

Why Couture Value Rises and Artisan Wages Fall in the Indian Fashion Economy, 1986 to 2026

1. Introduction A Single Garment, Two Economies

Let us consider a single bridal lehenga produced by the Kolkata-based house of Sabyasachi Mukherjee in 2024. The garment retails at INR 12 lakh¹ in the firm's Mumbai store. Its surface carries approximately 1,500 hours of zardozi metallic-thread embroidery, executed by hand in a workshop in Bareilly, Uttar Pradesh, India. The embroiderer who performs the work is paid, according to the most recent field survey by the Crafts Council of India and the Institute for Human Development, at an average of INR 270 per day. The labour content of the garment is then valued at the surveyed wage, which comes to approximately INR 50,000 roughly that is four per cent of the retail price. The other ninety-six per cent accrues elsewhere in the value chain.

The same year in which this transaction occurs, Aditya Birla Fashion and Retail Limited owns 51 per cent of the firm that sells the garment which was acquired in January 2021 for INR 398 crore. The implied enterprise value of the house at the date of acquisition was INR 780 crore, against firm revenue of INR 274 crore in the preceding fiscal year. Sabyasachi Mukherjee who is the founder, retained 49 per cent of an entity now valued at multiple-hundred-crore order of magnitude. The embroiderer in Bareilly does not own equity in any of these instruments and is not party to any contract that connects her future earnings to the firm's financial trajectory. The probability that her daily wage will rise meaningfully over the next decade is, on the historical data, low. The probability that the firm's enterprise value will continue to appreciate is, on the same data, high.

This paper takes as its central puzzle the divergence between these two trajectories. The puzzle is not that they exist; modern luxury industries routinely separate the geography of consumption from the geography of production, and a substantial proportion of the world's branded luxury operates on similar arithmetic. The puzzle is that the divergence in the Indian case is widening rather than narrowing during a period in which the broader global value chain literature would expect convergence. The first decade of the twenty-first century witnessed sustained intellectual and policy effort to establish that participation in higher-value-added segments of global production

¹ All monetary values throughout this paper are reported in Indian Rupees (INR) to reflect domestic primary data sources. For international comparability, USD equivalents converted at historical/benchmark exchange rates are compiled in Appendix A

networks should, through productivity, market access, and skill effects, generate what Barrientos, Gereffi and Rossi (2011) call "social upgrading" improvements in wages, conditions, and rights for workers in the chain. The Indian luxury fashion case appears to invert this expectation. The hand-craft segment has moved upward in the global value hierarchy across the period 1986 to 2026; its workers have moved downward.

The question is descriptively simple. It is analytically demanding because it cannot be answered within any of the existing literature examined in isolation. The Bourdieusian field-formation account (Khaire, 2017) explains how the Indian designer position became symbolically valuable but says little about how that value is distributed within the production chain. The global value chain literature (Gereffi, 1994; Tokatli, 2013) explains how production has been geographically separated from branding in luxury but treats India principally as a supplier-country case rather than as a luxury-producing one. The financialisation literature on creative industries (Caves, 2000; Lash and Urry, 1994) explains how cultural products become assets but does not engage with the labour-economics implications for the workforces that produce them. The Indian case sits at the intersection of these three literatures, and the value-wage divergence visible in the data is, I argue, the consequence of mechanisms specific to that intersection.

2. Theoretical Framework: Symbolic Capital, Social Upgrading, and the Two Functions of Craft

2.1 What the Existing Literatures Predict

Three theoretical traditions converge on the Indian luxury case, and each generates a partial prediction that the empirical data either confirms or disconfirms.

The first is Bourdieu's account of cultural production (Bourdieu, 1993), as applied to fashion by Skov (2002), Aspers (2010), and most directly to the Indian case by Khaire (2011, 2017). The Bourdieusian account predicts that field-formation work in the late 1980s would produce an accumulation of symbolic capital around the figure of the Indian designer, which would in turn permit the conversion of symbolic capital into economic capital at later stages of the field's development. This prediction is correct as

a description of designer-level outcomes; it is silent on the question of how the gains accruing to the field as a whole are distributed within the production network. Bourdieu's framework was developed to analyse the relations between consecrated and commercial artists, not the relations between artists and the labour that supplies their inputs. It carries no internal mechanism for predicting wage outcomes among the latter.

The second is the global value chain (GVC) literature, principally Gereffi's (1994) buyer-driven commodity chains framework and its subsequent extension by Tokatli (2013) on luxury specifically. The GVC literature predicts that integration of Indian craft labour into global luxury production should, over time, produce "economic upgrading" improvements in the value-added captured at the production node and, via the Barrientos, Gereffi and Rossi (2011) extension, "social upgrading" in the form of better wages and conditions. The Indian case partially confirms the first prediction (the craft segment now produces higher-priced final products than at any earlier point in its history) but disconfirms the second. The 2024 CCI-IHD study finds craft workers earning a mean of INR 270 per day, below the legal minimum wage in every surveyed state, with 67.1 per cent of handloom workers earning under INR 5,000 per month according to the Fourth Handloom Census. The literature's own subsequent work, particularly the systematic review by Guschanski and Onaran (2023) on labour-share dynamics in seven emerging economies including India has documented this decoupling of economic and social upgrading in other industries. The Indian luxury case is therefore part of a broader phenomenon, but it is an unusually clean instance of it: the same physical workers produce both the luxury garment and the symbolic claim of authenticity that justifies its price.

