

THE TASAR JOURNEY: My Experience

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“Sooner or later, those who win are those who think they can.” Richard Bach

Before the Beginning

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I WAS A MARKETING CONSULTANT TO SMALL AND MEDIUM ENTERPRISES (SMEs) (in those days, they were known as Small Scale Industries (SSIs) in the late nineties and the onset of the new millennium. I was not cut out for the job of a consultant because I am more of a doer; I was there for want of any other option (my earlier venture as an entrepreneur had failed and I had no money to start afresh). I had wound down my previous venture in which I was manufacturing pre-fab shelters about a year earlier. Smita Mohanty, who was my senior in Xavier Institute of Management, Bhubaneswar, from where I had done my MBA, mentioned to me one day that PRADAN was looking for a marketing person for its *tasar* silk project and she

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could set up a meeting if I was interested in looking at it. I was, of course, interested and she fixed a meeting with Deep Joshi and Nivedita Narain for me sometime in the month of April/May of 2000.

It might sound a little clichéd but meeting Deep was an unforgettable experience and then the meetings with Nivedita and Satyabrata Acharyya were like the icing on the cake. The brief put in front of me was that they were looking for an entrepreneur type of person, who would build a market for their *tasar* yarn. There were about 182 women making yarn and at some point PRADAN had also got into weaving of textiles and selling it as a strategy to promote the project yarn. They were having some difficulty in marketing the yarn. After the usual discussion, Deep asked me if I would like to come on board. “Why not?” I replied. “On a variable pay, based on performance?” he asked and I said, “Sure, why not?” And that is how I came on board from June 1, 2000.

I often wonder what would have happened if I had known that based on the fabric weaving division’s previous year’s sales, even if I were to ensure a 100 per cent growth, my annual variable

pay would amount to less than the BPL income limit! Or if Deep had come to know that I had never ever bought even a metre of fabric in my life and that pink to me was a shade of red!

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The Beginning

I charged into the job with the confidence and arrogance of the ignorant. I had no clue about the attributes of fabric and its manufacturing, but I did know how to market. I used common sense to identify potential customers for the kind of fabric and other woven items that we were making and started doing the rounds. I was visiting clients with the sample bag and, from their queries, I learned the nuances of the fabric business.

I had a very able and enthusiastic team looking after production in Bhagalpur (Bihar) in Arijit and Sheshnath. Arijit was a PRADANite and was deputed to handle the yarn and fabric

production. He was assisted by Sheshnath, who was a para-professional. Those were heady days. We were working hard and learning on the job. In the 10 months of the financial year of 2000–01, we posted a gross sale of Rs 27 lakhs and a net sale of Rs 18 lakhs (we had rejections of about Rs 9 lakhs due to manufacturing issues), still a net growth of more than 650%!

I realized early on that although the market was huge, *tasar* was not suitable for the fashion garment and the made-ups segments, due to its stiff texture and the problem with replicability. I also realized that we could not sell fabric by the yard and survive, because the local traders would have less overheads and hence lower prices for the buyers. So, I focused on woven off-the-loom items wherein better the design input, better was the price realization, in comparison to yardage.

Promoting yarn was another ball game altogether. Our yarn was different—in structure and in look—from the traditionally made thigh-reeled yarn. It was more expensive too because it had a labour component built into it whereas the traditional yarn is made by the weaver’s wife and he does not have to pay

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for it separately. Moreover, yarn is usually a derived demand. A weaver/trader will buy yarn when he gets an order for a fabric in which it has to be used. So, the traditional weaver segment was unwilling to use our yarn because of its cost and the trader community was not using it for two reasons:

- They would not sample it because the supply was not large and they thought it would be difficult if they could not get enough yarn when the orders came in. Most of them normally are order fillers for export houses and large domestic converters.
- Because the samples were not there, the orders received by them could not create the demand pull.

The Indoctrination

Most of the time, during office hours, I would be visiting customers and the best time to do any paperwork was by getting into the office early in the morning. This was also the time when the few desktops we had would be available because most of the other staff were yet to come in. I usually went to office at least a couple of hours

earlier than the opening time. Deep also used to come in early. So I got to speak to him almost every day, particularly during his cigarette/*bidi* breaks. From such casual conversations, I got a second-hand idea about how what I was doing was creating work for people who needed it most in the villages.

