Report of the Task Force

for

a sustainable development

of

The Handloom Industry in Sri Lanka.

Textile Industry Development Division

Ministry of Industry & Commerce

73/1, Galle Road,
Colombo 03.

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CONTENTS

Abbreviations

CSR	-	Corporate Social Responsibility.
DTI	-	Department of Textile Industries
EDB	-	Export Development Board
MI&C	-	Ministry of Industries and Commerce.
MoU	-	Memorandum of Understanding
NVQ	-	National Vocational Qualification.
NEDA	-	National Enterprise Development Authority
NTC	-	National Textile Corporation.
PC	-	Provincial Councils
SLITA	-	Sri Lanka Institute for Textiles and Apparel
SLTDA	-	Sri Lanka Tourism Development Authority
UoM	-	University of Moratuwa
UNIVOTEC	-	University of Vocational Technology

EXECUTIVE SUMMARY

The Handloom Industry is considered as a priority area under the development programmes of the Mahinda Chinthana and the Minister of Industry and Commerce appointed a Task Force to identify issues pertaining to this industry and to draw up a business model for a sustainable development of the Industry. The Task Force focused the study on key areas namely Marketing, Training, Designing, Technology and Entrepreneurship Building. The production of Handloom fabrics comes under the following sub sectors;

a) Private-Companies, Individual entrepreneurs, self employed

b) Government- Production centers managed by Provincial Councils

c) Co-operative Societies.

There are no reliable data available regarding the number of machines in operation and employment at present. However, considering the available data it is estimated that around 6,500 handlooms are in operation providing direct employment to around 10,000 persons. The Task force has identified that major issues encountered by the Handloom Industry are lack of market oriented designing and product development, reluctance of the younger generation to join the industry. The low wage structure and social stigma created are the attributes hindering the young females to remain in this industry. The payment structure also does not motivate weavers to produce value added high quality fabrics. Scarcity of yarn, accessories and poor conditions of the looms are other major issues affecting the productivity of the industry.

The Task Force recommends the following strategies

Management

It is essential to establish a proper management structure with a Steering Committee functioning under the Ministry for implementing the recommendations of the Task Force and monitoring the progress regularly. A consistent Government policy is an absolute necessity if this industry is to be developed. Further the committee recommends;

- DTI Katubedda Centre to be developed as a Centre of Excellence.
- Establishment of Regional Service Centres.
- Obtaining of services of other related Government and private service providers.
- Clustering the industry.

Marketing;

A Multi faceted approach to identified different segments is recommended. The promotion of exports and guiding producers to cater to international market are to be handled mainly by the Export Development Board. The Department of Commerce also can assist in this matter. Establishment of a Sri Lankan Brand name and international image building is strongly recommended.

The local market can be segmented into Tourist sector, high end niche market through exclusive shops, boutiques. An aggressive marketing strategy is recommended to penetrate into the tourist market which consists of hospitality industry and the individual tourists.

Human Resource development;

It is necessary to follow a systematic approach in human resource development by carrying out a training needs analysis and evaluating the present training programmes offered by various institutions. The training programmes should be revised only based on a gap analysis and this will also help to identify the need for capacity building in terms of human resources, facilities and equipment. An effective monitoring system is also recommended.

Technology Improvement;

Use of appropriate technology to improve productivity and relieving the weaver from strenuous work is recommended. The use of Information Technology (IT) in management of operations, use of software in designing is necessary in today's context. The programme for reactivation of idle looms should be continued in an effective manner. Upgrading the quality of dyeing, use of improved dyeing machines and new technology is another area that needs special attention.

Entrepreneurship building;

The following activities are recommended under entrepreneurship building.

- Entrepreneurship building among small & micro enterprises.
- Encouraging & facilitating of emergence of young entrepreneurs.
- Facilitating of micro financing

In addition to the above the task force recommends considering government intervention to provide a steady supply of raw materials and accessories required by the industry.

(A detail Action Plan with a forecast budget is given in *Annexure IV*.)

Vision

A vibrant, globally competitive and a sustainable Handloom Industry with an internationally renowned brand identity.

Mission

To facilitate development of a competitive handloom industry producing high quality goods meeting customer expectations while improving the quality of life of the craftsman.

1) INTRODUCTION

The Handloom Industry has been identified as one of the sectors which could be developed to provide livelihood to a considerable number of people in rural areas under the Mahinda Chintana. Since the Hand loom Industry is a devolved subject the Government production centres comes under the purview of the Provincial Councils. The role of the central government is policy formulation, assisting the development process by providing training, design development, market promotion and coordination among all the sectors.

Honorable Minister for Industry and Commerce decided to appoint a Task Force to identify the challenges and issues of the Handloom Industry and to propose a suitable business strategy for a sustainable development of the Handloom industry in the Country.

The taskforce consisted of representatives from the Handloom Industry, officials of the Ministry, Provincial Councils, free lance designers and representatives from institutions connected with training and market promotion of the Handloom Industry. The Taskforce focused on three main areas-

- Marketing
- Training, Designing and Technology
- Entrepreneurship development

The inaugural meeting of the Task Force was held on 22nd December 2011 at the Ministry of Industries and Commerce chaired by the Hon. Minister and subcommittees were appointed to address the issues relating to each area.

This business plan is aimed at developing a strategy for revival and a sustainable growth of the handloom sector in Sri Lanka with a focus on increased income opportunities for the weavers by making value added handloom products.

2) BACKGROUND

The history of hand weaving in this country extends over 2500 years as it is connected with the legend of Prince Vijaya's arrival in this country. Handloom industry has continued over the years with many ups and downs. There had been many occasions in which kings have brought artisans from India to maintain this industry.

The first step of the present development process of the Handloom industry in the country could be considered as the starting of the Hewavitharana school in 1912 at Rajagiriya by Mudlier D.C Hewavitharana. After gaining independence the national movement for Handloom industry had begun mainly inspired by the Khaddar movement of Mahatma Ghandi. However, during the British rule in1920 weaving inspectors had been appointed and by 1945 there had been 198 demonstration centres, 81 weaving schools and 55 Handloom workshops in the country according to the records. The hay days of the Handloom industry in the country was in the decades of 60's and early 70's with the encouragement and leadership given by the Government in power during that period. The Handloom producers enjoyed a protected domestic market (under Industrial Product regulation Act 1965 and foreign exchange restrictions) catering to the basic clothing and household textile requirements of the country. The highest number of installed looms recorded was 115,000 in 1977 prior to the introduction of the open economic policies according to a survey carried out by the DTI. However not even 30% of these looms were in operation due to various problems. During this period the Handloom Industry was clustered around certain areas of the island, mainly in Western, North Western, Central, Southern and Eastern Provinces.

With the introduction of the open economic policies in 1977 Handloom industry which was mainly catering to the domestic market was faced with enormous problems. The change in the culture, clothing patterns, and seepage from the garment industry created problems to manufacturers who were producing conventional types of products. As a result many traditional Handloom units were closed down and only a few who were able to change themselves to the emerging marketing trends survived. The Handloom products which were hitherto catering to a mass market became a niche market product with the changes that took place in the market. Successive governments having identified the assistance required by the industry to face the challenges of the open market introduced various development programmes and those have helped the industry to survive to a certain extent. The Handloom Industry in the Eastern Province with their indigenous techniques was not so affected due to these changes as they enjoyed a reasonable domestic market with their traditional products such as Sarongs and Sarees, subsequently they too were affected due to the terrorism that prevailed in the country and those who survived all these impacts were affected by the Tsunami Disaster in 2004.

(Please refer *Annex I*)

3) TASK FORCE

The scope ;

To study the present status of the Handloom industry in the country, analyze problems and prospects and explore opportunities for expanding the share in international and domestic markets and to prepare a suitable business model for a sustainable development of the Handloom Industry in consultation with the stakeholders.

The task force broadly consisted of members representing following stake holders;

Marketing

- Export Development Board (EDB)
- Private Handloom Industrialists.
- University of Moratuwa (UoM)
- Tourist Industry
- Lak Salusala
- Lak Sala

Training, Designing and Technology

- Department of Textile Industry (DTI)
- University of Moratuwa (UoM)
- Sri Lanka Institute of Textiles & Apparel (SLITA)
- Trainers, designers from the private sector.