The third is the financialisation literature on creative industries, principally Caves (2000) and its sociological complement in Lash and Urry (1994). This literature predicts that cultural products will be progressively transformed into financial assets, with the symbolic content of the product becoming an input to balance-sheet construction rather than a feature of the product itself. The acquisition wave examined in Section 5 confirms this prediction. What the literature does not predict, but the Indian case requires, is an account of how the financialisation of cultural production interacts with the labour

conditions of the workforces that produce the cultural artefacts. A Sabyasachi lehenga monetised as part of an INR 780 crore enterprise valuation is a different economic object from a Sabyasachi lehenga sold at retail; the labour input to the second is variable; the labour input to the first is a fixed coefficient of brand-equity construction.

2.2 The Two Functions of Craft: A Theoretical Contribution

The paper's argument is based on a theoretical distinction between craftsmanship in India's luxury industry not explicitly mentioned in the other three literatures identified. Two roles are played by zardozi craftsmen in the luxury industry simultaneously: 1) The productive role is simply converting thread, fabric, and dye into finished product on the surface of an item (a marginal product is limited to whatever value they play per hour multiplied by the wage rate paid to them, which based on current evidence is between INR270-400/day) and 2) The productive role is also to provide craft work (i.e., how many square meters of surface can be completed each hour), which has a significantly greater marginal product than does the work done in the same hour through a machine (or laundered) using machines (i.e., as opposed to 1, etc.). Therefore, using traditional economic reasoning, the production function (the productive role of craftsmanship) within the luxury chain is a low-skilled production function and would have been further provided with craft-oriented wage determination by equivalently substituting power loom and machine embroidery production types of craft work at lower priced point.

The second use is signalling. Each zardozi hour, in this case, signals the otherwise normal-looking garment as hand-made, giving away the price differential between hand-made and machine-made goods. The signalling function is the true marker of distinction between a couture lehenga and a fast-fashion lehenga; this is exactly the "authenticity premium" in luxury marketing. In this market, the marginal value of the signal is not bounded with respect to a wage market but is the price a final consumer is willing to pay for an object laden with symbolic content-such as is demanded in the Indian wedding market that now extends to multi-lakh price points.

The conglomerate parent companies create value through their collective financial worth. They are not buying the value of the embroidery machine or the capacity to

create the product from each of the individuals who produce the clothing they are buying, instead they are buying the promise/claim that their products will be made in an artisanal manner, therefore giving them a competitive edge in comparison to similar style garments created by others. The work of the embroidery machine provides value to sustain the assertion but does not generate any intrinsic value from the craftsmanship that was used to create the item. Essentially, the cost of the work done for the embroidery machine is the cost of the authentication certificates that the consumer pays for, and the authenticity certificate represents the asset being created, while work done is simply an input cost.

The ability to distinguish between productive and signalling functions produces a testable prediction: if the productive and signalling functions could be separated; and if the cost of maintaining the signal could be reduced relative to the labour cost associated with producing it, then the example of the conglomerate parent will create an incentive for productive substitution of the signal while preserving it. Evidence presented in Sections 5 and 7 indicates that this substitution is happening at the margin, primarily in lower-tier or accessory product lines through machine embroidery, with handwork reserved for the visible surface (photo-ready) of the products (mostly bridal couture and Paris-couture products), that create proof of the brand's place in the market. The wage disparity should not be regarded as a market failure that needs correction, but rather as a direct economic result of the structural separation between the two functions of craft labour. The signal has a bankable (equity) value. The labour, in capital market terms, is a recurring expense that must be minimised while still maintaining the signal. The argument/proposition that will be explained and supported in the rest of the paper is this econometric theory.

3. Methodology and Sources

Four different categories of evidence were used to conduct the investigation detailed in this report. Public documents submitted by Aditya Birla Fashion & Retail Limited and Reliance Industries Limited to the Bombay Stock Exchange and Securities and Exchange Board of India between January 2021 and December 2024 were analyzed.

These documents include definitive agreements; quarterly report submissions; and annual reports. The information they provided included the value of the deal, shares held by each party, and the revenue generated by the acquired company, all of which were cited in Section 5. Third-party research reports published by IMARC, Expert Market Research, Technavio, and Grand View Research assisted us in determining market sizes for each segment and verifying all numbers from two or more sources (in addition to each of these three methods, we found reports from Business of Fashion, Women's Wear Daily, Vogue Business, Fashion United, Business Today, Business Standard and Outlook Business useful in creating deal stories/dealer comments/competitor responses). Lastly, the Fourth All India Handloom Census of 2019-2020 conducted by the Ministry of Textiles and the Crafts Council of India & Institute for Human Development Economics of Indian Crafts will provide the most reliable estimate of the craft workforce size in India via field surveys, the average wages earned by this workforce and the rate at which this workforce is declining; no other source has produced an estimate with such a level of statistical reliability.

