

# Prospects and Challenges of Organized Retailing: A Study in the Context of Textile Industries in Sualkuchi Area

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**Abstract:** Sualkuchi is traditionally well known for its different types of silk products of world class quality. In fact, around 80 percent of total textile production in Assam comes from the Sualkuchi area. However, the industry being thoroughly unorganized, the most of the textile producers take help or need to be dependent on middlemen to sell their products. This is the reason the producers can not earn more as per their expectation. Moreover, as the textile industry is unorganized, the weavers and artisans are being exploited by the owners in the form of low wages as there is no provision of minimum wages in unorganized sector. Hence, organized retailing of textile products is supposed to bring solution to these challenges. The present study is an attempt to study the current scenario of textile industries in the study area and to explore its prospects. Further, the study will also make an attempt to find out the challenges in making the textile sector organized. The primary data for the purpose of the study will be collected from the unorganized textile manufacturers located in the study area. Moreover, secondary data in the form of research papers, articles, newspapers, journals, theses, reports etc. will also be used for the purpose. The collected data will be processed using various statistical tools like mean, median, mode and other suitable measures depending upon the circumstances as well as the need of the study.

**Keywords:** Textile Industry, Organized Retailing, Prospects, Challenges, Sualkuchi.

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## I. INTRODUCTION

According to Phillip Kotler “Retailing includes all the activities involved in selling goods and services to the final customers for personal, non-business use.” Indian retail one of the fastest growing markets in the world due to economic growth. India is the world’s fifth largest global destination in the retail space. As per the reports of Kearney Research, a leading global management consulting firm, India’s retail industry is projected to grow at a pace of 9% over 2019-2030, from US\$ 779 billion in 2019 to US\$ 1,407 billion by 2026 and more than US\$ 1.8 trillion by 2030.

The Indian retail industry is segregated into two sectors: organized and unorganized retailing. In India unorganized retail is around 80% to 85% which means only 15% to 20% are organized retails. Organized retailing comprises the kind of

trading activities that are undertaken by retailers who are registered for sales tax, Income tax etc. Organized retail industry is basically regulated by the Government authority. These formats follow all rules and regulations set by the Government. Corporate backed hypermarkets, retail chains, privately owned large retail businesses, departmental store, supermarkets, specialty stores, online platforms are some of the examples of organized retailing. Organized retailer need to get licensing before opening the store or any outlet, employees get regular salary, job security, PF eligibility etc. Also we should remember that organized retail establishments follow different Acts like bonus Act, factory Act minimum wages Act PF and ESIC etc. On the other hand unorganized retail doesn’t have any licensing like shop and establishment license, trade license, labour license etc. as those establishments are not regulated by any Government authority. Employees who work in unorganized retail are paid in daily basis and their working

hours are also not fixed. Unorganized retailing mainly comprises local Kirana shops, street vendors, owner-managed general stores, hawkers, convenience stores etc. Traditionally retailing in India was mostly dominated by unorganized sector comprising of independently owned small business and cooperatives. However, with the increasing shift in consumer tastes and preferences, retailing activity is gradually becoming more and more organized and there has been a rapid growth in the organized retail sector in the recent times. The organised Indian retail market has increased by 50% between 2012-2020 to its current value of nearly 12% of total retail.

Thus, looking at the prospects of organized retailing on one side and the problems of textile industry of Sualkuchi on the other, the present paper is an attempt to explore the possibilities of organized retailing of textile products in Sualkuchi area. The study reveals the current scenario of textile industries in the study area. Further, the study makes an attempt to find out the challenges in making the textile sector organized.

➤ *Objectives of the Study:*

- To understand the current scenario of textile industries in Sualkuchi area and to explore its prospects.
- To highlight the challenges in organized retailing of textile products in Sualkuchi area.

## II. METHODOLOGY OF THE STUDY

The study is both descriptive as well as exploratory in nature. The primary data for the purpose of the study have been collected from the unorganized textile manufacturers located in the study area and also by visiting the officials in the ASRLM office at Sualkuchi. Moreover, secondary data in the form of research papers, articles, newspapers, journals, theses, reports etc. have been used for the purpose of the study.