Entrepreneurship

- National Enterprise Development Authority (NEDA)
- Provincial Councils.
- Private Entrepreneurs.

(Refer ***Annex II*** for terms of reference)

4) PRESENT STATUS OF THE INDUSTRY

Sri Lankan handloom industry is known as a highly labour intensive export oriented and a rural based industry. Even though the sector has declined over the years, it has a significant employment generating potential and export earning opportunities if a paradigm shift takes place from low price commodity manufacturer to market oriented high end product manufacturer. This industry operates as a cottage industry in rural areas and most weavers are working part time while attending to their agricultural or domestic work apart from the organized enterprises.

Sri Lankan Handloom industry can be classified into the following categories.

- **Private- Export oriented companies**.
  Entrepreneurs –indirect export and catering to local market.
  Self employed-Supplying to shops, subcontracting.
- **Government- Production centers managed by Provincial Councils**
  Training and designing schools managed by DTI
- **Co-operative societies.**

A proper mechanism to collect data on the performance of the Handloom industry is not available at present and also a primary survey has not been carried out in the recent past. The data available about the number of looms and the employment provide only a cursory outline of the magnitude of the industry.

4.1 Composition of the number of machines and employment in the country 2011

	Machines			**Employment**	
	Installed	**Operational**			
Sector	**No**	**No.**	**%**	**No.**	**%**
Coop Societies	925	721	77	859	9.1
Government	5169	3234	62	4502	47.9
Private	N A	2464	-	4034	42.9
Total		6419		9395	100

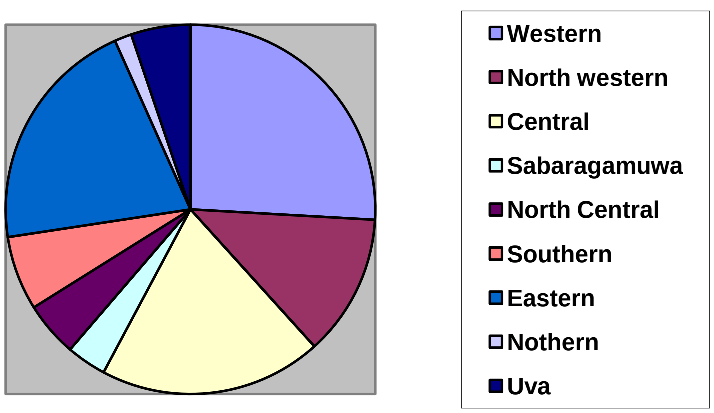
(Source: Textile Ministry & other)

Table I

The above table shows that 77 % of the installed looms are in operation in the cooperative sector and 62% in the provincial councils. Accurate data regarding the installed looms in the private sector is not available. In previous primary surveys carried out by the Department of Textile Industry a pattern of only 50% of the total installed looms in the country being in operation at any given time was observed. This included the looms stopped due to unserviceable conditions of the looms, non availability of accessories and raw material, lack of weavers and financial and marketing problems *(DTI Survey 1990*). Current scenario with respect to the above is improved although the number of looms in operation has reduced.

As per a study carried out by the Tertiary and Vocational and Education Commission (TVEC) in 2010 there were around 962 private handloom producers in operation in the country inclusive of small, medium and large-scale units. In addition, Eight provincial councils owned 771 production centres and the industry provided employment to around 15,000 persons. Taking all these factors into consideration it would be safe to estimate that around 10,000 persons are directly employed in this industry at present.

Distribution of the Handloom Industry in the country.- Province wise 2011



Province	Active looms	%
Western	1662	25.9
North Western	796	12.4
Central	1249	19.5
Sabaragamuwa	227	3.5
North Central	308	4.8
Southern	418	6.5
Eastern	1326	20.7
Northern	99	1.5
Uva	334	5.2
Total	6419	100

Table II *Source-Textile Division-MI&C*

The above table indicates that the hand loom industry is mainly concentrated in four provinces. The Western Province has a major share with 25.9% followed by the Eastern

Province with 20.7% and 19.5% in Central Province and 12.4% in the North Western Province. Southern Province which had a flourishing textile industry in the past has declined very much.

(Refer ***Annex III***)

Estimated production (2011)

Sector	Mn. Meters
Private	2.8
Government	2.3
Cooperative	0.7
Total	5.8

Table III

Assumptions ;- Av. production/loom/day - Pvt. 4 Mts., Govt 3 Mts., Co-op 3.5 Mt. (50% efficiency)]
No. of working days in a year –Pvt-280 and Co-op 280 days, Govt- 240 days)

4.2 Market

Market segments

- Local Market

  Urban- High end niche market.-Exclusive Boutiques, Department Stores

  Middle level- basic clothing and house hold textiles.

  Tourist Industry- Tourist Hotels and Tourists.

  Rural- Middle & lower level -basic clothing and house hold textiles

- Export Market- Direct exports-Design driven high value added products

  Indirect exports- catering to both high end and lower segments.

4.2.1 Local market

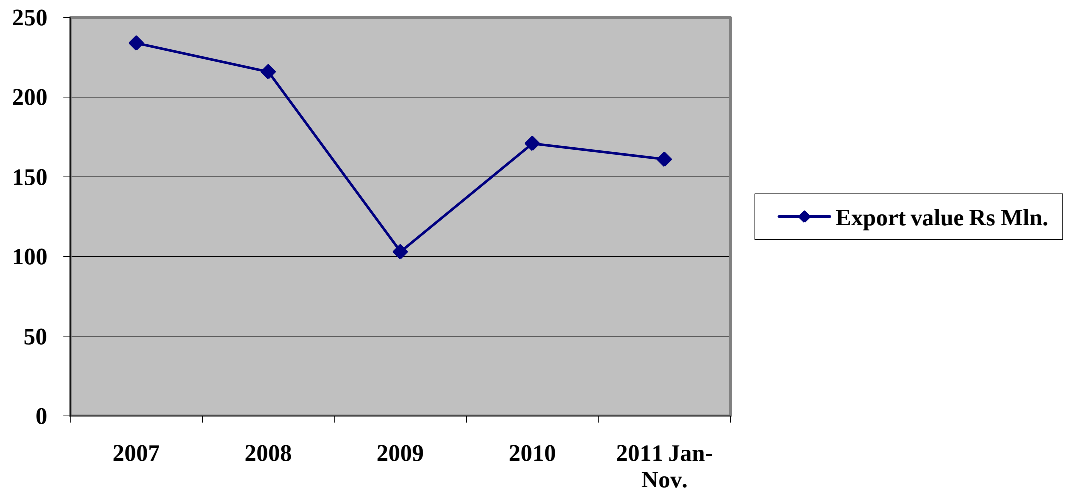
Local market for handloom textile material is mainly for curtaining, furnishing, toweling, bed linen, table linen, cushion covers, sarongs and sarees.

However, due to the low wage structure most weavers do not pay much attention to the design and the colour and they are reluctant to weave value added, artistic textiles, that can be sold, at a higher price. Also most weavers are not designers and do not know to use colour to its full advantage. At present the local market is expanding and producers who have established the marketing channels find it difficult to meet the demand while some find it difficult to market their products.

4.2.2 The Export market

The exports includes a wide range of products such as upholstery fabrics, curtaining, dress fabrics, bed linen, table linen, kitchen linen, readymade garments, soft toys and hand-woven rugs and tapestries. Maldives, Italy, Germany, Australia, France, Spain, Japan, Korea, Sweden, USA, UK, Vietnam, Lebanon, Thailand and United Kingdom, Norway , Netherlands are the main export markets for Sri Lankan handloom textile products.

Value of exports –Handloom Products



Source- EDB

Year	2007 Rs.Mn.	2008 Rs.Mn.	2009 Rs.Mn.	2010 Rs.Mn.	2011 Jan. to Nov.
Export value	234	216	103	171	161

Table IV

According to the above graph the exports show a declining trend and number of exporters also have reduced. At present the main exporters of Handloom fabrics and products are-

Babara sansoni Ko Lanka Pure Silk

Selyn Exprorters Asian Fabrics

Kandgys

The exports include a wide range of products such as upholstery fabrics, curtaining, dress fabrics, bed linen, table linen, kitchen linen, readymade garments, soft toys and hand-woven rugs and tapestries.