There are three caveats associated with the methodology used in this study. First, all companies studied were designer owned private companies. Other than the financial results released by public companies that have acquired designer companies as required under SEBI rules, there is no full disclosure available to public or private analysts as to how much money patterns are reflected in public record-keeping systems. Hence, when a financial figure does appear in public records (either from a reputable third party valuation service) it shall be identified as an authoritative figure; otherwise, it will only be treated as such in terms of its identification as having been identified from data sources that can be verified by third-party company analysts or from the company's own financial records. Second, while there are numerous designer companies within each segment of this study, comparisons of those manufacturers are complicated by various structural differences among those designers that consider their relative efficiencies: for instance; while. Sabyasachi's brand is vertically integrated across all key product categories (apparel, jewelry and accessories) within one legal entity, the House of Anita Dongre is represented by four independent (in terms of both lines of business and financial reporting purposes) yet affiliated brands collectively

produced by the House of Anita Dongre. Finally; given the relatively short time frame for this study to be performed, the long-term impact of conglomerates cannot yet be understood; thus, the forecasting of long term trends in this area shall be set as contingent projections rather than findings.

The analytical strategy combines historical reconstruction (Section 4), quantitative documentation of the divergence (Section 5), three case studies that surface the operating mechanism (Section 6), causal analysis (Section 7), and counterfactual examination (Section 8). The three case studies are selected for theoretical variation rather than empirical typicality: Sabyasachi represents the most complete instance of the financialised configuration; Rahul Mishra represents a divergent strategic position in which symbolic capital is accumulated through Parisian institutional admission rather than through Indian retail scale; the House of Anita Dongre represents the counterfactual designer house that has refused majority conglomerate ownership and pursued vertical integration on its own balance sheet.

4. Historical Conditions for the Divergence

The Indian textile industry does not have a systematic divergence between value and wage. Instead, this was developed over time as a historical phenomenon shaped by three particular phases of field formation, institution building and capital market activity between 1986 and 2024. The relationship between value and wage was different in each of these three sub-phases.

4.1 The Pre-Field Phase, 1947–1986

While the economic fragmentation, geographical diversity and technical diversity of India's craft economy meant there was a vast array of handloom weavers and associated workers approximately 65 lakh by the First Handloom Census (1987-88) the relationship between these producers and consumers was mainly direct through co-operatives or local traders. Design (and therefore the added value through branding) on the other hand was not yet acknowledged as an independent form of economic activity. Ritu Kumar established a small block-printing business in Kolkata in 1969. This

was the first step toward establishing the separation between the two areas of work, but was only an incomplete, developing version of this approach.

The pre-field phase regarding analytical labels was the phase/time frame during which a construction of the value-wage divergence had yet to occur. The artisan (craft worker) was able to receive a low-level yet relatively stable proportion of the overall retail price of the goods due to the slim mediation layer between them and the consumer. The total price/value creation derived from branding was also considerably reduced (nearly negligible) because there had been very little engagement in branding as a practice associated with Indian attire.

4.2 The Field-Formation Phase, 1986–2010

Two institutional moves in 1986 initiated the formation of a new field: 1) the Ministry of Textiles established the National Institute of Fashion Technology (NIFT) in Delhi; and 2) Abu Jani and Sandeep Khosla established their couture practice in Mumbai. Both institutional moves established the proposition that Indian dress could support a distinct professional design category that lay outside the existing tailoring and textile-manufacturing sectors. The establishment of Ensemble (1987), in Mumbai, by Rohit Khosla, Tarun Tahiliani and Sailaja Tahiliani, provided the necessary retail infrastructure for the proposition. Khosla's 1991 collection, *Dust and Coal*, established the aesthetic foundation of Indian luxury, as differentiated from the festive language of Indian dress and the minimalism associated with Western luxury.

The liberalisation of the economy in July 1991 changed both the demand and supply structure that the new field needed to operate within. Demand was impacted by the entry of foreign brands, a rapid growth of the urban professional class, and an expansion of consumer credit. At the same time, supply was impacted by a decrease in the cost of imported fabric and machinery, as well as easier access to working capital for designers. The position that was created during this time was defined by four designer entries from 1995 to 2005. Tarun Tahiliani left Ensemble to start his own atelier specialising in drape-based bridal couture in 1995. Anita Dongre launched AND in 1995 using two sewing machines from a flat in Mumbai. Sabyasachi Mukherjee graduated

from NIFT Kolkata with three of its four most prestigious awards in 1999 and started his own label in 2002. Manish Malhotra, who has been working continuously as a Bollywood costume designer since 1990, established his own designer label in 2005.

Analytically, the phase of field formation is when the divergence between value and wages has been created. With each designer that entered the marketplace they produced another layer of intermediation between the producer (the artisan into the consumer) and each successful collection demonstrated that the consumer's willingness to pay could be increased because of the symbolic value added to the product during the design and branding process. As designers increased the symbolic value of their designs, the artisan's portion of the total retail value diminished. The emergence of this divergence started during this phase but was defined by the fact that a majority of designers were still operating as small businesses with very limited ability to leverage their symbolic capital into financial assets because of their relatively small scale.

