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## A GROUND REALITY OF GEOGRAPHICAL INDICATION TURNING INTO GLOBAL INDUSTRIALISATION

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### ABSTRACT

Although the Geographical Indications of Goods (Registration and Protection) Act, 1999 was intended to be a ground breaking legal tool for protecting India's traditional knowledge and fostering regional economic growth, its execution reveals significant structural and distributional issues. The instances of Darjeeling Tea, Araku Coffee, and Kolhapuri Chappal illustrate that while GI tagging has effectively improved global visibility, branding, and export value, it has not succeeded in guaranteeing fair benefit-sharing with local producers and artisans. Even with high international prices and cultural significance, plantation workers, tribal farmers, and leather artisans continue to earn meager incomes, caught in exploitative supply chains led by intermediaries and corporate players.

From 1999 to 2025, India's GI regime has witnessed significant growth, with registrations spanning handicrafts, agricultural products, textiles, and manufactured goods, and increasing participation from diverse states. This paper highlights the on-going concerns with the help of recent cases such as **Darjeeling Tea** (the first Indian GI, battling global misuse), **Araku Coffee** (highlighting corporate collaborations and producer vulnerabilities), and **Kolhapuri chappals** (threatened by counterfeits and industrial imitation) underscore the opportunities and challenges in leveraging GIs for producer welfare and cultural preservation.

Despite progress, challenges persist weak enforcement, lack of awareness, limited international protection, and inequitable benefit-sharing. The way forward lies in enhanced certification, digital market integration, international cooperation, awareness campaigns, and stronger supply chain linkages. Thus, the GI Act, 1999 has evolved from a trade obligation into a crucial tool for economic empowerment, cultural heritage protection, and global market positioning of Indian products.

**Keywords:** Geographical Indications, producers, products, distributors.

## INTRODUCTION

A **Geographical Indication (GI)**, hereinafter referred to as **GI**, constitutes a category of intellectual property signifying that a particular good or product originates from, and is manufactured or produced within, a specified agricultural, regional, or local territory. Such indication operates as an authentication of origin, conferring legal recognition upon the nexus between the product and its geographical source.<sup>1</sup>

A Geographical Indication (GI) usually appears as the name of the place where the product is cultivated or manufactured for example, “Araku’ coffee or “Kolhapuri’ chappals, each linked to a particular region in India. However, a GI can also be a name that has become closely associated with the product’s place of origin, such as Darjeeling Tea. It serves as an assurance of authenticity and traditional value, establishing a legal and cultural connection between goods and their geographical roots. Unlike trademarks or patents that protect individual or corporate innovations, GIs are inherently collective rights belonging to a community of producers who share a common heritage. In essence, a GI signifies more than just a label, it embodies the identity, craftsmanship, and cultural history of a region. The global recognition of GI protection originated in early twentieth-century France through the

Appellation d’Origine Contrôlée (AOC) system, which regulated the quality and authenticity of regional products like wines and cheeses. This model later inspired similar frameworks in Europe, culminating in the European Union’s comprehensive policy on regional and traditional products. International protection of GIs evolved through the Paris, Madrid, and Lisbon agreements, but TRIPS (1995) integrated them into global trade. Article 22.1 defines a GI as a sign linking a product to a specific place whose qualities or reputation stem from that origin, giving the concept stronger international recognition.

To meet its TRIPS commitments, India introduced the Geographical Indications of Goods (Registration and Protection) Act, 1999, along with the 2002 Rules, creating a strong national system for registering and protecting GIs. The legislation aims to empower local producers, promote rural development, and prevent misappropriation of traditional knowledge. The GI

Registry, headquartered in Chennai, oversees this system. Over the years, India’s GI portfolio

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<sup>1</sup> Kundan Kishore, Geographical Indications in Horticulture: An Indian Perspective, JIPR Vol. 23 (4-5) 151, 159 (2018).

has grown remarkably, with more than 658 registered products as of 2025, spanning diverse categories like handicrafts, agricultural goods, manufactured items, natural products, and foodstuffs. States like Karnataka, Tamil Nadu, and Kerala lead in registrations, reflecting their vibrant artisanal and agrarian sectors. Yet, the unequal geographical distribution of GI registrations, particularly in the North and North-East, underscores regional disparities in awareness, institutional support, and producer capacity.

Despite significant achievements, the Indian GI regime faces persistent challenges in ensuring equitable benefit distribution and effective enforcement. Many GIs are registered by government departments or academic institutions rather than producer associations, limiting community participation. Weak inspection mechanisms and the dominance of intermediaries often result in genuine artisans receiving minimal returns, as seen in the cases of Darjeeling Tea, Kolhapuri Chappals, and Araku Coffee. Moreover, the territorial nature of GI protection restricts its effectiveness abroad, exposing Indian products to imitation and cultural appropriation, as illustrated by the Prada–Kolhapuri Chappal controversy.