Every time I went to Bhagalpur to coordinate with the production team, I used to meet Satya, who was based in Deoghar. These were like informal reporting and planning sessions because Satya was the *tasar* project anchor. We would discuss what I was doing and how things were in general. During most such visits, Satya would make me tag along with him to some village where he was headed for work. From such impromptu visits and with casual exposure to the realities of life of the people who were in our production chain, I imbibed the essence of the work which Satya and others in PRADAN were doing.

Sometimes, I think that the casual conversations which I had with Deep and Satya and the impromptu field visits were not so casual and were probably a way of helping me understand the development perspective and

build in me a sense of ownership in the project.

The Good, the Bad and the Ugly

At the end of the first year, Deep asked me one day “*Chuna toh nahi lag raha?* (Hope you think this is not a hoax?) You are losing commission on sales returns because of the bad quality of merchandise, which is not your fault.” I told him that it does not matter much because it will work out fine in the long run. This was a short-term issue. However, he renewed my contract for 2001–02 with a fixed retainer that factored in such losses.

Every exporter I contacted for business would have a look at our samples and select designs from them and ask for free swatches. I realized in due course that many of them have a business at the lower end of the market and they had never used silk! Their credo was that if you can get something for free why not take it, even if it is of no use to you.

We got a large order from a Rs 200 crore turnover export house. They started the negotiations at 25,000 m and finally placed an order for 16,000 m. They also gave us a small advance. We were

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really very excited and all of us worked round the clock to fill the order. We started delivering in batches and once about 8,000 m were supplied, they started complaining about the colour of the fabric (it was natural undyed fabric!) and cancelled the balance quantity. They were just not willing to discuss anything with me. I was totally devastated.

By the time we could stop production, we had another 3000 m in our godown. To make matters worse, the client sent back almost 2000 m of the 8 m delivered to them. Later, I heard from the market that this was their modus operandi. They would first negotiate for a very large quantity to beat the prices down, then order more than their actual requirement but less than the originally stated ordered quantity. So, when they would get as much as they actually needed, they would plead quality or some other problem and cancel the balance order. This would make the supplier completely at their mercy.

In our case, they held back the balance payment too. It was almost Rs 9 lakhs. I would go to their office practically every other day, but the receptionist

or the secretary would stonewall my attempts to meet the bosses. This went on for four months. I just did not know what to do. One day, my daughter missed her school bus and I went to drop her to school. On my way back, I saw the owner of the export house coming out of a golf course but by the time I could make a U-turn and get to the other side of the road, his car had gone.

That day at 11 am, I called his secretary and as was his wont, he tried to fob me off saying that his boss was travelling and I should call again in a week's time. I just told him "Listen, I know that your boss is in town and where he played golf today. One of these days, I am going to accost him at the golf course in front of his golf buddies for payment." (Actually the language I used was much more colourful and would be inappropriate to reproduce here verbatim). We got the full balance payment within a week!

Fortunately, most of the so-called rejects were acceptable in the local market to customers who love the natural look of *tasar*; we were able to gradually, therefore, dispose it off without any loss through direct sales to consumers at sales exhibitions such as

Dastkar Nature Bazar. It took us a while but, in the end, we sold everything at a profit.

Pro-poor Business Strategies

Most textile businesses are end-use centric. Firms dealing in home furnishings are generally not in the fashion fabric and made-ups such as scarves and vice versa. However, we wanted to promote *tasar* as a fibre and we ended up making whatever was possible with *tasar* yarn. We made scarves, sarees and fabric by the roll for homes and even neck ties...The whole idea was that the more you sell *tasar* fabric, the more yarn you consume, which helps generate more income for women in the villages who make the yarn.

There is more glamour in textiles than yarn and, many a time, we in PRADAN are beholden to building a vertically integrated cocoon to yarn to textiles business. However, the more we do that, the more we are creating a structure, which has its locus of control not in the hands of the community of producers but in the hands of outside professionals, who create the most value through their involvement.

We had a simple mantra. For every 25 kg of yarn we used in fabric weaving or sold in the market, we could help create a year-round source of income for one yarn-maker. So, all our energy was focussed on creating more and more demand for the yarn.

Let's take the example of a very expensive *lehenga* selling for about Rs 40,000 each. It needs only 5 m of fabric in which about 400 gm of yarn produced by the village producer is used (value about Rs 1,600). The rest of the value is created by the weaver, the tailor, the embroiderer working for the designer along with the advertising agency, the media and the retailer. Each step of the value addition stage is complex and highly competitive. It would be utopian to presume that the producer of yarn can exercise control over the rest of the value chain players. Actually, the subsequent value-add can dispense with the yarn segment but not vice versa.