4.3 The Financialisation Phase, 2020–2026

On January 27, 2021, Aditya Birla Fashion and Retail Ltd., announced that it will purchase 51% of Sabyasachi Couture for ₹398 crores and, from that date up to July 2024, executed eight other equity transactions of similar nature. A detailed analysis of the various transactions will be discussed in Section 5; however, for the purposes of the current analysis, it should be noted that the financialization phase created a new economic actor (the conglomerate purchasing the couture house) whose interest in the couture house is no longer determined based on the underlying business's cost-per-garment, but instead derives from the appreciation of the brand-equity asset purchased during the transaction. The conglomerate's incentive structure differs from the founder's incentive structure with regard to their treatment of artisan welfare. Specifically, since the founder is personally embedded within the production network, the founder has the potential to see artisan welfare as an ongoing concern, whereas the conglomerate is only able to see the cost of artisan compensation as an expense item that must be optimized; otherwise, the organization's credibility as an effective brand will deteriorate. The fundamental differences in these two types of incentive structures have

resulted in an acceleration of the value-wage divergence observed in the data since the beginning of 2021.

5. Documenting the Divergence

5.1 The Capital Side: Acquisition Values 2021–2024

Table 1 summarizes each of the nine recorded equity transactions between Reliance Brands Ltd and Aditya Birla Fashion and Retail Ltd that have been executed from October 2021 to July 2024 (with the relevant deal value, equity ownership percentage and revenue figures for the acquired entity where available).

Table 1. Indian Designer Acquisitions by Domestic Conglomerates, 2021–2024

House	Founded	Acquirer	Stake	Deal Value	Year	FY Revenue
Sabyasachi	2002	ABFRL	51%	INR 398 cr	Jan 2021	INR 274 cr (FY20)
Manish Malhotra	2005	Reliance Brands	40%	Undisclosed	Oct 2021	INR 144 cr (est.)
Ritu Kumar	1969	Reliance Brands	Majority	Undisclosed	Oct 2021	Not disclosed
Tarun Tahiliani (Goodview)	1995	ABFRL	33.5%	INR 67 cr	2021	INR 148 cr (FY24)
Abu Jani Sandeep Khosla	1986	Reliance Brands	51%	Undisclosed	Apr 2022	Not disclosed
Rahul Mishra	2008	Reliance Brands	JV	Undisclosed	2022	Not disclosed
Anamika Khanna	1998	Reliance Brands	Strategic	Undisclosed	2022	Not disclosed
Abraham & Thakore	1992	Reliance Brands	Majority	Undisclosed	2023	Not disclosed
Tarun Tahiliani (top-up)		ABFRL	+17.5% to 51%	INR 127.42 cr	Jul 2024	INR 148 cr (FY24)

Sources: ABFRL and RIL regulatory filings; Business Standard; Business of Fashion; Tracxn.

Three things should be noted: firstly, ABFRL has continuously reported the value of received transactions (total value of around 592,00 INR for both of the majority positions), while as per my knowledge, Reliance Brands has continuously failed to report the value on six transactions; the estimated amount that is done by Reliance Brands is 350-500 million based on articles in trade publications; secondly, the total value to sales multiple for the Sabyasachi transaction was 2.85 times, which would appear to be in line with the global comparisons (approximately 2.3 times for Tapestry to Stuart Weitzman; and well below 4 times for KERING-YSL); Finally, the location of the houses purchased (9 total which were located within the same region of India) appears to indicate the geographical location of patronage, not where the goods are produced. The houses that were acquired are referred to as the symbolic-capital nodes of the chain and not the productive nodes.

5.2 The Labour Side: Wages and Workforce, 1995–2024

When compared to the appreciation rates of other high-value brands discussed previously, we see a continued contraction in the workforce producing couture as well as the wage rates paid to those workers being below minimum wage. Table 2 presents an overview of the headline indicators we found.

Table 2. The Indian Craft Labour Force: Selected Indicators, 1987–2024

Indicator	Value	Source
Handloom weavers + allied workers, 1987–88	65 lakh (6.5 million)	First Handloom Census
Handloom weavers, 1995	43.31 lakh (4.33 million)	Census comparison data
Handloom weavers, 2010	24 lakh (2.4 million)	Third Handloom Census
Handloom weavers, 2019–20	35.22 lakh (3.52 million)	Fourth Handloom Census
Net workforce decline, 1995–2020	–38 per cent	Census comparison
Weavers earning under INR 5,000/month, 2019–20	67.1 per cent	Fourth Handloom Census
Mean daily wage, craft sector, 2024	INR 270	CCI–IHD 2024 study

MGNREGA daily minimum wage, 2024	INR 250–325	MGNREGA notification
Handloom units reporting decline (Tamil Nadu)	66.3 per cent	CCI-IHD 2024 study
Female share of handloom workforce	72 per cent (25.46 lakh of 35.22 lakh)	Fourth Handloom Census

There are two key aspects to consider. 72% of the handloom workers are women, and the majority are from historically disadvantaged groups - Scheduled Castes/Scheduled Tribes/Other Backward Classes. The disproportionate concentrations of wage gaps create stratification by virtue of past social disadvantage being systemically perpetuated in the modern-day market. The second aspect is that 66.3% of the handloom units studied in Tamil Nadu are said to be in decline, while only 2.1% were showing any signs of growth. As such, a significant portion of young artisans who were born into families who produced handloom products do not wish to work as artisans.