4.3 Raw material supply

The Sri Lankan Handloom industry heavily depends on yarn imports from sources in South India and price fluctuations and non availability at required times had adverse effects in the past. Further India imposed certain restrictions on export of selected yarn counts from time to time which badly affected the industry. The established handloom producers such as Barefoot, Kandgys, Selyn, Ko-Lanka import their requirements directly while the rest of the manufacturers depend on few private importers. Since the yarn used is in the Hank form and the quantities required are small, importing from countries such as China and Vietnam has not been successful. The common counts of yarn used in the Handloom industry are;

English Count (Ne)- 2's, 10's, 16's,2/20's, 2/30's, 50's, 80,s and 2/100's. Other varieties are imported depending on the requirement. When NTC's Mattegama Textile Mill was in operation the coarser and medium count yarn were mainly supplied by them and Sri Lanka imported only the finer counts such as 2/100's from India.

At present in addition to using traditional cotton yarn a new set of producers have emerged producing Sarees, Sarongs etc. catering to the lower segment of the local market using polyester sewing thread left over from the garment industry. Attempts are also being made by some manufacturers to introduce alternate natural raw material to produce high end value added products.

4.4 Dyes and Chemicals

Dyes and chemicals are supplied by local agents/importers which are imported from several countries. The quality dye stuff from countries such as Germany, Switzerland are expensive, hence the ordinary handloom producers use low priced dyes imported from India and China. However, the established exporters are using only high quality dyes and chemicals.

4.5 Looms and Accessories

Obtaining new looms also has become a problem as the persons who manufacture them are limited and due to high cost of timber and non availability of the required types of timber. Accessories such as Healds, Reeds and Shuttles are also not readily available.

4.6 Manpower

The major problem faced by the industry is the difficulty in attracting and retaining younger generation in the industry. The low wage structure and the strenuous work and the social stigma created have become the main factors keeping young persons away from the industry. A major part of the skilled weavers are over 50 or very close to their retirement age which forces a threat to the sustainability of the industry. This situation is somewhat different in the Eastern Province due to social and economic conditions prevailing in the province and not only women but men are also available for employment in the industry.

4.7 SWOT Analysis

Strength

- Government's policy decision to develop the handloom sector.
- Availability of institutional support.
- Low investment cost compared to other industries.
- Ability to produce complex fabrics using hand looms and its versatility, variety and adoptability.
- Low overhead costs due to less complicated machines and little use of electricity in the production process.
- Availability of skilled labour and master weavers to produce a variety of fabrics.
- Environment friendliness.
- Commencement of technology and design programmes in the university, training and vocational education institutes.

Weakness

- Non availability of younger generation craftsmen.
- Old out-dated traditional designs / colours.
    - Absence of new designs
    - Absence of colour matching and colour testing
- No testing laboratories within the provincial councils, cooperative societies or with private sector weavers.
- Producers are scattered thought-out the provinces: problem in coordinating
- Lack of awareness about new markets and markets trends
- Difficulty in sourcing quality raw materials (cotton yarn)
- Inability to compete with low priced power-loom products.
- Perception about the industry as a low paid sector which does not require educated personnel.
- Lack of vocational and training programmes for skills development for hand loom workers.

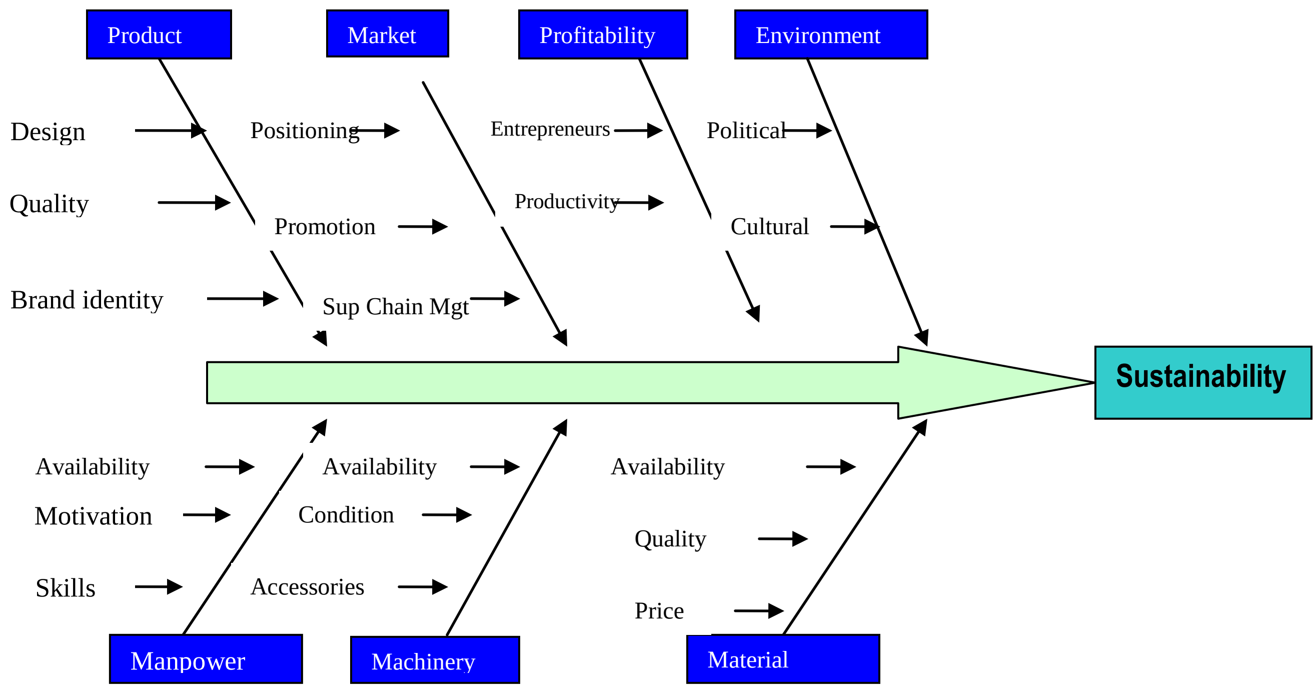
Opportunities

- Existing but hitherto un-tapped domestic and international markets for handmade fabric, products.
- Growing demand for environmental friendly products from the developed countries.
- Ability to fetch a premium price for the product due to its unique nature.
- Symbol of status due to its high price and uniqueness in the domestic and international markets (establishment of a brand name for Sri Lankan Hand looms)

Threats

- Shifting of the technology from hand loom to power loom due to high productivity and economies of scale and scope.
- Shifting of skilled labour from handloom to other industries such as power-loom, apparel, tourism etc.
- Low priced handloom and alternative products imported from other countries such as India and Pakistan.
- High dependence on India for Yarn, where supplies are not consistent.

5) CAUSE AND EFFECT ANALYSIS



Sustainable development
The development that "meets the needs of the present without compromising the ability of future generations to meet their own needs." (definition of Bruit land Commission)

The cause and effect diagram given above indicates seven factors that have a direct effect on the sustainability of the Handloom Industry in Sri Lanka. The key factors are the product, market, profitability, environment and the 3M's namely men, machine and material. The forthcoming chapters examine the sub causes leading to every element in detail and the strategies to overcome the problems.