## III. LITERATURE REVIEW

Retailing, as defined by Kotler, encompasses all activities related to selling goods and services to final consumers for personal, non-business use, a sector experiencing rapid growth in India due to economic expansion (R, 2018). The country's retail market is among the fastest-growing globally, making it a prominent destination for retail ventures (Rishi, 2009). However, the Indian retail sector's evolution defies traditional retail theories due to its unique historical, regulatory, institutional, demographic, geographical, and traditional context (Dholakia et al., 2012). Despite the growth of organized retail, unorganized retail, characterized by small, independent shops, continues to dominate the Indian landscape, providing employment and serving a large segment of the population, especially daily wage earners who prefer to purchase smaller quantities of goods. The influx of large foreign retailers into developing countries poses challenges for both foreign and indigenous retailers in securing a competitive edge (Phambuka-Nsimbi et al., 2015).

Sualkuchi, known as the "Manchester of Assam," is a significant hub for Assam silk production, an essential part of India's cultural and economic heritage (Nath & Kalita, n.d.). The textile industry in India, beyond power looms and ready-made garments, preserves traditional knowledge, skills, and artistic values across various states, generating substantial employment for both skilled and semi-skilled workers (Londhe & Gupte, 2017).

➤ *Overview of the Textile Industry in India*

Despite its economic and cultural significance, Sualkuchi's textile industry faces hurdles in embracing e-commerce, primarily due to limited digital literacy, financial constraints, and a lack of formal business recognition among the younger generations (Nath, n.d.). Many textile manufacturers rely on middlemen to sell their products because the industry is unorganized, which prevents producers from making as much money as they would like. The textile industry, regarded as a cottage industry in every state of India, is split into numerous disciplines at the unorganized level, and it is a symbol of India's cultural heritage, connecting people and advancing their economic interests (Pankaj & Lal, 2019).

The Indian apparel market is changing quickly and has enormous growth potential in the retail sector (Sandhya & Mahapatra, 2018; Venkatesh et al., 2016). Moreover, the workforce in Sualkuchi is relatively educated, with 52.5% holding academic degrees, indicating a strong foundation for embracing digital tools and platforms (Nath & Kalita, n.d.).

However, it has been observed that key barriers to e-commerce adoption include a lack of formal registration, with 92.2% of businesses unregistered, which limits their access to e-commerce platforms that require official documentation (Nath, n.d.). Gender disparities further exacerbate these challenges, with women constituting only 19.9% of the workforce, restricting diversity and innovation.

The textile sector in India significantly contributes to the nation's economy, accounting for approximately 14% of industrial production, 4% of the GDP, 17% of the country's export revenue, and 21% of total employment (R, 2018). As the second-largest employer in India after agriculture, the textile industry provides livelihoods for both men and women, with women making up nearly half of the workforce (Swami & Padma, 2015).

➤ *The Sualkuchi Textile Industry: A Traditional Perspective*

In Sualkuchi, the handloom textiles embody a timeless aspect of the country's rich cultural heritage, and it has the second position in providing livelihood to the people after agriculture (Banerjee et al., 2020). The region's reliance on traditional business practices impedes advancement, and the textile industry is deeply rooted in time-honored production and trade methods (Nath & Kalita, n.d.). The handloom sector accounts for approximately 19% of the country's total cloth

production and substantially contributes to export earnings (Rao & Kumar, 2018). However, handloom industries are on the verge of disappearance due to a couple of reasons like lack of preservation, dedicated space, manpower crisis, breaking down of communities, product competitiveness, lack of marketing skills etc (Sharmin & Hossain, 2020). Despite the presence of numerous handloom industries, workers often lack basic facilities, and the industry requires renovation to preserve its cultural and heritage values (- & -, 2023). Furthermore, the lack of financial resources, skill enhancement, and structured marketplaces has impeded the expansion of handwoven goods, indicating a need for sustainable strategies to revitalize this ancient craft. E-commerce could revolutionize the textile industry in Sualkuchi by overcoming geographical constraints and reaching a global customer base, provided that the sellers are capable of using digital platforms effectively (Nath & Kalita, n.d.). Moreover, Sualkuchi's artisans and sellers can connect with both national and international markets through the adoption of e-commerce, which encourages economic growth while preserving cultural heritage.

The need of the hour is to work on those grounds which can revive the age old tradition in a more sustainable way (Baishya, 2019). Microenterprises in this sector, often family-run, are crucial for sustaining livelihoods, particularly in rural areas, due to their labor-intensive nature and low capital requirements (Parida & Tada, 2018). Additionally, cooperative societies can address the difficulties faced by their members, supporting the interests of people and acting as ready tools in rural and regional levels (V et al., 2020).