5.3 The Divergence Quantified

Looking at the time series generated by the Table 1 and Table 2 data, we can see that between FY 2019-20 (Sabyasachi's last reported pre-acquisition revenue) and today, the firm's enterprise value has increased by over 50% to 100% in the past four years, from approximately INR 350 to INR 500 crore pre-acquisition to an implied value post-acquisition of INR 780 crore. For the same time period, the mean daily wage of the company's main workforce in producing the company's primary product has been stable, by all current evidence, at between INR 250 and INR 300 a day, representing a 25%-30% decline in real value once adjusted for CPI inflation of about 6% annually. And the two time series are negatively correlated (they are moving apart from each other) at each time point during the same time span.

Divergence is also true for the acquired houses shown in the table below (Table 1). Using a similar methodology, the average capital investment for the nine acquired houses was approximately between INR 750–1,000 crore across this time period, with most of that investment being directed toward the design and branding aspects of the

chain. The production facilities that produce artisan-produced goods received no measurable form of incremental capital investment over this same time period, with the potential to receive some form of incremental capital investment as a result of a designer-specific initiatives (including those of the Dongre group's Grassroots program and Rahul Mishra's skirt wage policies) which produced positive results for only tens of low hundreds of artisans instead of working towards the thousands that would need to be served to significantly impact the overall labor market performance indicators.

6. Mechanism Identification

These three case studies demonstrate how the value-wage gap is generated. The complete example of a financial configuration that has separated the founder's symbolic capital from themselves and converted it into a stock on their books can be seen in Sabyasachi's case. The case of Rahul Mishra represents an opposite strategic direction that accumulates symbolic capital via Parisian institutions instead of Indian retail, creating different consequences for how craft labour will be mobilised. Anita Dongre's company represents a counterfactual designer company that has not taken majority external equity and what corresponds to this for both financial valuation and labour market outcomes, both positive and negative.

Case Study 1: Sabyasachi Mukherjee The Maximalist Auteur and the Industrialisation of the Signal

In Kolkata, in 1974, Sabyasachi Mukherjee was born. In 1999, he graduated from the National Institute of Fashion Technology in Kolkata, winning three of the school's top honors for graduating students. His namesake label was launched in 2002 with a reported working capital of Rs 20000. As of March 2020, Sabyasachi reported revenues of Rs 274 crores and operated five standalone stores (in Mumbai, New Delhi, Hyderabad, and Kolkata) as well as international locations in the US, UK, and Middle East.

The aesthetic of minimalism created the foundation for the field of fashion, however, Sabyasachi is making an opposite statement through his designs. He is using maximalism versus Rohit Khosla's minimalism by using heavy zardozi embroidery, layering of textiles, being inspired by British Victorian & Mughal royal dressing styles, and the use of saturated reds, cream, and gold metallics. By 2015, Sabyasachi's aesthetic had become the dominant aesthetic in Indian bridal couture, which meant that wearing one of Sabyasachi's lehengas had become the most desired garment among all Indian parents. The average retail price for a bridal lehenga was between 8 and 25 lakh INR.

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The parent company's operational strategy is defined by three distinct strategic actions, all of which relate to the main research question. The first action was opening the international flagship store in Manhattan's West Village (2022). This was the first-ever directly-operated (by Indian designer label) flagship store in a foreign country (5,800sf). The store will generate revenue through two primary sources: (1) the Indian diaspora (with high disposable income) living in the New York metropolitan area, and (2) penetrating a non-Indian aspirational market through jewellery and accessories that will subsequently lead to couture purchases. The second action was upgrading the company's existing four-year partnership with Bergdorf Goodman — initiated in 2020 with a jewellery activation that originally generated \$2.5M in sales during that period of time — to a 600sf concept shop that opened in November 2024. In addition, the company extended the concept to the West Coast by opening a Saks Beverly Hills store in 2024. The third significant strategic action involved the appointment of Manish Chopra as CEO in July 2025, regarded as the most important institutionally-level-personnel decision made during the transition period after acquisition. With no experience in the fashion industry, Chopra's previous executive leadership was with private equity and consumer packaged goods companies. Chopra's hiring establishes a structural separation between the creative (retained by Mukherjee) and operational functions (reporting jointly to Mukherjee and ABFRL).

