

TTD: A SOURCING POINT FOR INDIAN HUMAN HAIR

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ABSTRACT

India is one of the major exporters of human hair. On one side, Hindus have a practice of offering their hair in temples to make their wish come true. On the other side, people go to salon to cut their hair for a stylish look. Tirumala Tirupati Devasthanams (TTD), an independent trust that manages the temple at Tirumala accounts one-tenth of its annual revenue from sale of hair offered by the devotees (rao, 2012). The reputed salons in Chennai get hundreds of customers every day for beautification including haircuts. The hair, as a raw material, is collected and exported for manufacturing hair extensions and other products. This business has taken an international face by attracting countries like Japan, Egypt and South Africa towards it.

This study is an attempt to understand more about the nature of business happening in Tirupati and a beauty salon chain in Chennai, for which the researcher has followed a qualitative (Case study) approach. The study has attempted to find a solution for other small sources of human hair in India to dispose the human hair collected in their places.

Key words: E-Auctions, Hair export, Human hair, Remy Hair, Tirumala Tirupati Devasthanams (TTD), Green business and Waste management.

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INTRODUCTION:

In this competitive world, business opportunity may come from any corner. It is high time for us to visualize that the so called ‘wastes’ are becoming areas of serious concentration, as they are capable of bringing huge money. One such thing that has been a silent revenue generator is ‘Human hair’. Apart from animal hair and their skin, human hair is also an exportable item in India (HS code: 05010010 – Human hair). As far as Indian hair is concerned, there is a belief that those are shiny, long with minimal exposure to chemical treatments and so perfect for manufacturing all types of wigs. The exported hairs from India are either raw or processed and are capable of generating 15% to 50% profit margins respectively. There is a huge demand for Indian hair in United States, Canada and other European countries. Exhibit 1.1 lists the top 5 countries and their export statistics in USD Million.

Exhibit 1.1

S. No	Country	2008-09	2009-10	2010-11
1	China	80.37	86.26	97.88
2	Brazil	17.71	26.72	23.29
3	Hong Kong	15.32	14.69	16.76
4	Italy	17.66	17.63	11.33
5	USA	9.48	10.80	13.74

(Source: Press Information Bureau, Government of India, Ministry of commerce & Industry, 12-Dec-2011).

Sources of Human hair:

The major sources of Human hair in India are temples and salons. India is dominated by Hindus and they have a general practice of ‘Tonsuring’ (offering hair to God, as a token of gratitude). There are certain temples in India where they get be thousands of devotees tonsuring their hair every day. Previously these temples were disposing the waste hair. But now, they have started and many have even developed a process of making huge business out of that. In salons, there are thousands of men, women and children dropping in for hair cut. The hair collected from different sources will be of different sizes, different nature and different types.

Uses:

- Human hair can be used for making fashion accessories like false hair attachments, wigs, artificial eyebrows and eyelashes, beard and moustaches for men.
- Apart from this, human hair is also used for manufacturing ropes by twisting hair fibers together, and in making artistic items for decorative purposes.
- They are used for manufacturing mats that are woven out of human hair for gardens to prevent the plant roots from adverse weather and infection.
- Human hair is also used for cleaning up oil spills. It is proved that human hair is a very good absorbent of oil at the laboratory stage and the absorbed oil can very well be reused (Jadhav, 2011). NASA took a study on this in 1990s and proved the efficiency of human hair in absorbing oil spills in industries as well.
- L- Cysteine is an amino acid that is connected with hair and nail growth. Human hair, when microbiologically treated becomes an excellent source of this L-cysteine which is generally used in the preparation of doughnuts, cookies and other bakery items.
- Human hair is also a part in the preparation of Soy sauce, major Chinese food ingredient. Till now, there are controversies running around the usage of human hair in food products. It is also strongly advised by cancer activists that consumers should stay away from such food items, as they can cause cancer (Winterman, 2010).