## HISTORY

The origins of Geographical Indication (GI) protection may be traced to the early twentieth century, with France being the first jurisdiction to establish a formal system. This framework, known as *Appellation d'Origine Contrôlée (AOC)*, constituted the earliest recognized model for the legal protection of geographical designations of products. Products that satisfy specific geographical origin and quality standards may receive a government-issued certification mark, serving as official confirmation of both their provenance and compliance with established criteria. Notable examples of such “appellations of origin”<sup>2</sup> include Gruyère cheese from Switzerland and various renowned French wines.<sup>3</sup>

The European Union’s commitment to enhancing food quality has been reflected in its agricultural policy since the 1980s, commencing with the establishment of wine quality labelling schemes. In 1992, the Union formally introduced a regulatory framework designed to

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<sup>2</sup> The Lisbon Agreement for the Protection of Appellations of Origin and there International Registration (1958) defines Appellation of Origin in Article 2(1) to mean “the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and the characteristics of which are exclusively or essentially due to the geographical environment, including human and natural figures”. See at [http://www.wipo.int/treaties/en/text.jsp?file\\_id=285838](http://www.wipo.int/treaties/en/text.jsp?file_id=285838), last visited on 14.12.2014.

<sup>3</sup> Geographical Indications – a Virtual Experience". [wkcxhibitions.wipo.int](http://wkcxhibitions.wipo.int). Archived from the original on 2021-09-15. Retrieved 2021-09-15.

protect and promote traditional and regional food products. This framework was modelled upon pre-existing national systems, notably the French Appellation d'Origine Contrôlée (AOC) and the Italian Denominazione d'Origine Controllata (DOC), thereby ensuring legal recognition and protection of such designations within the EU.

For the first time, IP protection came under the WTO framework after decades under GATT (1947). Before TRIPS, Geographical Indications were protected mainly through earlier international instruments such as Article 1(2) of the Paris Convention (1883) and the Madrid Agreement (1891), later strengthened by the Lisbon Agreement on Appellations of Origin.<sup>4</sup>

India enacted the Geographical Indications of Goods (Registration and Protection) Act, 1999 to fulfil its obligations under the TRIPS Agreement, adopted in 1995 within the WTO framework. TRIPS Article 22.1 defines a GI as an indication identifying a good as originating in a specific territory, region, or locality, where its quality, reputation, or other characteristics are essentially linked to that geographical origin. This definition forms the foundation for

India's GI regime, ensuring that products with distinct regional attributes receive legal recognition and protection.

### **GEOGRAPHICAL INDICATIONS OF GOODS (REGISTRATION AND PROTECTION) ACT, 1999**

India enacted this legislation to provide stronger protection for Geographical Indications, aiming to improve the economic conditions of disadvantaged communities involved in producing key export products. Key provisions include:

Section 2 (e) geographical indication', in relation to goods, means an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods one of the activities of either the production or of processing or preparation of the goods concerned takes

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<sup>4</sup> The management of geographical indications: post registration challenges and opportunities K. D. Raju. Shivangi Tiwari DOI 10.1007/s40622-015-0084-2

place in such territory, region or locality, as the case may be.<sup>5</sup>

Unlike other forms of intellectual property rights, the regime governing Geographical Indications permits applications for registration to be made by any association of persons, producers, organizations, or statutory authorities established by or under law. Registration confers exclusive rights upon the community or authorised users in respect of the designated GI products, with such rights being inherently non-transferable. Geographical Indications, therefore, operate as a collective entitlement, embodying the shared reputation and goodwill that consumers associate with the group of producers linked to a specific geographical origin.

Chapter VIII of the Geographical Indications of Goods (Registration and Protection) Act, 1999 is titled "*Offences, Penalties and Procedure*". Section 38 delineates the essential elements for establishing offences relating to the falsification and false application of Geographical Indications. A GI is deemed to be falsified where, without the authorization of the registered proprietor or authorised user, a person creates a deceptively similar GI in respect of a genuine one, or alters, adds to, or effaces an existing GI. Likewise, the false application of a GI occurs when a person, without such authorization, applies a GI or a deceptively similar GI to goods, or uses packaging intended for the wrapping, filling, or packing of goods other than those legitimately entitled to the indication. The burden of establishing consent from the authorised user rests upon the accused. Furthermore, possession of any die, block, machine, paint, or other instrument intended for such falsification constitutes an offence under Section 39. The prescribed penalty includes imprisonment for a term not less than six months, extendable up to three years, and a fine not less than ₹50,000, which may extend to ₹2,00,000.

A GI registration is valid for ten years and can be renewed for additional ten-year periods, provided the indication continues to be in use.<sup>6</sup> Some of the examples of registered GI products in India include agricultural items like Darjeeling Tea and Alphonso Mango, handicrafts such as Kanchipuram Silk Saree and Blue Pottery of Jaipur, and food items like Bikaneri Bhujia. Other examples are Basmati Rice, Nagpur Orange, Kolhapuri Chappal, and Tirupati Laddu.

The GI Act was supplemented by the 2002 Rules, and the Geographical Indications Registry of India is administered by the Intellectual Property Office located in Chennai.

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<sup>5</sup> The geographical indications of goods (registration and protection) act, 1999 act no. 48 of 1999.