The Sabyasachi example is unique in answering the research question because it shows how licensing agreements made between Sabyasachi and other brands from

2021-2025, including Estee Lauder (lipsticks), Christian Louboutin (shoes), Pottery Barn (home décor), H&M (mass market apparel), and Starbucks (limited edition products), all monetize the Sabyasachi signal without having to substantially increase zardozi production. In particular, the H&M partnership is a great example—while they can sell their versions of Sabyasachi's style to mass markets for a fraction of what his couture lines cost (in some cases, by orders of magnitude), they made the garments strictly within the H&M supply chain (think machine printed copies of Sabyasachi's designs), and no access was given to the firm's artisans to carry out the work. In terms of numbers, the H&M relationship alone produced industry estimates of 3-5 times more units than the firm's total volume of couture produced annually. This is the operation of the theory: the signal has been divorced from its production base and licensed at significant volume. The financial value of the firm continues to ascend, while no wages have been paid to the artisans that produced the items.

A second example can be seen in Sabyasachi's Handbag Business, with handbags currently selling for \$1,500 to \$6,000. The product line studied indicates that embroidery is predominantly machine made with hand finishing on the visible surfaces, thus allowing for a more efficient way to expand the leather goods business than by relying on hand embroidery. In addition, because leather goods can bear the brand signal but have a much lower labor cost compared to the couture line, they are the fastest growing product category in Sabyasachi's portfolio. This trend continues across the accessory line, home line, and international ready-to-wear distribution, as evidenced by production substitution out of the same dynamics of signal extraction.

Case Study 2: Rahul Mishra The Paris Strategy and the Reverse Configuration

Rahul Mishra, hailing from Malhausi, a village near Kanpur, Uttar Pradesh, was born in 1979. He began his education at the undergraduate level with a major in physics and eventually transitioned to design, attending the National Institute of Design in Ahmedabad to obtain his master's degree in apparel design. He graduated from the program in 2005 and received the distinction of being the best student designer at the Institute of Design. In 2009, 4 years after graduating from the National Institute of

Design, Mishra was awarded a scholarship as the first non-European student to the Istituto Marangoni in Milan; this further propelled his transition into becoming a designer. In 2008, Mishra opened his eponymous brand in Mumbai and initially produced his garments from Dara, by working directly with local craftsmen (such as embroiderers and weavers), who had previously not produced high-end couture pieces.

The strategic stances of Mishra diverge at their core from those of Sabyasachi. While Sabyasachi is aiming for the Indian wedding wallet with maximalist bridal couture, Mishra is placing his brand at the top of the global couture hierarchy with revenue from a much lower volume than Sabyasachi, but individual revenue from units priced substantially higher. The position provides Mishra with considerable symbolic capital. The strategic inflection point was the receipt of the International Woolmark Prize in Feb 2014 as the first Indian designer ever to win it. This award was followed by Mishra's acceptance into Paris Fashion Week during Oct 2014, and as of Jan 2020 Mishra was the first Indian designer to officially enter the schedule of the Federation Francaise de la Haute Couture et de la Mode Paris Haute Couture Week. Mishra continues to be the only Indian designer on this schedule, with Gaurav Gupta joining in 2023.

The Mishra Case in this context is important to study because it appears to reverse the traditional value-wage mismatch. Time spent on a Mishra couture gown, as quoted on the firm's website, can take from 1,500 to 5,000 hours of embroidery labour, with prices ranging from EUR 30,000-150,000 for a completed garment based on retail sale prices at each of the company's 30-40 annual couture shows. Specifically, since the company has publicly stated its intention to pay all clothing manufacturers in its embroidery cluster above typical wage rates in each country where it operates, the arithmetic seems to indicate that there should be many more production employees receiving a significant amount of their final retail value from the producer than there would be employees producing garments at Sabyasachi.

However, on further analysis of the situation, it can be concluded that the inversion is not complete, as two points provide qualifications to this conclusion. Firstly, regarding the scale of the Mishra atelier's entire output due to the small volume of each piece produced, the thirty to forty pieces produced by the Mishra atelier per season support

approximately one hundred fifty to two hundred embroiderers in full-time equivalent terms. Therefore, the contribution made towards the Indian craft sector's total labour force of thirty-five lakhs is minimal and, separately, forms no part of the macro-level wage dynamics established in Table 2. Secondly, the firm's ready-made apparel and wedding collections are produced using the traditional method of supply chain economics, to a significant extent, such as by using machine embroidery and producing accessories for the wedding market offshore, both of which result in a significantly different cost structure than is associated with the products selling as part of the firm's ready-made apparel line. In effect, the Paris location provides the symbolic capital that supports the price points of the firm's ready-made apparel; the price points are created at the same cost structure as the products selling at those price points within the firm's ready-made apparel collection.

The Reliance Brands joint venture announced in 2022 should be read in this context. Unlike the ABFRL–Sabyasachi or Reliance–Manish Malhotra transactions, the Mishra arrangement is a joint venture rather than an outright equity acquisition; Mishra retains substantially more operational independence. The structure permits Reliance to provide retail, accessory-licensing, and India-market infrastructure while leaving the Paris-facing couture operation creatively independent. The arrangement implicitly acknowledges that the Mishra symbolic capital is more fragile than the Sabyasachi symbolic capital, because the former depends on continued admission to a Parisian institutional system whose gatekeepers are particularly attentive to perceived dilution. A full corporate acquisition of Mishra, with the operational and aesthetic compromises that typically follow, might cost the brand the Paris position on which its broader symbolic positioning rests.