This business is not similar to poultry because, in the poultry business, the day-old chick, the feed, etc., processes are actually to aid the value creation at the hands of the producer and are subservient to him/her. The business cannot survive without the poultry farmer and hence a producer-centric business managed by hired help is possible.

This logic was very clear to some of the decision-makers in PRADAN and, hence, from day one, a model was sought to be built, which would be simple and

manageable by the community, and all other engagements such as weaving would be a means to an end with the end being a self-sustaining market for the yarn being produced in the project.

Deep impressed upon me, from the beginning, why we had to build a more broad-based yarn market rather than creating a very profitable, vertically integrated textiles business. He would often tell me, "Khitish, your job is to make your job redundant. I would like the yarn-makers to have a broad-based market so that they are able to sell their yarn from their doorstep and have no use for a weaving division. This would make their business really sustainable because they would be able to do it on their own and not have to depend on outsiders to manage their business."

We set targets of how much yarn to sell directly to the weavers and this target would be increased every year. The idea was to make sure that the yarn-makers were not solely dependent on our internal weaving division for their livelihood. More people buying our yarn would mean more stability and security to the yarn-makers. Converting yarn into fabric or made-ups and selling

was obviously remunerative but was concentrating the fate of the business in the hands of professionals like me and not in the community.

We had a simple mantra. For every 25 kg of yarn we used in fabric weaving or sold in the market, we could help create a year-round source of income for one yarn-maker. So, all our energy was focussed on creating more and more demand for the yarn. Although wholesaling fetches a lower margin per unit, it is more amenable to moving larger volumes resulting in more yarn usage. And so, we made wholesaling key to our business strategy. We did stand at sales exhibitions aimed at retail customers but it was done with an eye to connect to the potential boutique and retail shop owners because we knew many of them frequent such exhibitions to look out for new suppliers or new designs.

The Umbilical Cord Is Cut

By 2003, it was obvious that the volume of the *tasar* business was sufficient to hive it out to a producer-owned entity as the activity had stabilized and was self-sustaining. Discussions were

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held, therefore, within PRADAN to chart the course and structure of the new entity. A producer company was registered and the entire business of yarn and fabric was transferred to it in 2004–05.

The sale of yarn and textiles in 2003–04 was about Rs 1.4 crores.

Incompatibilities and Insecurities

From the very beginning, I had an impression (or I presumed/hoped) that, at some point in time, once the weaving department had outlived its purpose of creating a robust independent demand for yarn, it would be hived off and I would be part of the ownership. So when Masuta Producer Co. was incorporated and I got a sense that many in PRADAN were in favour of holding on to both the yarn-making and the weaving sides of the business, I felt quite insecure. This got compounded when I heard someone say that if one MBA can get the project to Rs 1.4 crores turnover, then 10 MBAs would be able to get it to Rs 14 crores!

I was on an annually renewable contract and I could see that the time was not too far when someone suggested that my

variable pay was too expensive now that the company was out of the start-up phase and that I could be eased out or brought into the rolls. Neither option was palatable to me. And I decided either to find a co-owner space within the project or quit.

I discussed this with my colleagues in PRADAN and after much deliberation, we decided to hive off the textile weaving part out of Masuta into a joint venture (JV), in which the investments made under the project in fabric stock and receivables in the market would be partly capitalized in favour of Masuta and the rest shall be given to the JV as an interest bearing loan from Masuta.

Ecotasar Silk Pvt. Ltd. was incorporated in 2007 September and the business was transferred to it from October 1, 2007. Masuta had a 76 per cent stake in Ecotasar and I brought in cash for the balance 24 per cent. I took over as Managing Director of Ecotasar.

The team and infrastructure built to sell the yarn remained in Masuta and the rest of the team engaged in the fabric weaving side moved to Ecotasar.

Ecotasar

Mission

Creation of wage opportunities for a large number of producers of hand-made yarn, handloom weavers, and other producers in the value chain through a sustainable and fair business model.

From a turnover of Rs 1.79 crores in 2007, we have grown to Rs 14.9 crores in 2015. We continue to do our business with a focus on the use of hand-made yarn and handloom weaving so that our top line can generate wage opportunities for many small artisans and rural producers.

We sell wholesale and export to over nine countries but the bulk of our business is with the USA.