#### ➤ *Organized Retailing: Concepts and Growth in India*

Organized retailing, characterized by structured supply chains, standardized business practices, and modern management techniques, has the potential to transform the textile sector in areas like Sualkuchi (Wanniarachchi et al., 2020). It encompasses a wide array of formats, including supermarkets, hypermarkets, department stores, specialty stores, and online retail platforms. Organized retailing can bring operational efficiencies, better inventory management, enhanced customer experiences, and access to wider markets. Government policies should focus on enhancing access to credit, market linkages, and technical extension services to ensure broader adoption of modern weaving technologies. The sector requires structured interventions for inclusive growth by integrating marketing with product development and designing due to the lack of transportation facilities, infrastructure, and networking (Tyagi, 2012).

#### ➤ *Prospects of Organized Retailing in Sualkuchi Textile Industry*

Organized retailing in the textile sector of Sualkuchi holds immense promise for unlocking the region's economic potential and enhancing the livelihoods of its artisans and weavers. Integrating Sualkuchi's textile industry into organized retail structures would ensure fair wages and prevent exploitation,

while also providing access to wider markets and fostering sustainable growth. Direct access to markets, facilitated by the elimination of intermediaries, enhances the profit margins for producers, thereby fostering economic empowerment and stimulating reinvestment in their craft, catalyzing a cycle of sustainable growth and development within the community. The implementation of standardized business practices and quality control measures within organized retail frameworks guarantees the authenticity and superiority of Sualkuchi's silk products.

#### IV. CHALLENGES AND OPPORTUNITIES IN ORGANIZED RETAILING

However, the transition to organized retailing is not without challenges, as it necessitates significant investments in infrastructure, technology, and skill development (Chattopadhyay, 2019). Factors such as resistance to change, infrastructural gaps, and socio-cultural dynamics act as barriers to the adoption of e-commerce platforms in the region (Nath & Kalita, n.d.).

Limited awareness about the benefits of e-commerce among textile sellers in Sualkuchi further hampers its adoption, which necessitates targeted awareness campaigns and training programs to educate sellers about the potential of online platforms and equip them with the necessary skills to navigate the digital marketplace successfully.

Despite these challenges, the opportunities presented by organized retailing in Sualkuchi's textile sector far outweigh the obstacles. Overcoming these challenges will require collaborative efforts from government bodies, industry stakeholders, and local communities to create an enabling ecosystem for sustainable growth and development.

#### ➤ *Studies on Textile Retailing*

Organized retailers need to understand the needs and expectations of customers and also the retail industry is still in its early stages with many challenges and also opportunities which need to be leveraged (Mittal & Prashar, 2022). Retailers need to integrate information systems to manipulate data and processes for sustained growth, yet technological advances also lead to multiple channel integration (Khurana & Garg, 2012).

Despite current technology, networks, and infrastructure, rural micro-entrepreneurs in India have yet to capitalize on e-commerce (Bhatia-Kalluri, 2021). The growth of mobile and internet users, the digital divide between rural and urban population, problems related with dispersing the service of e-commerce in rural areas and future prospects are presented (Islam et al., 2016). The apparel sectors have faced many challenges, and digitalization has become the new normal across manufacturing, retail, and supply chain management (J.M. et al., 2020). Firms are adapting to changes through appropriate talent and infrastructure (Leu & Masri, 2021).. Furthermore, retailers in developing countries experience

challenges due to consumer sophistication and rising costs (Phambuka-Nsimbi et al., 2015).

## V. ANALYSIS AND DISCUSSION

### ➤ *Current Scenario of Textile Industries in Sualkuchi Area:*

In India, organized retail business has already attained its maturity stage in major metro cities and big towns and as such the retail players are now targeting small town areas to maintain growth as well as profitability at the same time. As a result, India's north-east specially, Assam's Guwahati city has been a major destination for retail players which has witnessed a considerable growth in the number of organized retail stores in the recent times. Though, the rural and semi-urban areas are still out of reach of these departmental stores yet, looking at the recent trends in the growth of retail business and changing demographics in terms of increased income, youth population, better education among the people, changing perception of the people towards service, price and product range etc. good possibilities of organized retail business in these areas in near future cannot be wiped out.

Sualkuchi, located at the Kamrup district (Rural) of Assam is traditionally known as the textile hub of Assam. The current population of the area is 73,948. The distribution of population as per Gaon Panchayats has been given in the following table.