The Mishra case therefore shows that the value-wage divergence is not inevitable at the firm level. A designer house can, with conscious effort and the acceptance of slower financial scaling, channel a higher proportion of final retail value to the production base. The case also shows the limits of this approach as a solution to the aggregate problem: even the firms making the greatest effort cannot, at their present scale, materially affect the headline labour-market indicators.

Case Study 3: The House of Anita Dongre The Refusal of Conglomeratisation and Its Costs

Anita Dongre was born in Mumbai in 1963 and graduated from SNDT Women's University in 1985 with a degree in fashion design. She began her commercial venture from her parents' flat in Mumbai in 1995 using two sewing machines. In the same year, she launched her first label (AND), aimed at providing urban professionals with western-style apparel. In 2007, she launched her second label (Global Desi), featuring bohemian-style clothing and fusion wear. The House of Anita Dongre-brand (bride and special occasion) was separately launched and reported a retail turnover of 800 million (India rupees) in FY 2019–2020 and 2700 million (India rupees) in FY 2023, making Dongre to be by Forbes' estimation the single female fashion designer with the highest % of net worth in India (approximately \$10 million).

Analytically, House of Anita Dongre is significant as it embodies a different path from being acquired by conglomerates. They have not sold a majority of any equity to either Reliance or ABFRL and operate over 270 stores in India and certain other countries, have vertically integrated supply chains (including their own manufacturing) and have been publicly lobbying for craft sustainability (with programs called Grassroot) by working with rural women weavers in Maharashtra and Rajasthan, for some time.

The Dongre case illustrates how labour practices and financial performance can be directly related to each other. Labour statistics for artisans employed by the Dongre Group show that they earn significantly higher wages than those in companies owned by conglomerates. Artisan wages for grassroots level artisans working for the Dongre Group range from INR 8000-15000 per month while the median wage in other companies is less than INR 5000 per month. The Dongre Group also provides skill development training and provides health insurance for some of their artisans. From a financial perspective, the financial performance of the Dongre Group has lagged behind their conglomerate owned competitors. For instance, revenue growth since acquiring Sabyasachi has been stronger and growth of international sales has happened at a faster pace than previously. Therefore, given that the level of competitive intensity within Indian couture continues to increase, if the Dongre Group can sustain their independent

position, is currently unknown based upon available evidence. Therefore Anita Dongre's case indicates a universal trade-off between firms that have sustainable production economics and slow growing firms, and those that are fast growing by using industrialisation to compress the production base share of final value within their supply chains. The same trade-off can be seen throughout the global luxury industry continuously since World War II. The only difference with the Indian model is that the period of time that the Indian luxury sector has traversed this trade-off has been dramatically shorter, about five years compared to thirty-seven years in European luxury.

7. A Four-Part Causal Account

The evidence presented in Section 5 and Section 6 clearly shows that there is a significant gap between the financial value of Indian haute couture (i.e., designer clothing) and the wages paid to the artisans who create that designer wear. In fact, the case studies reveal that this particular case falls under a very specific mechanism; namely, signal-extraction through production-substitution at the margin. The organisation of the causal chain of the variables is accomplished in the following four categories/areas.

7.1 Signal-Input Asymmetry

The function of craft labor as a signal and as a product creates two types of value at very different scales. The value created through the function of craft labor as an indicator is obtained in the form of bankable brand equity, while the value created through the craft labor function as a product is a cost variable. This distinguishes between the two functions as analytically separate and thus provides a basis for the conglomerate parent's rationale to pursue the maximization of the first function and the minimization of the second function while maintaining credibility. There is evidence from the case studies, most notably the Sabyasachi licensing partnerships, to support this rationale. The asymmetry of value created by these two functions is not a decision made by a single firm, but is structurally constructed through the process of creating brand equity in the luxury marketplace that has a craft-authenticated component.

7.2 Information Asymmetry Between Workshop and Atelier

A second reason is that there is no transparency regarding the pricing of finished garments in retail vs what the embroidery workshop does to produce the embroidery. For example, a Bareilly-based embroiderer working on a Sabyasachi-designed lehenga will not know how much the finished garment will be sold at retail, what was the agreed value of her work within a conglomerate valued at INR 780 crore, or what other brands are licensing from Sabyasachi using the Sabyasachi name in high volume. The craft sector has traditionally utilized cooperatives to organize collective bargaining historically but, according to the CCI-IHD evidence presented in this report, there has been a

decline in cooperative activity over three decades. Many handloom units no longer exist as cooperatives but now operate as informal, household-based businesses. This is evidenced by the majority (97.4%) of establishments identifying five or fewer workers suggesting that the informal sector does not have the same level of support as would be available if they were to form cooperatives and pool resources which could enable them to negotiate collectively with suppliers and buyers of their products.

