Venture Capital Funds and Private Equity Participation

Venture Capital Funds

VCs can inject early-stage capital and mentorship to foster entrepreneurship and tech-enabled disruption within the traditional space. VCs and institutional equity funding are already beginning to bridge this gap:

- Support artisan startups creating premium D2C brands. Noteworthy among recent successes is GoCoop, an online marketplace recognised for its efforts by the Government of India with the first National Award for Handlooms Marketing (eCommerce) in 2015 for connecting cooperatives directly to buyers, and Jaipur Rugs, which has expanded internationally through digital storytelling and artisan empowerment.
- Fund e-commerce, AR, and traceability tech. Platforms like Good Earth and Fabindia have enhanced transparency and global appeal.
- Invest in studios blending traditional techniques with modern trends, such as the collaboration between Indian designers and global brands at major trade fairs.

VC-backed innovation is already transforming the sector, paving the way for private equity to scale established brands and operations.

Private Equity Participation

PE firms typically target mature, established handloom and textile brands to accelerate scale:

- Offer capital for retail and brand expansion, and international growth. For example, PE investment in Fabindia and Taneira has enabled robust expansion into global markets.
- Provide management teams and oversight for logistics, marketing, and exports, professionalising operations and ensuring compliance.
- Fund leveraged buyouts to consolidate fragmented weaving operations into unified corporate entities, allowing for bulk raw material purchasing and better negotiation power with retailers.
- Consolidate supply chains for greater efficiency and negotiating power.

Private equity's role is vital in scaling successful models, but investment barriers must be managed to encourage more participation.

Investment Barriers and Risk Management

- Barriers include sector fragmentation, lack of scalable models, inconsistent quality, low margins, and deterring investors.
- Perceived risks such as political instability, regulatory hurdles, and infrastructural deficits deter investment.

Effective risk management and sector consolidation are essential for attracting capital. Managed properly, these risks can yield outsized rewards for long-term, strategic investors. Recent corporate-backed initiatives provide valuable lessons for overcoming these challenges.

Case Study: Tata Group and Other Recent Initiatives

Corporates like the Tata Group already support handloom weavers. Their approach goes beyond charity, focusing on skill development, market access, and technological integration to ensure sustainable livelihoods. Tata's ethnic wear brand, Taneira, sets up localised Weavershalas with improved infrastructure and better working conditions, providing weavers with consistent, bulk orders and fair, reliable wages. Similarly, startups like Okhai and RangSutra have partnered with international designers and brands like Ikea, C&A, boosting export volumes and global recognition for Indian artisans.

Recently, Ibu Movement and Bank of America, launched the Ibu Atelier Programme to support women-led artisan groups globally. Four Indian labels (Dwaraka Plus, Artisaga, Studio Maeve and LoomKatha) were among the first cohort to complete leadership and business training, and will continue developing their capsule collections till the end of 2026. Founded by Susan Walker, The Ibu Movement is a global non-profit and social enterprise that 'empowers marginalised women artisans in over 40 countries to achieve financial self-sufficiency'.

These models demonstrate that structured aggregation, skill development, and technology adoption can substantially improve export performance and artisan welfare. Building on these learnings, we outline concrete, actionable recommendations for unlocking the sector's full potential.

From Insights to Solutions

Action Points for Unlocking Potential – back to basics

1

Further push and awareness of India's handloom industry.

2

Aggregate producers through companies/cooperatives for scale.

3

Attract, promote, train, upskill and retain artisans.

4

Forge partnerships among artisans, designers, and marketers.

5

Adopt sustainable manufacturing methods to meet environmental regulations, enhancing attractiveness to European markets.

6

Government incentives for PE investment and improved market access.

7

Targeting luxury and niche and diverse international markets.

8

Focus on branding, digital marketing, and participation in global trade fairs such as the International Folk Art Market in Santa Fe and the World Expo in Japan.

9

Continuous evaluation and assessment of Government schemes to study its real impact.

10

Support corporate-backed initiatives enabling direct selling and higher profit retention for artisans.

11

Finally, safeguard weavers from cheap imitations and restrictive trade policies. Use frameworks like TRIPS to legally protect traditional handloom' origins.



CONCLUSION

Pathway Forward

India's handloom industry and the skills of our artisans is not a secret anymore. It has made a strong impression on the global luxury fashion landscape. Owing to its uniqueness, exclusivity of its designs and being sustainable, handloom products have been in high demand in the international market. What also appeals to the international luxury market is, that these products are produced in small batches, unlike power loom and machine products.

The India-EU FTA, together with India's FTAs with the UK and EFTA, effectively opens up the European market for Indian businesses, exporters and entrepreneurs. The FTA with the EU is expected to further strengthen and accelerate the export diversification efforts of the Ministry of Textiles.

With the right mix of private investment, professional support, government incentives, and global market access, India's handloom industry can evolve into a modern, competitive industry with a significant contribution to India's foreign exchange earnings. Ongoing evaluation, sector aggregation, and technology adoption will be essential to unlocking this potential. Industry stakeholders, policymakers, and investors must work together to ensure the sector's sustainable growth and global prominence.