6) OBJECTIVE AND STRATEGIES

6.1 Management

Objective

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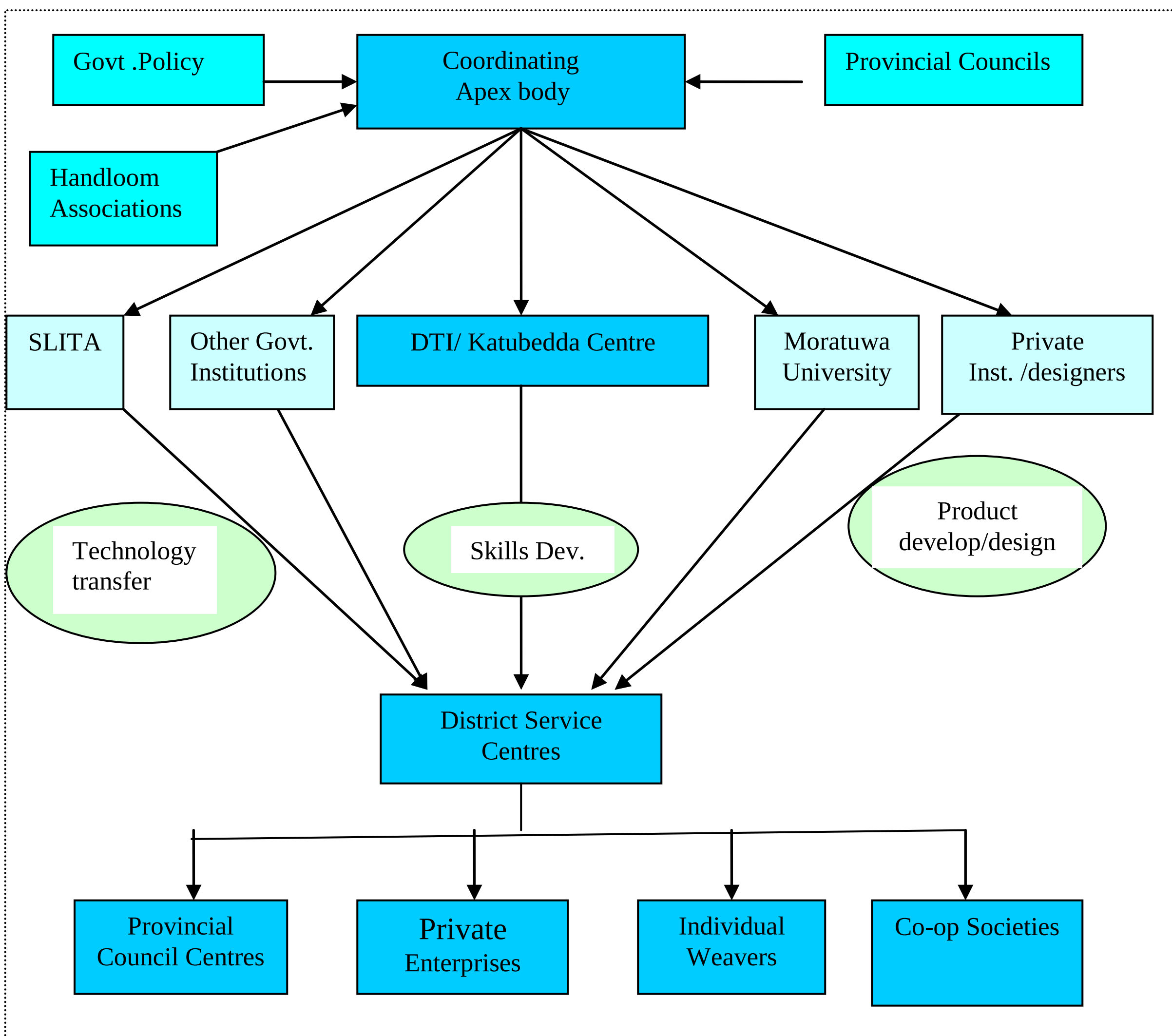
To establish the management frame work for effective implementation of the recommendations of the Task force and monitor the same

6.1.1- Key strategies

- Formulation of a stable government policy for development of the Handloom Industry.
- Setting up of an Apex body -Steering Committee
- Establishing a Centre of Excellence to service the entire country
- Establishment of Regional Service Centres
- Obtaining services of other related Government and private service providers.
- Clustering the industry.



6.1.2- Activities

	Activity	Responsibility
1	Establishment of a steering committee at National Level for coordination and monitoring National Handloom Development programme.	MI&C
2	Draft a government policy for development of the Handloom Industry and forward to relevant authorities.	MI&C
3	Promote to form an apex handloom association to attend to common issues	MI&C
4	Hold monthly progress review meetings with Provincial Directors in charge of the subject of handloom Industry.	MI&C, PC & DTI
5	Set up a mechanism at the Ministry to collect data regarding the performance of the Handloom Industry in the country.	MI&C, DTI
6	Develop DTI Katubedda centre as a Centre of Excellence providing training, designing and product development	MI&C, DTI
7	Establish Handloom Service Centres in each province which will work in close coordination with Katubedda Centre, provincial councils and private sector.	MI&C,DTI
8	Linking the handloom industry with Universities, Research & Development (R&D) institutions for technology advancement of the industry	MI&C, DTI
9	Promote public-private partnerships (using existing government centres and other facilities)	MI&C, PC & DTI
10	Promote establishment of Handloom clusters and facilitate the same.	MI&C

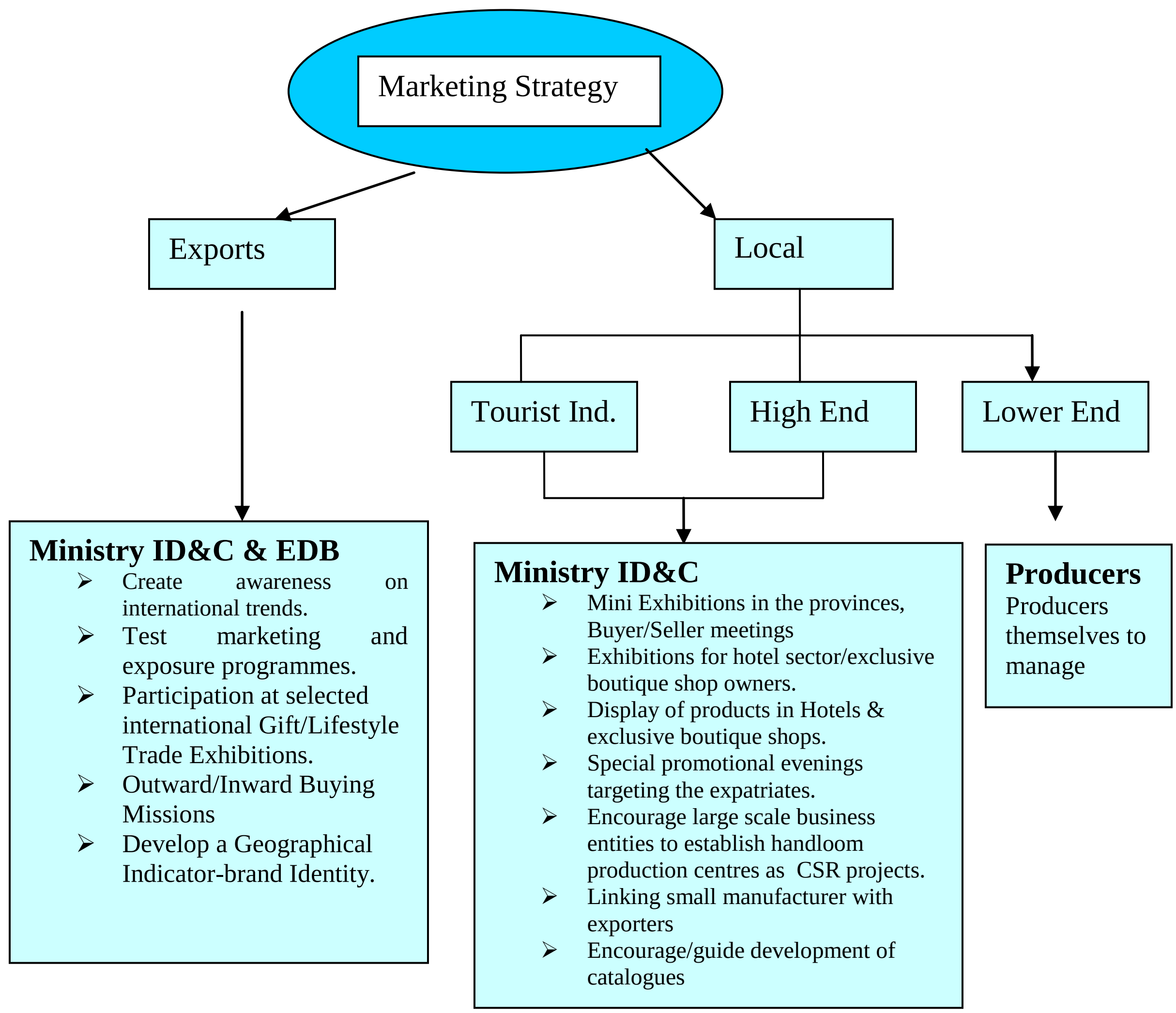
6.2) Marketing

Objective

Promote and facilitate marketing of handloom products for a continuous and a sustainable growth of the industry to maximize benefits to the stakeholders

6.2.1) Key Strategies

- Multi faceted approach to different segments.
- Export Promotion- guide producers by EDB & Dept. of Commerce.
- Create an identity-Brand Name, Logo
- Local- Aggressive marketing aiming Tourist Sector
  Approach High end through exclusive shops, dept. stores
  Involve established supermarket chains in production & sales.