<sup>6</sup> D Marie-Vivien, CA Garcia, CG Kushalappa and P Vaast, 'Trademarks, Geographical Indications and Environmental Labelling to Promote Biodiversity: The Case of Agroforestry Coffee in India' (2014) 2 Dev. Policy Rev. 379–98.

**GROWTH, DEVELOPMENT, CHALLENGES OF GI TAGS IN INDIA AS OF 2025**

India, abundant in culture and heritage, has seen a significant rise in handicraft demand, which accounts for a large share of its geographical indication registrations. At the same time, agricultural and food-related GIs are gaining traction in global markets, reinforcing India's reputation for unique, high-quality products. As of 2025, India has granted over 658 GI tags.<sup>7</sup> States such as Karnataka, Tamil Nadu, Kerala, Uttar Pradesh have the highest number of GI Tags at present in agricultural produce, handicrafts and textiles.<sup>8</sup> On the other hand States/Union Territories such as Jharkhand, Sikkim, Tripura, Uttarakhand, Puducherry seem to have among the lowest GI tag counts. Some have only one or two GI registered products.

In contrast to the southern regions of India, the northern states demonstrate a comparatively limited number of Geographical Indication (GI) registrations. The situation is even more concerning in the north-eastern states, where registrations are minimal, often restricted to one or two products, and in some instances entirely absent. The North East State of India has rich cultural heritage and is known for its unique traditional arts, textiles, (handloom), handicrafts, and traditional foods that have evolved over centuries<sup>9</sup> yet the lack of representation within the GI system results in inadequate legal and commercial protection for traditional goods and cultural products originating from these regions. Although India is largely agrarian, handicrafts dominate GI registrations with 342 tags, followed by 200 agricultural GIs, 56 food items, 54 manufactured goods, and 34 natural products.

Section 11 of the Geographical Indications of Goods (Registration and Protection) Act, 1999 delineates the procedural and substantive requirements for seeking registration of a Geographical Indication. It provides that an application may be instituted by an association of persons, producers, organizations, or statutory authorities established by or under law, insofar as they collectively represent the interests of the producers of the relevant goods. The provision further mandates that such an application must disclose essential particulars, including the class of goods, a cartographic representation of the geographical area, documentary evidence establishing the nexus between the product's qualities, reputation, or other characteristics and its geographical origin, along with detailed particulars of the producers concerned.

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<sup>7</sup> <https://www.ipindia.gov.in/GI/gi?utm>

<sup>8</sup> List of GI Tag Product in India 2025, State Wise GI Tags – Sakshi Gupta 2<sup>nd</sup> July 2025.

<sup>9</sup> A Booklet on Geographical Indications of NORTHEAST STATES OF INDIA - Confederation of Indian Industry (CII) 2024 EDITION.

Although Section 11 provides that any association of persons or producers representing the interests of the producers may apply for GI registration, but the practical scenario reflects a different trend. Empirical data reveals that the majority of GI applications are filed not by producer associations but by state government departments and state-controlled agencies. These institutional actors dominate the registration process, followed by central government bodies, cooperative societies and universities. These Universities and State agencies are neither the producers nor association of producers.

In fact, Rule 32 (1)(6)(g) of the Geographical Indications of Goods (Registration and Protection) Rules, 2002 specifically requires particulars of the inspection structure, if any, to regulate the use of GI in respect of the goods for which application is made in the definite territory, region or locality mentioned in the application.<sup>10</sup> This requirement is critical because GIs derive their value from consumer trust in authenticity and quality. However, in practice, many GI registrations in India are granted without a functional inspection body or with only nominal mechanisms on paper. Due to which unauthorized producers (sometimes even outside the GI region) market goods under the GI name, example: “Kolhapuri Chappals’ mass-produced in other states using synthetic materials. This dilutes the collective reputation of the GI and undercuts genuine artisans. In the absence of inspection and producer-centric oversight, middlemen dominate the supply chain. They capture the price premium associated with the GI, while actual artisans receive only subsistence-level returns.

Often, the registered proprietor (state authority or development board) files the GI but does not put in place effective producer cooperatives or inspection mechanisms. As a result, profits accrue to intermediaries, exporters, or retailers, not the actual manufacturers.

In certain instances, the registered proprietors of Geographical Indications bear little or no direct connection to the geographical region or the actual community of producers. A striking example is the case of the Leather Research Institute in Chennai<sup>11</sup>, which filed the application for the well-known GI “Kolhapuri Chappals’ originating from Maharashtra, situated thousands of kilometers away from the authentic producers. Such disjunction between proprietorship and

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<sup>10</sup> The Geographical Indications of Goods (Registration and Protection) Rules, 2002, Rule 32 (1) (6) (g).

