

## Final Report On Specialized Handloom

The handloom industry is the largest cottage industry and plays a vital role in cloth production of the country. The census conducted by BBS in 1990 shows that there are 2,12,421 handloom units with 5,14,456 looms in Bangladesh producing 69% of total cloth available in the country. The industry accounts for 33 percent of the country's manufacturing employment and for 15% of the manufacturing GDP. The growth of the handloom sector has great potentiality for poverty reduction through creation of employment opportunities and income generation. A Package program is needed to achieve accelerated growth of the sector.

This study, sponsored by the JOBS Program is an attempt to develop an action-oriented program for the growth of this industry, which has also been envisaged in the Fifth Five-Year plan document of the Government of Bangladesh. Seventy seven units / enterprises have been selected for survey. The sample consists of 42 producers, 12 wholesalers/retailers, 10 input suppliers and 13 consumers/end users of 9 districts of 4 divisions. The sample enterprises were divided into 6 broad categories based primarily on the nature of products produced and socio-cultural heritage. The categories are:

- Benarashi/Katan
- Jamdani
- Superfine cotton
- Ethnic
- Khadi and
- Check

### Some of the major findings are:

Most of the entrepreneurs owned the industry by inheritance. They learnt the skill and knowledge from their forefathers. The entrepreneurs, who have self started or purchased the units also learnt the techniques from neighbors. The initial capital was raised from own savings and non-institutional borrowing.

- A considerable portion of the enterprises is located in rural areas (43%).
- Specialized handloom units are located only in 9 districts of 4 divisions of the country.
- Seventy one percent of the units are registered having trade licenses, of which 46.7% are from rural areas.

- Individuals own most of the units (78%).
- Most of the sample enterprises have expanded (59.5%) of which 56% are in rural areas, since inception.
- During expansion almost 50% investment was spent on machinery.
- About 53% of the units are running at full capacity.
- A considerable portion of units is not running at full capacity. The reasons for under utilization of capacity are non-availability of skilled workers, shortage of working capital, poor demand, high price of yarn, free market, competition from power loom products and smuggled goods etc.
- In the sample area 38% of the owners are women.
- Most of the entrepreneurs are not members of any national association as they think these institutions do not play any role in the development of small enterprises particularly in the handloom sub-sector.
- Grameen check has added a new dimension to the handloom industry. Grameen Uddog of 5.2 million yards of check and has exported 4.2 million yards through RMG industries.
- In the sample area 67.3% units employ female workers for their enterprises
- Only 9.5% enterprises are doing promotional work for their workers.
- In purchasing special handloom products, 20% consumers make their decisions based on designing aspects, 20% on durability and 60% on status consciousness.