In 2008, a medium-sized retailer in the USA was eager to sell artisan-based products sourced directly from artisan bodies or social enterprises. They were introduced to over 19 NGOs and other artisan/social organizations working in the handloom textiles in India and we were one of them. They liked our products and placed a small order for

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pillow cases with us. We had no expertise in the stitching side of the business but we took up the challenge and made arrangements to make and supply pillow cases to them.

Over the years, the business has blossomed from 800 pillow cases to over 1,60,000 in 2015. During this time, we have created a full-fledged stitching unit in Delhi, completely compliant with the stringent requirements of the client. Today, we are in a situation to supply to any client anywhere in the world because we have the requisite systems and compliances in place. By the way, of the 19 organizations introduced to this client, we are the only ones who could make the grade. In fact, we won an award of 'The Fastest Growing Vendor, in 2012 from the client, which sources from more than 600 vendors all over the world.

In the domestic market, we supply to over 135 stores, and more than 600 small boutiques and designers buy from us. Due to the unprecedented growth in the exports front, we have not been able to focus on the domestic market. Moreover, after the closure of Masuta, the supply of reeled yarn dried up, which made it difficult for us to grow our saree

line, which is a large chunk of our domestic sales.

Tasar Market

Most of Vanya (wild) silks such as *tasar*, *eri* and *muga* belong to the highly unorganized domestic cottage-scale operations. The industry has evolved organically over the centuries. Sericulture is done by tribals and the yarn is made by women from the households of the weavers in the same catchment area. The market has also been largely local and is culturally intertwined. No trousseau of a Bihari/Bengali/Odia bride is complete without a *tasar* saree. Likewise, Assamese brides would definitely have a *mekhala chadder* made of *eri* and *muga*.

Very little institutional and technical investment has been made and the sector continues to work with outdated technologies in yarn and fabric manufacturing, making it less competitive vis-a-vis mulberry silk. The potential remains untapped.

Manna for the Poor

For every 100 m (8 kg of yarn) of *tasar* silk fabric sold in the

market, almost Rs 32,000 worth of wage income is created for: the tribals rearing the cocoons (Rs 20,000), the women making the yarn (Rs 4,800), the handloom weaver (Rs 5,000) and the small processors (Rs 2,000). This is equivalent to 160 person days @ Rs 200 daily wages—a fair wage in the rural setting where *tasar* silk is produced.

Even if we were to just continue with the existing technology and production efficiency and systems and build up the demand by another 500 metric tonnes for *tasar* silk items, it would create Rs 39,000 round-the-year wage opportunities at the village level for communities that need the opportunity.

The Current Scenario and Way Forward

There is much speculation about the size of the market for *tasar* silk. Most reasonable and knowledgeable persons in the sector agree that the current production is in the range of 250 to 300 metric tonnes. Many ask me, "How much is the market potential for *tasar* silk... 500 metric tonnes? 1,000 metric tonnes?"

What we in the *tasar* sector need to do is to invest in technologies that will help create a large variety of *tasar* yarn with superior and acceptable quality and technically robust features so that it can be used in all formats of weaving.

I tell them that people do not buy *tasar*, they buy a design, a look and a feel. Theoretically, *tasar* can easily grow up to 28,000 metric tonnes, which is the size of the current silk market in India, as long as it can be used to make different kinds of designs, looks and textures, acceptable to the buyers of silk textiles.

What we in the *tasar* sector need to do is to invest in technologies that will help create a large variety of *tasar* yarn with superior and acceptable quality and technically robust features so that it can be used in all formats of weaving. Right now, our home-grown yarn is only suitable for the handloom weaving sector, which restricts the size of its market. Moreover, the look and feel of *tasar* is not universally acceptable

due to its stiff texture and its uneven look. This precludes it from most of the export market, which is very sensitive to texture and uniform replicability.

As a company, we are trying to revive reeling and spinning activity in the villages where PRADAN has trained women to make yarn. Right now, we are working with less than 150 women but there are more than 2,700 yarn makers, who were part of Masuta. The biggest challenge is to invest in raw material because the *tasar* crop comes in once a year and must be bought and stockpiled. This requires large sums of money and is fraught with risk of devaluation due to storage problems. These are challenges and risks that are difficult to take for a commercial

company such as ours because the returns from yarn-making do not justify the risk involved. Yet, we are exploring all options and collaborations so that we can reach out to at least 500–600 more women yarn makers.

We are making a big push in the domestic market and hope to grow volumes without compromising on the production processes and the corporate mission so that the growth in our top line will continue to provide wage opportunities for a large number of small producers and artisans.

Khitish Pandya is the Chief Executive Officer of Ecotasar and is based in New Delhi