<sup>11</sup> Kolhapuri chappal was registered under Geographical Indication (GI) in July 2019 by Sant Rohidas Leather Industries & Charmakar Development Corporation limited (LIDCOM), a Government of Maharashtra Undertaking and Dr. Babu Jagjivan Ram Leather Industries Development Corporation Limited (LIDKAR), Bangaluru, Karnataka facilitated by Central Leather Research Institute, Chennai, Tamil Nadu, Ministry of Textiles REVIVAL OF KOLHAPURI CHAPPAL ARTISANS Posted On: 01 AUG 2025 2:21PM by PIB Delhi

production has significant implications. When institutions located outside the production region assume proprietorship, the local artisans and producers risk being marginalized in the governance and decision-making processes related to their own traditional goods.

This pattern highlights a structural imbalance between the statutory intent and its operational reality. While the law envisages grassroots producer participation, the reliance on government machinery indicates both a lack of awareness and institutional capacity among producers to navigate the registration process. Consequently, the GI regime in India has evolved into a state-driven initiative rather than a producer-driven movement, raising questions about the effectiveness of the framework in empowering local communities and ensuring their direct stake in the benefits of GI protection.

### **GI TAGS AND ITS IMPACT ON THE ECONOMIC BENEFITS OF THE PRODUCERS/MANUFACTURES**

In comparison to Indian GI with other countries such as the European Union reveals a discernible economic divergence in the outcomes of Geographical Indication (GI) protection. The European Union has succeeded in leveraging GIs to secure significant international visibility and market recognition for its products, thereby generating substantial economic returns. In contrast, the relative impact of GIs in developing countries, including India, remains less pronounced, underscoring the gap in global competitiveness and income derived from GI-protected goods. Tequila, the oldest GI outside Europe, stands out as a highly influential case and is regarded as one of the most economically successful non-European geographical indications.<sup>12</sup> As described in numerous wine journals,<sup>13</sup> a strategic approach is necessary to sustain and enhance the livelihood of the producer and the market value of the product.

A GI tag assures consumers that the product originates from a specific geographical region and possesses qualities or characteristics linked to that origin (e.g., Darjeeling Tea, Kancheepuram Silk). This certification reduces information asymmetry, customers can trust they are buying the “real” product, not an imitation. Because of this guarantee of authenticity, buyers are willing to pay a price premium.

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<sup>12</sup> Sarah Bowen & Ana Valenzuela Zapata, Geographical indications, terroir, and socioeconomic and ecological sustainability: The case of tequila, 25, *J. Rural Stud.* 108, 108 (2009).

<sup>13</sup> E Vandecastelaere, F Arfini, G Belletti and A Marescotti, *Linking People, Places and Products* (FAO, Rome 2010).

A UNCTAD study shows that consumers are willing to pay 10–15% more for GI-registered agricultural goods and 5–10% more for non-agricultural GIs. This price premium reflects the trust consumers place in the authenticity, quality, and origin-specific characteristics of GI products. It also underscores how GI tags serve as reliable indicators of uniqueness, encouraging buyers to value and pay extra for products linked to distinct regional identities.<sup>14</sup>

Different jurisdictions pursue distinct objectives in seeking protection for Geographical Indications (GIs). Within the European Union, GI protection has primarily been deployed as a regulatory instrument to consolidate product reputation, secure niche markets, and enhance export potential, while simultaneously safeguarding both the qualitative and quantitative dimensions of agricultural produce.<sup>15</sup> By contrast, states such as Costa Rica have emphasized the incorporation of benefit-sharing mechanisms within their GI frameworks.

In fact, Rule 32 (1)(6)(g) of the Geographical Indications of Goods (Registration and Protection) Rules, 2002 specifically requires particulars of the inspection structure, if any, to regulate the use of GI in respect of the goods for which application is made in the definite territory, region or locality mentioned in the application.<sup>16</sup>

## CASE STUDIES

Geographical Indications (GIs) are legal tools designed to link products to their places of origin, packaging a story of unique terroir, traditional know-how, and reputation into a recognisable brand. In India, GI registration has become a powerful policy lever for elevating regional specialties on domestic and international stages. Darjeeling tea illustrates the GI's ability to protect a place name associated with distinct taste profiles and cultivation conditions. Araku coffee, grown by tribal smallholders in Andhra Pradesh, showcases how a regionally-rooted product can attract fair-trade and specialty-coffee markets abroad. Kolhapuri chappal exemplifies an artisanal leather craft whose cultural identity is encapsulated in a GI to differentiate it from mass-produced footwear. Each case demonstrates the GI's potential to create market differentiation, command higher consumer willingness to pay, and open export

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<sup>14</sup> Geographical indications: UNCTAD's initiative in India, Presentation at UNDP RCC, UNDP Cambodia and Economic Institute of Cambodia, Phnom Penh, September 4.

[http://hdru.aprc.undp.org/ext/regional\\_workshop\\_2008/pdf/Das\\_s3.pdf](http://hdru.aprc.undp.org/ext/regional_workshop_2008/pdf/Das_s3.pdf), accessed on January 20, 2012.

<sup>15</sup> Information obtained from United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP). See [http://www.unescap.org/pdd/publications/apdj\\_16\\_2/4\\_jain.pdf](http://www.unescap.org/pdd/publications/apdj_16_2/4_jain.pdf), visited on 10.03.2014.