The result is a labour market that operates without meaningful price discovery. Embroiderers know what the master karkhanedar pays them; they do not know what the karkhanedar charges the designer house, nor what the designer house charges the consumer, nor what the consumer pays for the brand signal embedded in the work. Without this information, the artisan cannot rationally bargain for a share of the value she produces, even in the partial sense that wage labour can do so in better-structured markets.

7.3 Substitution Threat as Wage Discipline

The third cause is the credible threat of substitution by power loom and machine embroidery. The Indian power-loom sector produces visually-similar approximations of handloom output at substantially lower cost; competition from power looms is the most-cited reason in the CCI-IHD survey for handloom-unit decline. The threat does not need to be acted upon to discipline wages; it is sufficient that the threat be available. Each Bareilly embroiderer knows that the karkhanedar can, at the margin, substitute machine embroidery for hand embroidery in product lines where the difference is not visible to the final consumer. The threat caps the wage at which it remains rational for the karkhanedar to retain the hand-embroiderer. The cap operates regardless of how much the designer house, or the conglomerate parent, can charge for the visible hand-work on its couture line.

7.4 Conglomerate Time Horizons and the Discount Rate Problem

The fourth cause is the time-horizon mismatch between the conglomerate parent and the craft economy. A listed conglomerate operates on an analyst-coverage cycle of quarterly results, an investment-committee horizon of three to five years, and a

strategic-planning horizon of perhaps ten years. The reproduction of craft knowledge requires inter-generational transmission across approximately twenty-five-to-thirty-year cycles. The two cycles are not commensurable. The conglomerate parent can rationally treat the next generation of artisans as a variable input to be hired in the open labour market at prevailing wages; it cannot rationally invest in the wage levels and training infrastructure required to sustain the inter-generational transmission of the craft, because the returns to that investment will be captured by competitors who hire the trained artisans without bearing the investment cost. The result is the classic public-goods underprovision problem. Each conglomerate parent has an incentive to free-ride on the existing craft base while it lasts; no parent has an incentive to invest in its reproduction; and the base accordingly contracts.

The CCI-IHD inter-generational transmission data is the empirical signature of this fourth cause. Children of artisans, who would in earlier periods have entered the trade, now systematically choose alternative employment paths. The artisan workforce is therefore in a slow but observable demographic decline that the wage levels of the present industry are insufficient to reverse.

8. Counterfactuals: Two Comparisons

8.1 The European Luxury Trajectory

European luxury houses underwent a comparable transition from artisanal to industrialised configurations across approximately seventy years, between roughly 1950 and 2020. The transition occurred in stages: the founder's death or retirement, succession by an outside creative director, conglomeratisation (typically by LVMH or Kering), accessory and fragrance extension, and finally globalisation. The wage trajectory of the underlying craft workforce was, on the available evidence, broadly stable in real terms across the period; European luxury houses paid leather-workers, embroiderers, and tailors at levels that tracked broader European wage growth, with the result that the value-wage divergence was less pronounced than in the Indian case.

Three structural differences explain the contrast. First, European luxury operated in labour markets with effective collective bargaining and statutory minimum wage enforcement that the Indian craft sector lacks. Second, the European workforce was substantially smaller and more formally employed: a Hermès leather worker is on a payroll with social charges, whereas a Bareilly zardozi worker is overwhelmingly on piece-rate informal employment. Third, the European luxury houses had national champions, the French state in particular through bodies including the Comité Colbert that explicitly defended both the brand and the labour base as elements of national patrimony. The Indian configuration has no comparable institutional defender of the craft base.

The European counterfactual indicates that the value-wage divergence in the Indian case is not a necessary feature of luxury production. It is a feature of luxury production in the specific institutional context of contemporary Indian labour markets.

8.2 The Dongre Counterfactual

The House of Anita Dongre, examined in Section 6, shows that a designer house can adopt internally more equitable practices without losing its position in the field. The Dongre wage policies sit well above the sector median, and the group has scaled to INR 1,000 crore turnover without majority external equity. The counterfactual indicates that the value-wage divergence is not inevitable at the firm level.

What the Dongre counterfactual does not show is that the configuration is scalable to industry-wide adoption. The group's slower revenue growth relative to the conglomerated peers is itself the disciplinary mechanism that prevents broader adoption: firms that adopt Dongre-like wage practices grow more slowly than competitors who do not, and the competitive intensity of the Indian couture market does not permit indefinitely slower growth without loss of relative position. The Dongre case is therefore the exception that confirms the rule. It shows that better practice is possible at the firm level; it does not show that the industry as a whole can move to better practice through the uncoordinated action of individual firms.

Appendix

A: Currency Conversion Reference Table

Note on Conversion Methodology: Conversions are calculated using average historical exchange rates corresponding to transaction years (e.g., 2021: $\sim 1\text{USD} = 74.5\text{INR}$; 2024: $\sim 1\text{USD} = 83.0\text{INR}$; 2026 current benchmark: $\sim \$1\text{USD} = 85.0\text{INR}$) sourced from the Reserve Bank of India (RBI) reference rates.

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