LITERATURE REVIEW:

Indian hair is the most sought one in the global market, as they are considered to be the best quality for making wigs. Because of its shiny texture and look it has backed thousands of exporters. But, the sources of Indian human hair are less in number. (Nagpal, 2008). There are varieties of hair based on their nature and they are remy hair, non remy hair, single drawn and double drawn, wavy, weft and curly hair. The single drawn is demanded more among these and is considered as the premium export quality. The major source of single drawn hair is Indian temples, where people come for tonsuring. (Jagannathan, 2011).

Indian hair business is a multimillion dollar industry, with temple tonsured hair being best priced by the wig makers. Robert D Hisrich, Director of Thunderbird School, which is a center for Global Entrepreneurship says that with the opportunities found in this hair business, even small

players can reach a position of large corporations. He also states that there is a flexibility observed in the nature of this business. (Angwin, 2003)

The fashion world demands hair extensions and wigs to have a wavy look. Chinese hair, in spite of its huge availability is not preferred because of its rough nature and so could not serve the purpose. Domestic and International models demand Indian hair in their wigs, hair extensions and other fashion products. The market is very huge and seems to be expanding, as Indian hair looks just European. (Martins, 2011)

TIRUMALA TIRUPATI DEVASTHANAM (TTD):

Tirumala Tirupati Devasthanams is an independent trust that manages all operations and accounts of the world's richest Tirupati Venkateshwara temple (in terms of offerings received from the devotees), Andhra Pradesh, India. TTD was established in 1932 as a result of which the temple administration is handed over to a committee of 7 members supervised by a commissioner appointed by the Madras Government. The act was not full-fledged as there was no specific qualification for the committee members and the commissioner. But, in 1969 the board of trustees was expanded from 5 to 11, with representation from certain communities made compulsory. The Andhra Pradesh Charitable and Hindu Religious Institution and Endowment Act prescribed that the board should have one person from the scheduled castes, three persons from state legislative assembly and one women member. The board's term was also fixed as three years.

Now, TTD has 16,000 employees and it is managing 12 main temples and sub temples in and around India. Not restricting itself to the management of shrines, TTD also does various social, educational and literary services by establishing educational institutions, research centers, Libraries and religious services by maintaining temples even abroad. With more than 60,000 daily visitors and 1,90,00,000 annual visitors (2012) Tirupati is the most visited location in the world. To manage the huge crowd of devotees, TTD along with TCS (Tata Consulting Services) have come out with complex queuing algorithms and technical support for the same. TTD's major sources of income are through donations from the devotees in the form of money, gold and

precious stones, its delicious laddu and hair offered by the devotees, also referred as 'Black Gold'.

Tonsuring and collection process:

Tonsuring is a general practice in India as it is dominated by Hindus. It is called as 'Chudakarana' in Vedas and it is done either in the first or third year of a child. Apart from that in certain temples, even adults do tonsuring as a token of gratitude to God for having made their wish and prayers come true. Among every 100 devotees visiting Tirupati, 85 people comprising both men and women, does hair tonsuring. This is for what TTD has appointed a special group of barbers to do tonsuring in places specially meant for this purpose called 'Kalyanakatta'.

TTD Kalyanakatta has 650 barbers, 65 women, working in six shifts per day. The Kalyanakatta building has two big tonsuring halls with seating arrangements for both pilgrims and the barbers. To handle the crowd during peak seasons, 100 additional barbers will be engaged who could shave off 60 heads in an average per hour and take out 800 kg of hair during week days. This will cross even 1000 kg in the weekends and peak seasons. In a year April, May and September months are considered to be the peak periods. To manage the crowd, there are four waiting halls and a well managed Queuing with computerized token systems in the kalyanakatta building. Bathrooms attached with geysers, application of antiseptics before and after shaving are some of the value added services in Kalyanakatta.