<sup>16</sup> The Geographical Indications of Goods (Registration and Protection) Rules, 2002, Rule 32 (1) (6) (g).

and niche retail channels outcomes that raise the product’s visibility and perceived value worldwide.

This collection of case studies therefore asks two linked questions: (1) how did GI tagging help Darjeeling tea, Araku coffee, and Kolhapuri chappal gain global recognition and price advantage? and (2) why have those market gains not consistently reached grassroots producers, and what institutional, legal, and market remedies can improve benefit distribution?

**DARJEELING TEA**

Darjeeling Tea holds the distinction of being the first product in India to receive a Geographical Indication (GI) tag in 2004–05, symbolizing its uniqueness, traditional cultivation methods, and global reputation. Darjeeling Tea is globally recognized as the ‘Champagne of Teas,’ and its reputation allows it to command premium prices in export markets. A significant portion of production is exported, where the GI mark enhances branding, authenticity, and consumer trust.

Over 70% of the total produce is exported abroad.<sup>17</sup> The major portion of the annual production of Darjeeling tea is exported, the key buyers being Japan, Russia, the United

States, and the United Kingdom and other European Union (EU) countries such as France, Germany and the Netherlands.<sup>18</sup> Despite premium global prices, plantation workers remain poorly compensated, with daily wages averaging ₹250, which is 30% lower than the standard daily wage for unskilled labor in India. Heavy reliance on exports creates vulnerability to fluctuations in global demand, currency variations, and trade barriers.

**TABLE NO. 0.1 – DARZEELING TEA ANALYSIS**

Category	Example / Source	Price (per kg)	Remarks
<b>Premium International Sale</b>	First Flush, Badamtam Tea Estate (Moonlight, SY-1240 clone)	US\$301.5 (≈ ₹23,000)	Reported March 2022 by Tea CupsFull

<sup>17</sup> Bowen & Zapata, supra note 14.

<sup>18</sup> S. C. Srivastava, Protecting the Geographical Indication for Darjeeling Tea, World Trade Organization (2005) [https://www.wto.org/english/res\\_e/booksp\\_e/casestudies\\_e/casestudies\\_e.htm](https://www.wto.org/english/res_e/booksp_e/casestudies_e/casestudies_e.htm).

<b>Highest Domestic Sale</b>	Makaibari Estate – Silver Tips Imperial White Tea	₹1,53,000	India’s most expensive tea
<b>High-Grade Teas</b>	Various estates	₹3,000 – ₹10,000	Premium quality, strong demand
<b>Auction – Good Quality Lots</b>	Tea Board auctions	₹2,000 – ₹4,000	Standard good grades
<b>Auction – Lower</b>	Tea Board auctions	₹450 – ₹500	Bulk/low-end varieties

This disparity highlights the disconnect between global profits and local livelihoods, raising concerns about whether GI protection is achieving its intended social benefits. Indian consumers are less informed about GI labels compared to European markets, reducing the scope of domestic premium pricing. While global markets drive up demand and prices, the benefits are unevenly distributed across the supply chain. Foreign buyers gain premium tea at relatively lower production costs due to depressed worker wages.

### Supply Chain Analysis of Darjeeling Tea

The Darjeeling Tea industry operates through a multilayered supply chain, involving distinct stakeholders at each stage of production and distribution. At the primary level, tea estates and producers are responsible for cultivation and harvesting, ensuring compliance with the quality parameters that underpin the Geographical Indication (GI) status. Following production, brokers and auctioneers play a pivotal role in the auction system, acting as intermediaries who influence both pricing mechanisms and market access. The teas are then acquired by wholesalers and dealers, who consolidate bulk purchases for further circulation in domestic and international markets.

Subsequently, distributors and exporters manage the logistical dimension, ensuring that Darjeeling Tea reaches foreign markets where its GI status commands premium recognition. Finally, retailers repackage and sell GI-certified tea, often emphasizing authenticity and exclusivity to attract high-paying consumers.

Tea estates and exporters capture significant profit margins due to their positioning within the value chain, whereas plantation workers who constitute the backbone of production, receive minimal returns in the form of low daily wages. This structural imbalance illustrates a central paradox of the GI framework: although designed to protect and empower local producers, the system in practice often privileges intermediaries and exporters, leaving the actual producers economically marginalized.

Tea Board of India<sup>19</sup> acts as the regulatory authority, overseeing GI protection, certification, and international representation of Darjeeling Tea. The Board registers authorized users, monitors compliance with GI standards, and combats mislabelling and counterfeit sales globally. International cooperation, particularly with the EU, has provided stronger protection abroad. Yet, in other markets, unauthorized use and blending of non-Darjeeling teas under the Darjeeling label continues.

The Darjeeling Tea case demonstrates both the strengths and shortcomings of GI protection in India. While the GI has elevated Darjeeling Tea's global reputation and facilitated premium pricing, its socio-economic impact remains uneven. The benefits are disproportionately captured by higher-tier intermediaries and exporters, leaving plantation workers underpaid despite their central role in cultivation.