6.2.2 Activities-

	Activity	Responsibility
1	Carry out a market survey to identify the market needs, trends in the global market as well as in the local market	MI&C, EDB & DTI
2	Educate, guide producers on international market requirements, conduct programmes covering all provinces & sectors	MI&C to organize, EDB to conduct
3	Promote to establish an identity for Sri Lankan Handlooms (Geographical Indicator) in the global market.	MI&C, EDB & Dpt. of Prop. Right
4	Conduct test marketing programmes	MI&C, EDB
5	Organize participation at selected international Gift/Lifestyle Trade Exhibitions,	EDB
6	Organize outward and inward buying missions	EDB
7	Assist/guide producers to develop catalogues, sample collections and other promotional material	MI&C ,EDB
8	Linking small manufacturer with exporters	MI&C, EDB
9	Employ designers on contract basis to develop designs for selected markets	MI&C, EDB
10	Mini Exhibitions in the provinces, Buyer/Seller meetings	MI&C ,DTI & PC
11	Organize exhibitions for hotel sector,/exclusive boutique /shop owners.	MI&C, DTI & PC
12	Marketing of products through sales outlets of Laksala	DTI, Laksala
13	Facilitate display of products in Hotels & exclusive boutique shops	MI&C, DTI & SLTDA
14	Encourage retail chains to start weaving units under their CSR projects.	MI&C

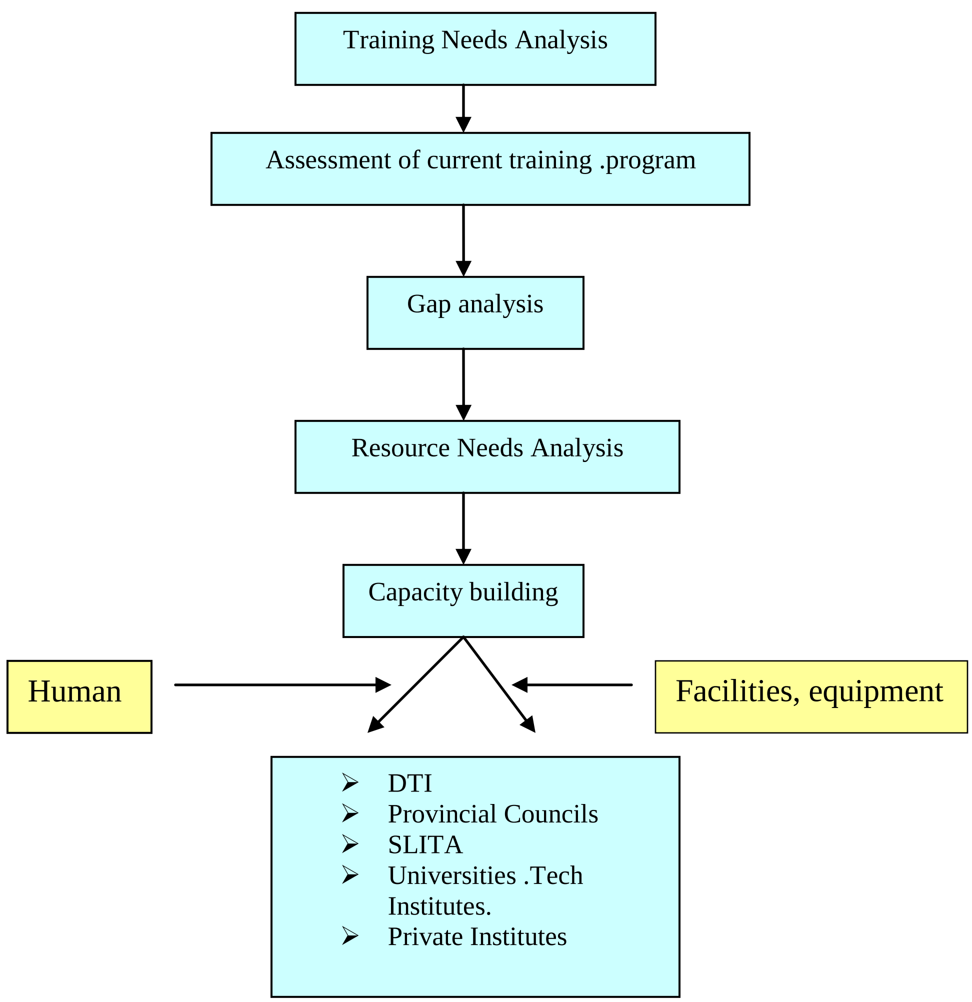
6.3 Human Resource Development

Objective

To meet the Human Resources need s of the Handloom Industry keeping abreast with the development, provide recognition to the craftsman and attract younger generation to the trade.

6.3.1 Key Strategies

- Analysis of Training Needs
- Ascertaining the gap, new skills required.
- Capacity building
- Plan H R D Programmes
- Set up a Monitoring and effectiveness evaluation.



6.3.2 Activities

	Activity	Responsibility
1	Carry out a Training needs analysis of the Handloom Industry to identify skills gap, new skills required. Make a demand forecast	MI&C, DTI & SLITA
2	Assessment of the training courses available in the country and make recommendations for improvement of existing courses, new courses and training of trainers	MI&C,DTI & SLITA
3	Draw up plans to match the supply of skills to the demand.	MI&C,DTI
4	Capacity building in the training institutes directly linked to the Handloom Industry-Identify the institutes and the nature of assistance required.	MI&C, DTI & SLITA
5	Develop a NVQ frame work for the Handloom sector to provide opportunities for those employed to obtain a recognized qualification	MI&C, SLITA
6	Explore opportunities for signing a MoU with India and/ or other countries for technology transfer.	MI&C, DTI & SLITA
7	Draw up a scheme to award foreign scholarships to master weavers and trainers.	MI&C,DTI
8	Utilize the Master weavers of Government Centres to train others.	MI&C,DTI

6.4 Technology

Objective

To use appropriate technology for improvement of productivity, quality of handloom fabrics and products and to enhance the working standards of those employed

6.4.1 Key Strategies

- Use appropriate technology
- Introduce IT in Management, Designing
- Reactivation of idle looms
- Improve dyeing technology, capacity &Upgrading quality of dyeing

6.4.2 Activities

	Activity	Responsibility
1	Modernization of existing Handloom Centres to improve productivity and design capabilities.	DTI, PC & SLITA
2	Reactivation of unutilized looms and other supporting facilities to increase weaving capacity.	MI&C, DTI & PC
3	Upgrade Dyeing, Colour and shade matching facilities to improve colour and quality.	MI&C,DTI & SLITA
4	Introduction of new technology for weaving, weaving preparation, dyeing and finishing	DTI, SLITA
5	Encouraging and facilitating mechanizing of the weaving preparatory and dyeing sections.	DTI ,PC & SLITA
6	Establishment of central dyeing centres	MI&C, DTI, PC & SLITA
7	Establishment of post weaving treatment, value addition units.	DTI,SLITA
8	Introduce IT and software packages for designing etc .at the weaving units.	MI&C, PC & SLITA
9	Research and encourage use of alternate raw materials which can bring value addition to the Handloom products.	SLITA,DTI

6.5 Entrepreneurship Building

Objective

To impart the basic skills of enterprise management to small and micro Handloom product manufacturers in order to manage their operations productively.