In general, tonsuring is done at free of cost. But, in certain mini kalyanakattas located near the travel guest houses and cottages, Rs.10 per head is collected after shaving. The main kalyanakattas work for 24 hours and there are even 16 mini kalyanakattas working from 6 AM to 6 PM every day. TTD's Kalyanakatta has marked its excellence as the largest hair distribution center in the world Guinness book of records.

All barbers of TTD have to pass a test before their appointment. The earning of a barber per month runs around Rs.25, 000. "We earn more as tips everyday from the devotees and that too in the peak seasons we earn tips more than our salary. The tips amount may range from Rs. 20 to

Rs. 1, 00,000 (Once Chiranjeevi paid a barber as tips, who shaved his head)”, says Mr. Babu, a Kalyanakatta barber.

The barbers say that the tonsured hair is collected once in every six hours and are stored in large sealed containers and are preserved till the date of auction. A team of 60 members are involved in the collection duty. The hair tresses are collected and segregated into 5 categories (exhibit 1.2) and are weighed in the presence of an auction officer. Since barbers wet the hair before they shave off, the hair strands are completely sundried under polycarbonate sheets as 1,200 kg at a time, which will increase in summer season. The braids are then stored in a container chambers in stacks up to 2.5 meters high and are kept ready for buyers to check before the auction.

Exhibit 1.2: Hair Varieties and their nature as classified internationally

S.NO	CATEGORY	Nature (Color / Size in Inches)
1	First variety	Black / greater than 30 inches
2	Second variety	Black / 16 to 30 inches
3	Third Variety	Black / 10 to 15 inches
4	Forth Variety	Black / 5 to 9 inches
5	Fifth Variety	Black less than 5 inches
6	Sixth Variety	Grey hair / any size

MSTC and E-Auction:

The collected hair was auctioned by inviting buyers traditionally till 2006, after which TTD decided to move in for E-auction. “When it was done traditionally we could attract only local bidders and the revenue was also very low. But now, in this e-auction, we are able to attract bidders from China, UK, US, Europe and even from Iran, thereby fetching more revenue as the business has taken an international face” says Mr. Srinivasa Rao, who is an officer associated with TTD for more than 25 years and involved in collection, segregation and sale of human hair in Tirumala.

E-auctioning is being successfully carried out by TTD with the help of MSTC (Metal Scrap Trading Corporation Ltd., a category-I PSU under the administrative control of the Ministry of

Steel, Government of India). The e-auction portal for TTD is designed and managed by MSTC. The notice for e-auction will be posted in the TTD website and biddings will be invited. Exhibit 1.3 is a sample auction notice posted for January 2013 auction.

This easy way of auctioning has provided more flexibility and transparency in the process. On the other hand, it reduces the chances of fraudulent activities that occur often in the traditional bidding. In September 2011 auction, TTD have successfully disposed 466 tonnes of human hair for Rs.132.55 crores. The official sources say that 49 bidders across the world have participated in that auction. In the second phase of auction held in March 2012 over 96 tonnes of hair has been sold. The total revenue from the auctioning of hair in the year 2011-12 is Rs.197.9 crores, which accounts 1/10th of the total revenue of TTD. The cost per kilogram of first quality hair is Rs.20,180. In peak seasons Tirupati sees 45000- 50000 people tonsuring their hair per day and so India is able to export 2000 tonnes of human hair every year.

To be on the safer side by preventing the bidders entering into illegal understandings, the highest price fixed during the last auction would be the upset price for the forthcoming auction. By this way, the interest of TTD is also safeguarded.

E-Auctioning of human hair by TTD has started fetching more revenues year after year. In 2011 the total revenue out of this e-auction is being accounted as Rs. 133 crores, whereas in 2012 it is recorded as Rs. 198 crores. It is expected to increase even more in the coming years. This is because of the growing demand for the wigs in domestic and international market. An executive officer who manages the temple affairs in TTD says, “We get bidders who supply for Hollywood and Bollywood. Remy hair is the most sought type in European market as it is uniformly trimmed and woven to wigs. Non-remy hair is broken and short in nature for which there is high demand in China, Africa, US and especially Nigeria”. He also adds that some bidders have direct connection with Bollywood stars and they are still standing as the most dependent wig supplier for those stars. “Tirumala hair has a huge demand among the Mumbai models and Film stars”, he adds.