Foreign involvement, primarily through export markets has simultaneously created opportunities (premium demand) and challenges (counterfeiting, dependency). A more equitable distribution of GI benefits, coupled with stronger enforcement mechanisms and improved wage structures, is necessary to ensure that the GI system genuinely safeguards not only the product but also the producer communities that sustain its legacy.

The GI protection was intended to safeguard Darjeeling Tea against unauthorized use and counterfeiting, both in domestic and international markets. However, challenges persist in enforcement, benefit-sharing, and market structures.

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<sup>19</sup> Tea is one of the industries, which by an Act of Parliament comes under the control of the Union Govt. The genesis of the Tea Board India dates back to 1903 when the Indian Tea Cess Bill was passed. The Bill provided for levying a cess on tea exports - the proceeds of which were to be used for the promotion of Indian tea both within and outside India. The present Tea Board set up under section 4 of the Tea Act 1953 was constituted on 1st April 1954.

## **KOLHAPURI CHAPPALS AND PRADA CONTROVERSY - A GI TAGGED HANDMADE PRODUCT**

The Kolhapuri Chappal, a traditional handcrafted leather footwear, is deeply rooted in the cultural heritage of Maharashtra and Karnataka. Known for its durability, intricate craftsmanship, and unique tanning process, the product had long suffered from market imitation and misrepresentation, which diluted its identity and caused economic harm to the artisan communities dependent on it.

The Kolhapuri Chappal traces its origins to the 12th century under King Bijjal of Bidar and his Prime Minister, Viswaguru Basaveswara (Basavanna), who aimed to foster a casteless society and reduce discrimination against the Chamar community, traditionally leather workers. Recognizing its cultural and artisanal significance, the Kolhapuri Chappal received a Geographical Indication (GI) tag in 2019 under India's Geographical Indications of Goods (Registration and Protection) Act, 1999. The GI application was jointly submitted by the Director of Industries, Maharashtra, and the Development Commissioner (Handicrafts), Ministry of Textiles, representing artisan clusters in Maharashtra and Karnataka.

In 2025, Italian luxury brand Prada launched its Men's Spring/Summer 2026 sandals, which bore a striking resemblance to the Kolhapuri chappal. Following backlash, Prada acknowledged its inspiration from Indian craftsmanship but did not formally attribute or share benefits with Indian artisans. Reports suggest that similar products are priced in excess of ₹1 lakh per pair in international luxury markets, a figure that starkly contrasts with the meager returns to Indian producers.

Field reports from production centers such as Athani, Nippani, and Madabhavi villages indicate that artisans earn between ₹250–₹400 per pair. Middlemen who purchase these goods resell them for ₹1,500–₹2,000 in Pune and Mumbai. At the retail level, the same pair fetches up to ₹4,000, highlighting a vast disparity between producer income and market price.<sup>20</sup> Artisans remain trapped in low-income cycles while intermediaries and retailers extract disproportionate profits.

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<sup>20</sup> Global fashion giant Prada acknowledges Kolhapuri inspiration Updated - June 28, 2025 10:58 pm IST – Mumbai VINAYA DESHPANDE PANDIT.

## Is it correct to say that GI marks alone are insufficient for global protection?

Maharashtra Chamber of Commerce, Industry and Agriculture<sup>21</sup> (MACCIA), in collaboration with artisans, decided to patent Kolhapuri chappals to protect them internationally. GI protection is territorial. The GI registered in India does not automatically extend to other countries unless India registers or seeks reciprocal protection abroad under treaties like TRIPS. This creates loopholes where foreign producers can misuse the name in jurisdictions without GI recognition.

A Patent protects a *new invention, process, or technology* for a limited period (20 years), not a traditional craft. Kolhapuri chappals are traditional, community-based knowledge, not an “invention,” so they are not patentable in the strict legal sense. What MACCIA can do is to pursue trademark or design registration alongside GI, not a patent. As trademark protects logos, brand names, or certification marks internationally whereas design registration protects the aesthetic/ornamental aspects of the chappal design.

The Prada incident demonstrates how inadequate enforcement of GI rights can perpetuate economic exploitation and cultural appropriation. While the GI tag for Kolhapuri chappals formally recognizes the product’s heritage, the absence of effective profit-sharing mechanisms continues to marginalize artisans. This case calls for urgent reform in India’s GI policy framework, with stronger international protection and community-centered economic models to ensure that the benefits of cultural heritage accrue to its rightful custodians.