6.5.1 Key Strategies

- Entrepreneurship building among small & micro enterprises.
- Encouraging & facilitating emergence of young entrepreneurs.
- Facilitate micro financing

6.5.2 Activities

	Strategy	Responsibility
1	Conduct entrepreneurship development programmes focused on private and cooperative sector.	MI&C, NEDA
2	Encouraging the present employees of the government weaving centres to become micro entrepreneurs by providing weaving machines, raw materials and accessories while giving them entrepreneurship development training.	MI&C,NEDA PC
3	Facilitating micro financing to individual weavers.	MI&C,NEDA
4	Promote graduates specialized in fashion design to starts enterprises.	MI&C, Universities & NEDA.

7) GENERAL RECOMMENDATIONS

1) The government may establish a Handloom Project Steering Committee(HPSC) headed by Secretary, Additional secretary which may have representatives from relevant institutes such as EDB, DTI, SLITA, UOM, and other state and private sector experts as members. HPSC would be responsible for approval of projects relating to proposed interventions including handloom parks or clusters. HPSC would also have a mechanism to review regularly the progress.

2) The present wage structure for weavers in the Government sector does not encourage them to weave quality value added material. Therefore a wage structure based on a formula which evaluates both performance and value addition is recommended.

3) Restructuring of the Handloom Weaving centres functioning under the Provincial Councils with an appropriate Public-Private partnership model enabling them to run as viable business enterprises is strongly recommended.

4) Restructuring of the Cooperative Handloom Weaving Societies is also recommended to improve their performance and profitability.

5) Since raw material sourcing has become a major problem the government should explore the possibility of setting up of a raw material bank.

6) It is also recommended to draw up an action plan with time targets to implement a social welfare programmes such as insurance and pension scheme.

7) A mechanism to monitor the return on investment of this business model is also recommended.

8. CONCLUSION:

Sri Lankan handloom industry is known as a highly labour intensive export oriented and a rural based industry. Even though the sector has declined over the years, it has a significant employment generating potential and export earning opportunities if the industry takes a major shift from low priced commodity manufacturer to a market oriented high end product manufacturer. This business plan is aimed at formulating a strategy for revival and a sustainable growth of the handloom sector in Sri Lanka with a focus on increased income opportunities for the weavers.

ANNEX 1

Previous Handloom Industry Development projects launched in Sri Lanka

1) Project for establishment of one thousand Handloom Centres in the country

In October 1965 the Cabinet has approved a scheme of setting up of one thousand handloom centres in the country with the main objective of providing employment to 25,000 persons. The expenditure allocated was 18.2 million Rupees. Each centre was to be equipped with 6 looms and to provide training for 25 students. At the end of the six months training period the weavers of each centre was to be formed into a Co-operative Society.
The scheme has commenced in March1966 under the theme encouraging "Swadeshi Textiles". There had been a magnificent response from voluntary organizations and it is reported that 420 building sites for these centres were donated by people. On completion of this project it was expected to increase the number of Handlooms in the country to 70,000. In 1967 around 70,000 installed looms were recorded.

2) DTI Programme for establishment of 450 Handloom Centres

The Department of Textile Industries has started a programme for establishment of 450 handloom centres at the rate of three centres per electorate and Department of Small Industries has opened 70 Art line Centres in the country. The peoples Bank and Lanka Salu Sala has opened centres too.

3) Introduction of a levy on garment exports to fund Handloom Industry development programme.

In December 1988 an assistance programme to develop the hand loom sector financed by a levy of Rs12/= per dozen on export garments has been launched. The total number of installed looms recorded in 1989 is 12,871 contributed by the Department of small industries 2000, Salu Sala 100,Private sector 5000, DTI 3913 and Co-operative sector 1858.

4) Handloom Village Programme-

In 1990, the cabinet approved a five- year programme for the establishment of 790 Handloom Villages. Under this programme 16,000 new looms were to be added to the stock and provide employment to nearly 24,000 persons. Subsequently the targets were revised to add 40,000 looms providing employment to 60,000 persons and increasing the annual hand loom textile production to 60 million meters. However by end June 1991 only 193 villages were formed employing only around 3000 weavers.

Quote-

"A Handloom village consists of a service centre as nucleus, clustered around 20 looms given to individual weavers living in a rural village. The service centre provides the warp and the weft to the weaver who operates from the residence under the guidance of the supervisors of the service centre. The supervisor visits the homesteads to control the quality & provide necessary advice to the weaver. The fabrics produced are accepted by the and the weaver is paid for his weaving. In addition to the above the following assistance were provided to establish the village.

a. Training of new personnel who are going to be new members of the village.
b. A grant to build a shed adjoining the house to keep the loom
c. Payment of a grant to modify or repair the existing loom
d. Free supply of one set of accessories, such as healds, Reeds, Shuttle and Pirns.
e. Advance payment to purchase a new loom of which only 75% to be recovered.

Some of the advantages envisaged in this concept were

- Low cost of production due to reduced overheads.
- Saving on traveling, clothing etc. as the work is carried out at home.
- Ideally suited for rural villages where transport difficulties exists and no electricity available
- Possibility of using the available free time of the people engaged in agricultural work thus bringing an additional income.
- The family member's assistance can be obtained in auxiliary work such as winding.

In the handloom Village concept, the governments objective was to provide initial assistance and guidance to establish the village and then to convert them into self managed co-operative units. Though the scheme started well with much of political backing the system is not functioning properly at present. In writer's opinion, opening of these villages on a political bias structure rather than on the need basis was the main reason for failure of this scheme. Further another programme launched by the government to move the Garment industry to the rural areas attracted many young women who were engaged in this craft to those factories. This industrialization completely changed the village environment and not only the crafts but also certain sectors of the agriculture. Young men and women preferred to travel a distance to their work place rather than confining themselves to their homes. It was also a case of social recognition where the factory worker was more recognized in the village than the craftsmen. Inconsistency of quality of the fabrics produced by the members due to lack of interest, resulting in marketing problems aggravated the situation. The concept in theory is an ideal solution to develop and upkeep the craft industry, proper planning based on feasibility studies deviating from political interests would have brought tremendous success to such a scheme." Unquote.

Item 1,2,3 and part of 4 is adopted from a research carried out by Mr E. Pararajasingham former Consultant to the Ministry of textiles and Chairman, Director of the TTSC.

The analysis of the Handloom village concept is quoted from A paper presented by Mr D.P.Gunawardana then technical advisor to the Ministry of Handloom Industry development at the 77th Textile Institute World Conference held in 1996 at the Tampere University –Finland.

Annex II

Members of the Task Force

1.	Mr. M.A. Thajudeen	-Additional Secretary (Textile Ind. Dev.),MI&C
2.	Dr. G.L.D. Wickramasinghe	-Head, Dept. of Textile & Clothing Technology, UOM
3.	Ms. Chithranjalee Dissanayake	- Actg. Director (Industrial Products), EDB
4.	Mr. Lakshman Wijewardena	- Director, NEDA
5.	Mr. D.P. Gunawardana	- Consultant to the Task Force
6.	Mr.S.R. Thileepan	- Director, Dept. of Industries, Eastern Province
7.	Dr. Nirmali De Silva	- Course Director, UOM
8.	Mr. W.A.W. Premapriya	- Director, Dept. of textile Industry
9.	Mr. H.P. Jayananda	- Director (RID) MI&C
10.	Mr. K. Jegatheesan	- Textile Technologist, SLITA
11.	Mrs.K. Piyaratne	- Director (Exports), MI&C
12.	Ms. B.A. Sepali Priyantha	- Manager, Lak Salusala
13.	Ms. Himali Jinadasa	- Advisor to Hon. Minister
14.	Mrs. Vinitha Seneviratne	- Former Director, Dept. of Textile Industry
15.	Mr. Senaka De Silva	- Textile Designer
16.	Mr. Anil Koswatte	- Chairman, Laksala (SL Handicraft Board)
17.	Ms. Ridma Jayasundara	- Asst. Director (Textile) MI&C
18.	Ms. Anuradha Yahampath	- Kandygs Handloom
19.	Mr. D.D. Premaratne	- Deputy Director, Dept. of Commerce
20.	Mr. Kelum Jayawardena	- Manager (Operations), Laksala