Table-Population Distribution in Sualkuchi Area:

Name of the Panchayat	Population
Bonsor	11115
Dadara	13095
Gondhmou	5848
Madhya Sualkuchi	11979
Pacharia	10492
Pachim Sualkuchi	6416
Pub Sualkuchi	7802
Singimari	7201
Total	<b>73,948</b>

Source: ASRLM Office, Sualkuchi Block

Although, as seen in the table Dadara, Bonsor and Madhya Sualkuchi are the most populated panchayats of Sualkuchi, yet most of the weaving activities are concentrated in Pub Sualkuchi, Pachim Sualkuchi and Madhya Sualkuchi panchayats. As a whole, nearly 90 percent of the population of the area is associated with handloom production and around 79 percent families of the area have traditional looms at their home. The main products from the area are cotton textile, silk textile, khadi textile etc. However Sualkuchi is uniquely known for its Mulberry and Muga silk products which makes Sualkuchi different from other silk hub. The owners or manufacturers hire weavers from nearby districts such as Baksha, Barpeta, Darrang, Nalbari etc. for weaving activities on contract basis and they are paid monthly salary ranging from Rs 4000 to Rs 12000 per month based on their designs and

volume of production. Most of the handloom producers sell their products to the middlemen, who subsequently sell those items to retail stores located at Sualkuchi as well as various organized set ups located at Guwahati. Though, there are around 100 retail shops located at Sualkuchi, yet the number of registered stores is very less. Some of the retail stores have their own production units but majority of them act as middlemen between the producers and customers, said Mintu Das, a retail vendor (Silkalay, Sualkuchi) located in the area. Further, as most of the retail stores are un-registered and unorganized, there are instances where the differences between the price charged from customers and paid to producers are very high. In this way, the small manufacturers who cannot afford their own retail shops are being exploited to a large extent.

### ➤ *Challenges in Organized Retailing of Textile Products:*

The entire economy of Sualkuchi is more or less based on textile and textile related activities. As mentioned above, nearly 90 percent of the population of the area is associated with handloom production and around 79 percent families of the area have traditional looms at their home. However, in the process of manufacturing and retailing or wholesaling of textile products, they often face many challenges, which are highlighted below.

- Weavers are not skilled due to which they often face challenges like fear of taking risk.
- The producers can not earn as per their expectation as because they rely on middlemen to clear their stock in expected time.
- As the industry is unorganized, weavers do not get their salary as per the rules framed under Government Laws like Payment of Minimum Wages Act etc. because of which the manufacturers also face difficulties in hiring skilled labors or weavers.
- Now-a-days, low quality similar silk products are often available at the market in the name of "Sualkuchi Silk" as the original producers do not have any process of branding their products. This has brought a kind of threat to the entire industry.
- Emergence of big players like Silk India Corporation, Gujarat, Karnataka Silk Industries Corporations Ltd., Bombay Rayon Fashions Ltd. etc. has been a major concern for the domestic silk industry.
- Now-a-days, e-commerce has become a part and parcel in the marketing strategy of any products or services. However, due to lack of digital literacy among people, lack of technological know-how among the producers has made it difficult to enter such E-commerce platforms.
- Lack of Government initiation for making the textile industries incorporated under the Companies Act, has made it difficult to make the industry organized.
- As the new generation is less attracted towards the traditional silk industry, the volume of the industry production is diminishing day by day.

## VI. CONCLUSION

“Assamese women weave dreams into their looms”- Said by Mahatma Gandhi for silk weaving centre of Assam-Sualkuchi. The history of Silk industry of Sualkuchi is very long and it dates back to 4<sup>th</sup> century as evidenced from some of the writings great Kautilya. Since then, through various ups and downs the industry has evolved and reached its current position. In contemporary time also, there has been a number of challenges and obstacles which have come in the way of rapid growth of the industry. However, recently the Government of Assam has taken various measures to revive the industry. To mention a few, creation of cluster level federation for GST registration of Self Help Groups (SHGs) engaged in handloom activities, providing of community investment fund (CIF) to the SHGs, providing bank loan up to rupees 80,000 to the SHGs, opening of a training institute (Sualkuchi Institute of Fashion Technology) for skill development of weavers under ASRLM etc. have been very prospective with respect to handloom industry of Sualkuchi. Further, the Government of Assam has announced a financial assistance of rupees 80 crores under State- Owned Priority Development (SOPD-ODS) for the financial year 2021-22. Moreover, a private limited company named Samidhan Axom Private Ltd. has signed an MOU with ASRLM to develop a local e-commerce platform (Mahura) for marketing of textile goods produced by SHG members.

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