## ARAKU COFFEE: COOPERATIVE BRANDING & FARMERS’ WELFARE

Araku Coffee, grown in Alluri Sita Ram Raju district of Andhra Pradesh, located in the Eastern Ghats by tribal farmers using organic agroforestry, is known for its unique flavor with chocolate, caramel, and fruity notes. Cultivation supports sustainable livelihoods and community empowerment. Internationally acclaimed, it won “Best Robusta” at the Café de Colombia Competition. It received GI Tag in 2019.<sup>22</sup>

Girijan Cooperative Corporation<sup>23</sup> (GCC), supported by the State Government, acts as the

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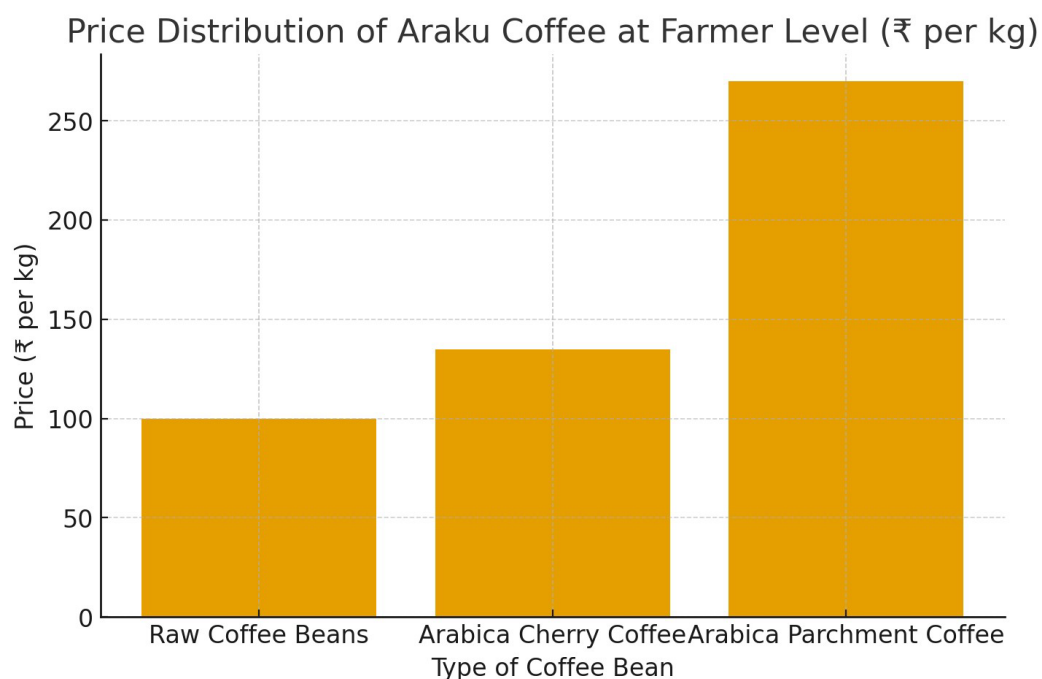
<sup>21</sup> Founded under the vision of Seth Walchand Hirachand, one of India’s pioneering industrialists, MACCIA was created to give Maharashtra’s entrepreneurs, traders, and agriculturists a strong collective voice since 1927.

<sup>22</sup> <https://ipindia.gov.in/GI/gi>

<sup>23</sup> Established in 1956 under the Cooperative Societies Act, our organization has been committed to uplifting the lives of tribals living in undivided Andhra Pradesh. <https://www.apgirijan.com/Establishment>

primary aggregator and seller of coffee beans sourced from tribal farmers. Tata Consumer Products Ltd. (TCPL) and Starbucks India<sup>24</sup> have entered agreements with GCC to market and brand Araku Coffee at the national and global level. The partnerships concentrated on tribal welfare, encompassing livelihood creation, agricultural growth, marketing of forest products, and tourism promotion. Multiple public and private sector organizations collaborated with the State government to enhance the marketing of tribal and forest-based goods.

TCPL will help Araku Coffee, cultivated by tribal farmers in the Paderu Agency region, access multiple European markets and attract a significant domestic purchaser.<sup>25</sup> So far, the Tata Group has placed strong domestic orders, while buyers from Germany and Italy have shown promising international interest.



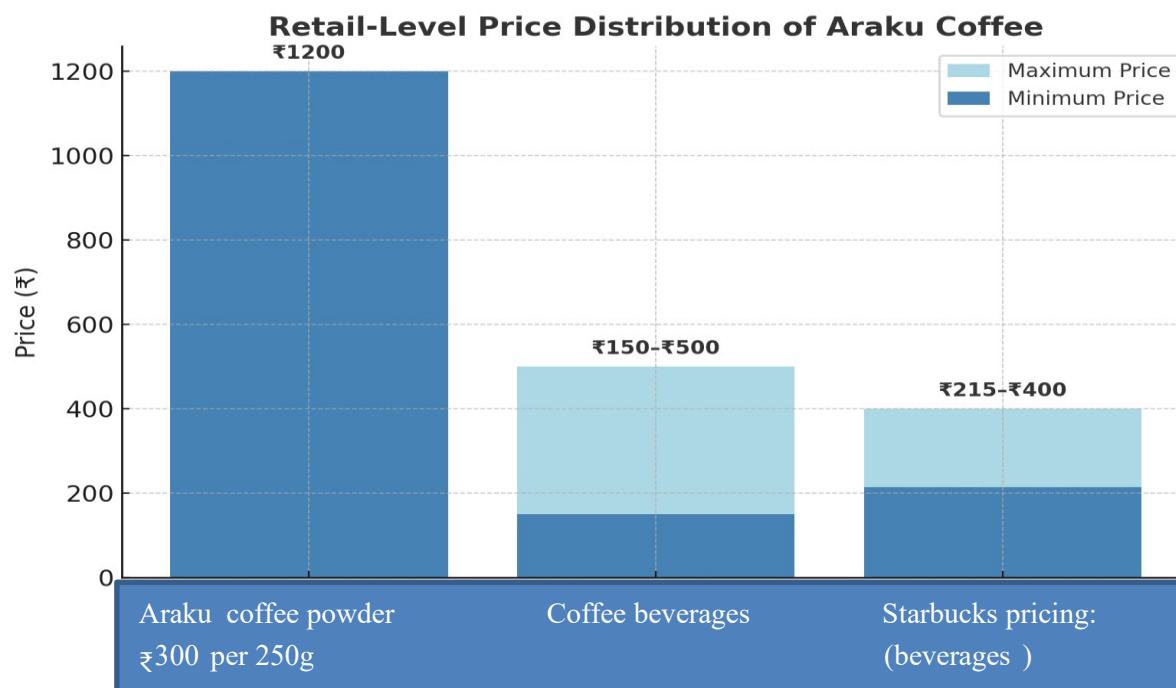
Here’s the graphical representation of Araku Coffee’s price distribution at the farmer level, showing that Arabica Parchment Coffee yields the highest return (₹270/kg), followed by