Sub committee members

a) Marketing –

1.	Ms. Chithranjalee Dissanayake	- Actg. Director (Industrial Products), EDB
2.	Dr. Nirmali De Silva	- Course Director, UOM
3.	Ms. B.A. Sepali Priyantha	- Manager, Lak Salusala
4.	Mrs.K. Piyaratne	- Director (Exports), MI&C
5.	Mr. Senaka De Silva	- Textile Designer
6.	Representative of the Laksala	
7.	Representative of the tourism sector	

b) Training, Designing & Technology –

1.	Dr. G.L.D. Wickramasinghe	- Head, Dept. of Textile, UOM
2.	Mr. Senaka De Silva	- Textile Designer
3.	Mr. K. Jegatheesan	- Textile Technologist, SLITA
4.	Mr. W.A.W. Premapriya	- Director, Dept. of textile Industry
5.	Mrs. Vinitha Seneviratne	- Former Director, Dept. of Textile Industry

c) Entrepreneurship-

1.	Mr. Lakshman Wijewardena	-Director, NEDA
2.	Mr. S.R. Thileepan	-Director, Dpt of Industries, Eastern Province
3.	.Mr. Sumith Alahakoon	-DeputySecretary(Industries), Dpt. of Industries, Southern Province
4.	Mr. T.B. Wickramasinghe	- Director, Dept of Industries, North Western Province
5.	Ms. K.S. Apsara Mendis	- Director, Dept of Industries, Western Province
6.	Mr. P. Konara	- Director, Dept of Industries Uva Province
7.	Mr. N.M. Janaka Sampath	- Pro.Asst. (Representative of Central Province)

Terms of reference of the Task Force-

1) The Task Force shall gather relevant data from primary and secondary sources regarding the present status of the handloom Industry in the country including details about production, employment, areas where the handloom industry is concentrated, marketing channels both local and export..
2) Analyze the data collected and identify the constraints faced by the industry and potential for development.
3) Examine the problems in procuring of raw materials, spares and accessories and recommend suitable strategies to streamline the process to ensure uninterrupted supply.
4) Examine the problems faced by the entrepreneurs and self employed personnel in marketing their products.
5) Examine the faced by major Handloom Buyers and Exporters in sourcing the required products from domestic weavers.
6) Identify the training needs in designing and product development, technology, Entrepreneurship and marketing.
7) Examine and make recommendations to rejuvenate the industry in the North and Eastern provinces specially focusing on persons affected by the civil conflict that prevailed in the country.
8) Prepare a comprehensive project proposal with a suitable business module taking into consideration the items 1 to 7 mentioned above for the sustainable development of the Handloom Industry and submit to the Hon. Minister.
9) The exercise will be materialized through meetings, group discussions, brain storming sessions etc.

Annex III

Detailed break down of Machines and Employment-Province & sector wise

Province		**No. of Centres**		**No. of handlooms**		**No. of weavers**		**Dye Houses**
		Active	**Inactive**	**Active**	**Inactive**	**trained**	**untrained**	
1. Western	Coop	30	-	148	124	187	64	
	Prov.	54		394	476	460		6
	Private	312		1120		*1680*		
	Total	**396**		**1662**	**600**	**2327**	**64**	
3. North Western	Coop	24	4	250	-	256	70	
	Prov.	78		452	119	442		2
	Private	12		94		*141*		
	Total	**114**	**4**	**796**	**119**	**839**	**70**	
4. Central	Coop	19	-	83	10	102	-	
	Prov.	143		1058	789	1105		5
	Private	27		108		163		
	Total	**189**		**1249**	**799**	**1370**		
6. Sabaragamuwa	Coop	32	31	165	60	166	20	
	Prov.							
	Private	10		62				
	Total	**42**	**31**	**227**	**60**	**166**	**20**	
7.North Central	Coop	4	-	60	10	98	-	
	Prov.	38		238	100	189		1
	Private	3		10		*15*		
	Total	**45**		**308**	**110**	**302**		
8. Southern	Coop	1	-	15	-	50	-	
	Prov.	65		336	13	332		4
	Private	16		67		70		
	Total	**82**		**418**	**13**	**452**		
9. Eastern	Coop							
	Prov.	55		338		1650	2161	-
	Private	536		988		1945	3469	
	Total	**591**		**1326**	**118**	**3595**	**5630**	
10. Northern	Coop							
	Prov.	24		99	118	56		-
	Private							
	Total	**24**		**99**	**118**	**56**		
11. Uva	Coop							
	Prov.	55		319	202	268		3
	Private	3		15		*20*		
	Total	**58**		**334**	**202**	**288**		
Total		**1541**	**35**	**6419**	**2139**	**9395**	**154**	**21**

Source- Textile Division Ministry

Distribution of Handlooms in the Country (Graphical)

1) Private sector;

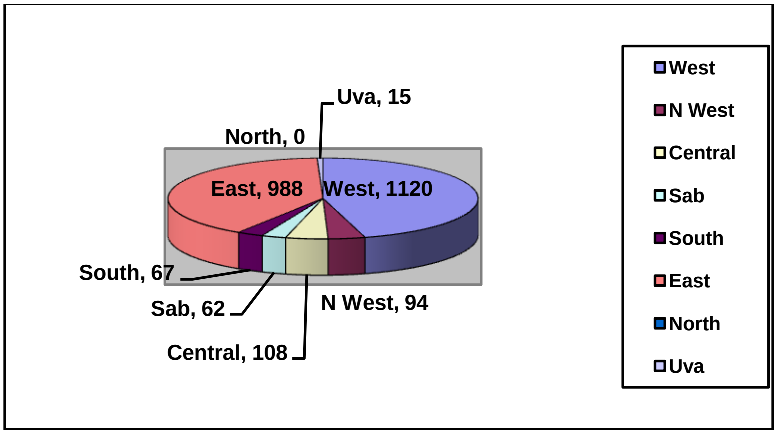


Figure I

2) Provincial Councils

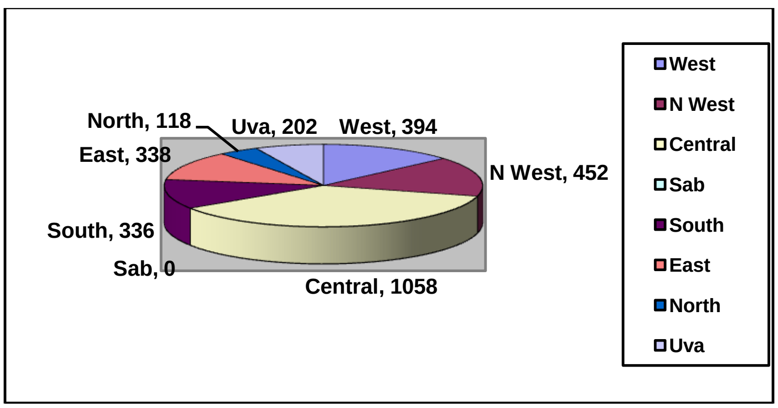


Figure II

3) Cooperative Sector-

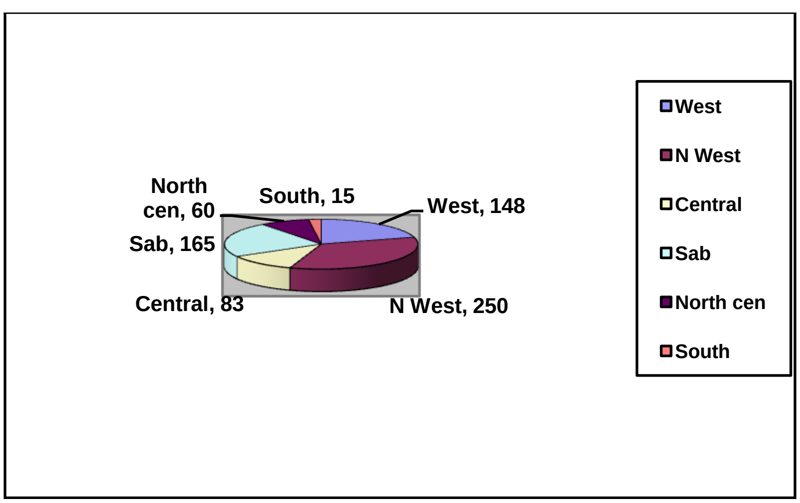


Figure III

Annex V

The Steering committee

It is recommended that the steering committee should consists of following members

- Secretary to the Ministry -. Chairman.
- Additional secretary
- Director Department of Textile Industries.
- Secretary – Provincial Councils or his representative.
- Director General SLITA
- Director General or his representative.
- Private Sector Handloom industry- 4 representatives.
- Cooperative sector 2 representatives.
- Head of the Department Textiles University of Moratuwa or his representative.