Exhibit 1.3: TTD E-auction Notice

TIRUMALA TIRUPATI DEVASTHANAMS	
“OM NAMO VENKATESAYA”	
From P.Srinivasa Rao, M.E., General Manager (Auctions)	<div style="text-align: center;">  </div> Office of the General Manager (Auctions) Marketing Dept.,TTD, Tirupati.
Roc.No.A1/03/GM(Auctions)/MRKT/2013	Dated : 19 -01-2013
Sub:- TTD – Marketing Department – O/o General Manager (Auctions), Tirupati – Flashing the information about conducting the e-auction of human hair on 31-01-2013 on e-platform of MSTC Limited, Visakhapatnam in TTD website - Requested - Regarding	
Ref:- Note Orders of the Executive Officer, TTD, dated: 13-01-2013 ooOoo	
It is to inform that TTD is disposing the human hair through MSTC Limited (A Govt. of India Enterprise), Visakhapatnam through Global e-auction and the due date for e-auction is on 31-01-2012.	
Hence, as per orders of the Executive Officer, TTD vide note orders in the reference cited, I request you to flash the following information in TTD Website, up to 30-01-2013.	
“TTD is disposing the Human Hair through Global e-auction on e-platform of MSTC Limited	

Mr. Rahul, a Mumbai based wig manufacturer for Bollywood stars, says that he entered this business in 1990 as an apprentice. “In 1990s I’ve sold women’s wigs for Rs.2000 – 3000. But now, I’m selling the same for Rs.20,000 – 30,000 and the male varieties for Rs.6000 – 10,000. The type of wig demanded by heroines has hair braids of 50 – 60 inches long and the tonsured hair is the first choice for wig making”, he says. It is also being told that about 70% of the total export market is being dominated by non-remy hair as it costs just one third of the price of remy hair braids. This is due to the growing competition in the domestic market for remy hair and its increasing price. Exhibit 1.4 states the auction details of June 2012 and the upset price for September 2012 auction for all the varieties of hair.

Exhibit 1.4

JUNE 2012 AUCTION DETAILS					UPSET PRICE FOR	SEPTEMBER	2012
Variety	Available stock in	Sold in Kg	Price / kg in	Total in Rupees	Variety	Upset price per Kg in Rupees.	

	Kg		Rupees.			
I	Nil	Nil	-	-	I	20,180
II	39,688	28,700	18,700	53,54,00,00 0	II	18,650
III	19,591	8,300	7,446	6,18,00,000	III	7,450
IV	1,717	1,717	5,450	93,57,000	IV	5,450
V	50,000	50,000	80	40,00,000	V	80
VI	696	696	9,360	65,18,000	VI	9,360

This idea of hair business in TTD is a live example for other such temples in Palani and Samayapuram in Tamil nadu. In such case, quality of Indian hair exported can be improved even more and also can ensure more remy hair exports.

NATURALS CHAIN OF BEAUTY CARE CENTERS:

Naturals have become a familiar name in the market of beauty care and styling. It has 200 salons in the busiest towns and cities of South India and it is still expanding with at least 4 new salons every month. After 10 years of its existence, Naturals chain is recognized as the most sought beauty salons in India. Apart from this, Naturals stands as a leader and trend setter in this industry through its innovations, uniformity in service levels and service ranges. They have popularized the concept of Unisex salon and are also in to the steps of covering more segments like middle age women and premium range people through other models like women- only salons and Lounges. All employees are professionally trained by the training institutes owned by them.

They have established a good franchisee network through win-win market deals. All franchisees are assisted with interior decoration ideas to show uniformity in the ambience and employees (beauticians) from their own institute. Naturals offer lot many beautification services to men and women ranging from hair cuts to occasional grand make over.