Arabica Cherry Coffee (₹135/kg) and Raw Coffee Beans (₹100/kg). Supply Chain & Price

<sup>24</sup> <https://www.thehindubusinessline.com/news/national/ap-govt-collaborates-with-industry-to-boost-economy-of-tribal-regions/article69916399.ece>

<sup>25</sup> <https://hospitality.economictimes.indiatimes.com/news/operations/food-and-beverages/andhras-araku-coffee-earns-organic-certification-secures-buyers-from-europe-tata-group/118643987>

Distribution. The beans are roasted, processed, and branded before reaching the consumer market.



Observation: There is a sharp escalation between farm-gate prices and retail prices. Farmers receive minimal value addition for their produce and remain largely dependent on the Girijan Cooperative Corporation (GCC) as the sole buyer, which limits their bargaining power. As a result, the improvement in their income is only incremental rather than transformative, restricting long-term economic growth and independence. Farmers receive less than 10% of the final consumer price. Major beneficiary from procurement, processing, branding, and bulk supply contracts are corporate sectors, governments and intermediaries. Tata/Starbucks benefits from global branding, retail margins, and premium positioning of Araku Coffee as an “ethical, tribal product” which strengthen brand equity by showcasing social impact, while actual farmer gains remain limited.

While, Government not a direct financial beneficiary, the State claims success in tribal welfare schemes through the GI tag and corporate partnerships. Political and reputational capital is accrued rather than monetary gains. Government’s Stated Goal: Enhance tribal farmers’ income but in reality farmers remain at the bottom of the value chain, receiving a fraction of the final consumer price. Farmers are showcased as the “face” of Araku Coffee but lack control over pricing, branding, or contractual terms.

A strengthened implementation of the Geographical Indications (GI) Act can significantly improve the economic position of Araku Coffee's tribal farmers. First, a farmer-led Producers' Association should be empowered to control pricing, quality standards, certification, and approval of corporate partnerships, ensuring farmers not intermediaries govern the GI. The Association can set a Minimum GI Producer Price (MGP) to prevent underpricing and guarantee farmers a fair share of the GI premium. Corporate contracts must include mandatory revenue-sharing mechanisms so that profits from GI-based branding directly support tribal livelihoods.

## **CONCLUSION**

The evolution of Geographical Indications (GIs) in India reflects both remarkable progress and persistent structural deficiencies. While GI tagging has enhanced the global reputation of Indian products such as Darjeeling Tea, Kolhapuri Chappals, and Araku Coffee, its socioeconomic impact on actual producers remains limited. The GI framework was designed to empower local communities by protecting traditional knowledge and ensuring fair market returns. However, state-centric registrations, weak inspection mechanisms, lack of producer cooperatives, and inadequate international enforcement have collectively diluted this intent.

To ensure that GIs truly benefit their rightful custodians, the necessary reforms would be necessary for the local producers and artisans. First, strengthening producer cooperatives and ensuring direct representation of authentic producers in registration, governance, and marketing processes is essential. The law should mandate active participation and benefit-sharing mechanisms between registered proprietors and local producer groups. Second, establishing independent inspection and certification bodies under Rule 32(1)(6)(g) of the GI Rules, 2002 must become a non-negotiable requirement for all GI registrations to prevent misuse and maintain authenticity. Third, capacity-building programs should be introduced to enhance producer awareness about GI rights, marketing, and export opportunities. Additionally, international protection mechanisms must be pursued through bilateral agreements, TRIPS-plus arrangements, and reciprocal recognition of Indian GIs in major markets. Finally, value-chain transparency and fair-trade certification models can be integrated to ensure equitable profit distribution.

In essence, while GIs hold immense potential to protect cultural heritage and uplift local economies, their transformative power will only be realized when the legal recognition of

origin is matched by genuine economic justice for producers and community-led governance of India's traditional treasures.