Hair recycling:

As far as Naturals chain is concerned, they get minimum of 100 – 200 customers visiting their salon every week in metros and 50 - 100 customers in small towns. They come for different services but 80% of male customers and 30% female customers (in a day) seek hair cut. The size of the cut hair will be less than 5 inches (Fifth variety) and are best suited for artificial beards, moustaches, eye brows and eye lashes. But, the chain is unaware of the present opportunities. Sangeetha, a salon manager says, “Neither we are approached by any traders nor we are instructed to recycle the hair. Even if we are asked to do so, collecting, segregation and storing these will be a great problem for us”.

“We sweep out all the bits and pieces of hair and dispose them into bins”, says Kiran, another stores manager. They are unaware of the recycling and even after introducing about the benefits associated with that they are not interested. This is mainly due to the fact of non-availability of any specific network to do so. Irrespective of the type of salon (Unisex / women only / lounge) they don’t have a practice of recycling any of the scraps. But, the profit margin that they are certain to get is not as worthy as TTD, because of the hair size. It is only the fourth or fifth variety hair that gets collected in salons and so there are minimal chances for profit making in salons.

Raj hair International Pvt Ltd is the first ISO 9001:2008 certified company in the hair industry that does hair export for more than 30 years. They export human hair procured from Tirupati as well as salons. They have started exporting hair to Japan since 1980s when there were very limited sources for human hair. Mr. Pankaj (false name) says, “We started collecting the waste hair from barber shops around our office location. In earlier days, we encountered some problems due to non availability of lengthy hair (above 6 inches). But now, even that problem has got resolved by TTD e-auctioning. There is a huge market in foreign countries even for 4th and 5th varieties of human hair”. He also says that the hair exported will be in bundles as per the requirement of the customers. “We tie them properly before sending and we export 600 tonnes of human hair every year, in which the southern states of India are well known for the first, second and third varieties of hair”, he adds.

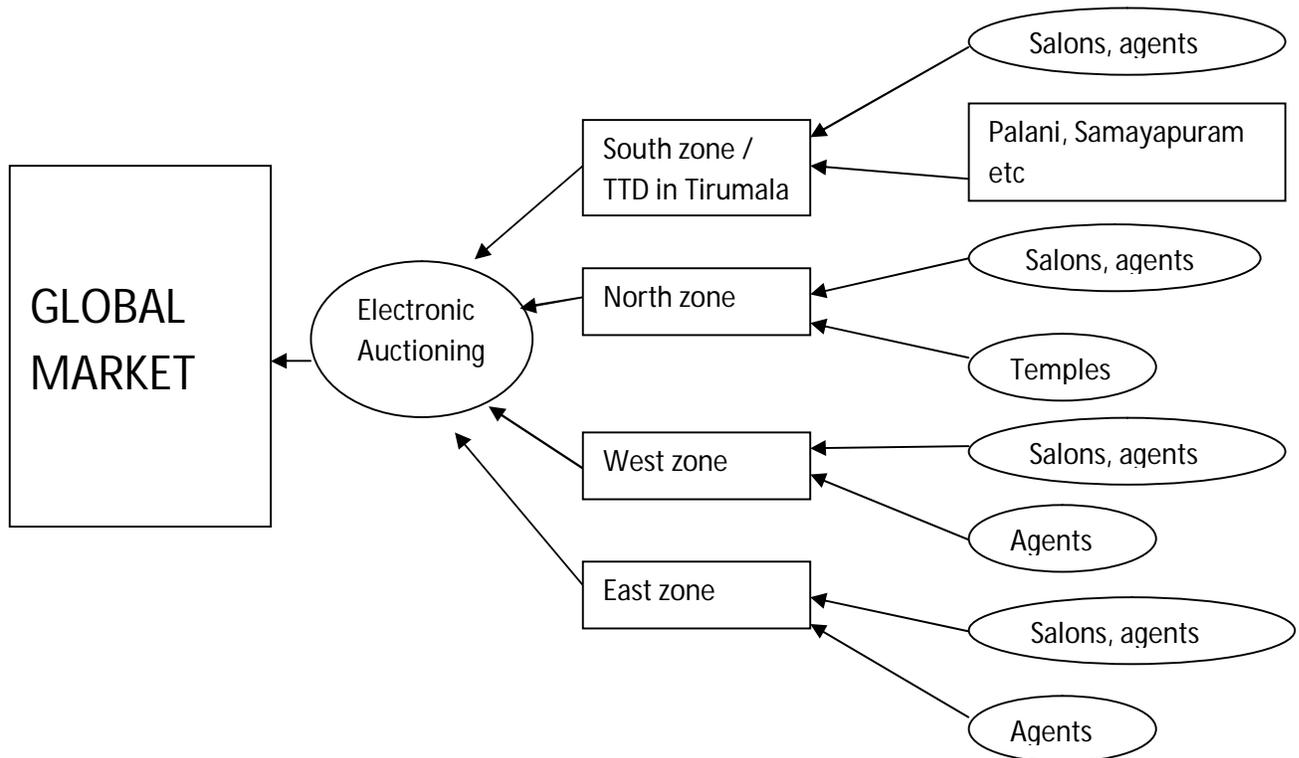
TTD AS A HUB FOR INDIAN HUMAN HAIR:

TTD has the most efficient process of recycling that helps them to increase their revenue as well as their image in the international scenario. They are very organized in cutting, collecting, categorizing, storing and even selling the hair. Apart from adding revenue, this process has crafted a 'green' image for Tirupati among the tourists especially foreigners.

In spite of more opportunities for recycling, even a well organized beauty care salon doesn't show interest for that. The reasons were found to be the aversion towards the process of collection, segregation, cleaning and storage of human hair before e-auction. This will take huge investment and employment of new centers and people, if they try to do it by themselves. To overcome this, they can even join hands with TTD and proceed e-auctioning and make huge business out of it. Not only the organized salons, but also unorganized salons, through their barber association can take steps to sell out their scrap hair via TTD. On establishing 3 more collection centers such as one per zone (having one already in the south zone), human hair can be collected from individuals and enterprises in the appropriate zones, sterilized, segregated, stored and can be sold through e-auction.

Apart from the above mentioned teams, one more team for quality checking can also be employed to ensure the quality of exported human hair. Since TTD has become a well known brand and reflects Indian face among the international bidders and to avoid any problems pertaining to quality, these teams are highly important. They can directly move the hair strands from their regional centers, which will even reduce the logistics cost. The major advantage in this method is that even small unorganized groups can enjoy the benefit of recycling in a bigger way, which when done individually will result in meager profit. With TTD, which already has become a brand in global market, these small groups can easily find a way for their hair disposal problem. Through this, TTD can increase its volume of business to few more tonnes. So, in International scenario, TTD can strongly prove itself as a predominant source of Indian human hair by ensuring quality in exports. But, the challenging factor in this model would be in

matching up the size of the collected hair with the TTD varieties. There are chances for more accumulation of least priced varieties of hair, selling which would again be a difficult for TTD.



CONCLUSION:

Human hair export business is not as simple as it sounds. The hair market is expanding due to the demands for hair and its related products among the customers. Tapping this, TTD has introduced technical innovation in its processes thereby reaching more B2B customers in the market. The e-auctioning process has given an international face to TTD. Being a supplier, TTD has taken so much of care in the quality of human hair it exports, which gets reflected in the quality of the products. Beauty salons are also good suppliers for human hair, but the problem is the indifference in their volumes. To overcome this, they can even join hands with TTD and proceed e-auctioning and make huge business out of it. TTD's process stands as a business model for all other minor suppliers in terms of innovation and technological intervention.

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