The committee shall meet at least once a month. There shall be a Secretary who will maintain the minutes of theof the meetings and appropriate action is taken to ensure that committee decisions are implemented.

Functions-

- Advice the Ministry on development of the Handloom Industry.
- Decide on the overall policy of implementation of the recommendations of the Task Force.
- Ensure effective functioning of the management process of the Handloom development project.
- Ensure Human Resources are developed for sustainability and growth of the Industry.
- Take necessary steps for the Handloom Industry to be market driven.
- Approve allocation of funds.
- Monitor and evaluate the performance of the Handloom Industry on a regular basis.
- Attend to any other matters that may deem to be necessary for the Growth and sustainability of the Handloom Industry.

Annex VI

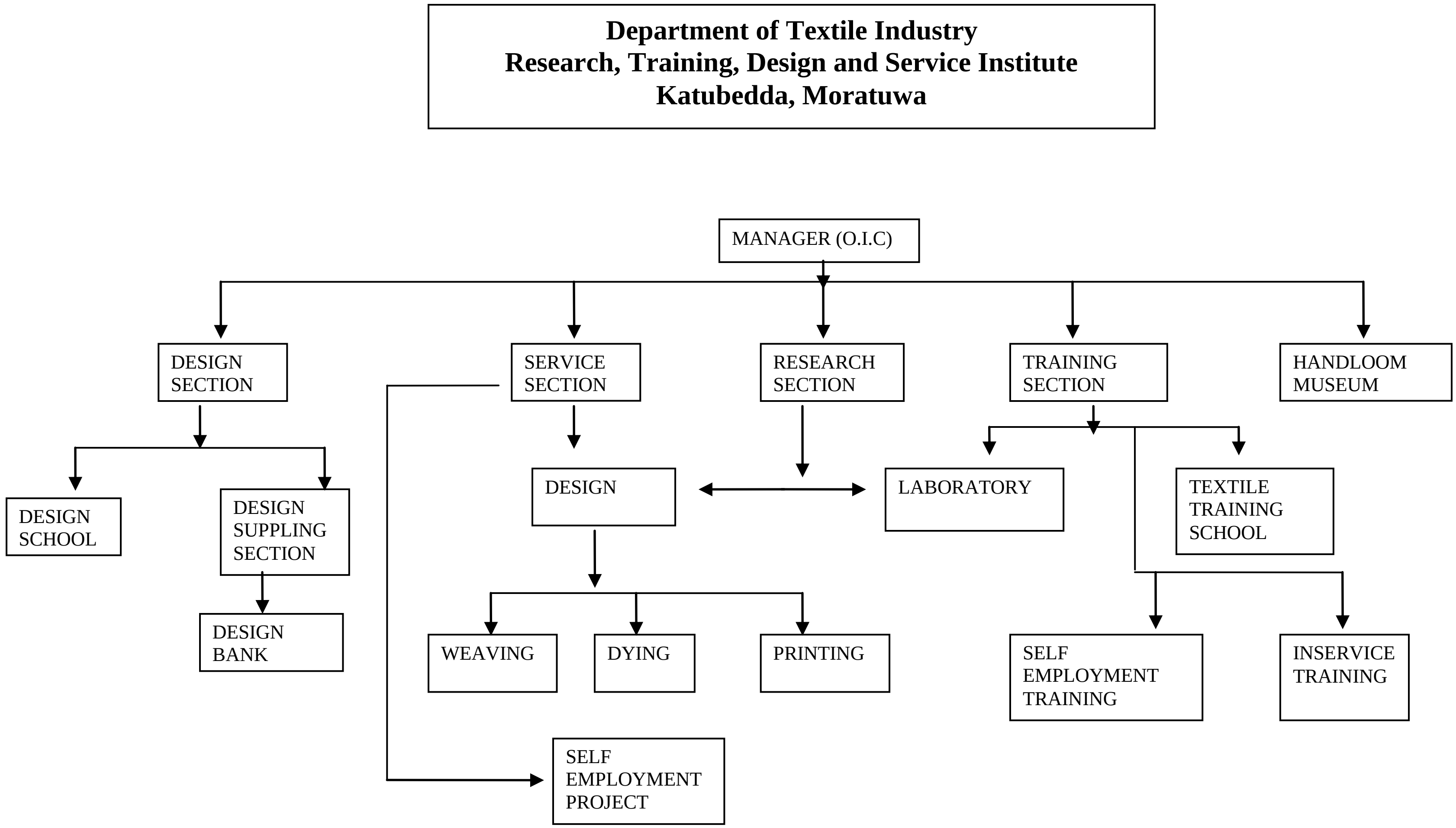
Proposal for upgrading the D.T.I Katubedda Centre to a Centre of Excellence.

The DTI Handloom Centre should be developed as a centre of excellence providing training in designing, product development and other technical services necessary for a sustainable development of the Handloom Industry in Sri Lanka. The buildings and other resources available at the Katubedda complex is quite adequate to establish a centre of excellence and already improvement to infrastructure has begun. The step required is to set up a suitable management structure and to develop the Human Resources. The services of DTI Katubedda centre should be extended to the provinces through the provincial service centres mainly focusing on the private and Cooperative sectors.

The Centre should be geared to carry out following programme

- Upgrading weaving skills of those engaged in the Handloom Industry.
- Impart design and product development skills
- Provide assistance for product development to private, government and Co-operative Handloom industries
- Impart skill of Marketing
- Entrepreneurship development
- Carry out Research and Development.

Proposed Organization Structure



Staffing-

In order to educate and encourage the persons engaged in Handloom industry towards design driven and market oriented products the Katubedda Centre should posses professional designers. A master weaver or a craftsman will convert the designer's ideas into a marketable product. Therefore the service of a Master Weaver on contract basis from India is recommended. The DTI should appoint a counter part to work along with him in order to facilitate technology transfer. Every effort should be taken to employ young and middle aged (below 50 Yrs) in this technology transfer process. The present staff members who are close to retirement age posses very valuable experience and their skills and abilities also should be used to the maximum level. Most of them are committed to their work and it should be ensured that they are not be de-motivated in this process.

Training Courses.-

Certificate & Diploma Courses-

The Centre should be developed to offer recognized NVQ level Certificate and Diploma courses. These courses could be run in collaboration with the Sri Lanka Institute of Textiles &Clothing (SLITA). Faculty members could be drawn on visiting basis from Universities (UoM, UNIVOTEC), Design and Marketing Institutes.

Short term courses.

- Designing and product development
- Use of I T technology in Handloom industry, computer software in designing etc.
- Marketing
- Dyeing technology, use of natural dyes.
- Value addition to handloom fabrics, Printing, batik, embellishing etc.
- Bridal wear, exclusive party- wear, casual-wear designing.
- Different techniques of weaving.
- Business management.

Some of these courses could be offered on fee levying basis which will bring an income to the centre.

Services-

- Conducting regular market surveys in the country.
- Assisting sample preparation, product development.
- Dyeing of yarn, colour matching.

Preserving Handloom craft-

Maintaining the Textile Museum and Research work on developing contemporary products based on indigenous production techniques also should come under the purview of the DTI Katubedda centre. Already some valuable museum objects, such as machines, testing equipment are available at this complex.

It is recommended to draw up a detail five year plan for this envisaged centre of excellence.

Proposed services centres in provinces

This proposal is for establishment of service centers in provinces as recommended by the Task Force appointed for Development of a Sustainable Handloom Industry.

Objective

To set up a one stop shop that will provide following services to the Handloom Industry.

- Training of new persons to the industry.
- Upgrading skills of those engaged in the Handloom Industry.
- Impart design and product development skills
- Provide assistance for product development to private, government and Co-operative Handloom industries
- Impart skill of Marketing
- Entrepreneurship development

Training of new persons-

An intensive training of six months duration on weaving will be given to new persons who wish to join the Handloom Industry. This service will be available to any one who wish to be a Handloom weaver or who are recruited as trainees by enterprises. However a selection procedure will be followed and an agreement is required to be signed.

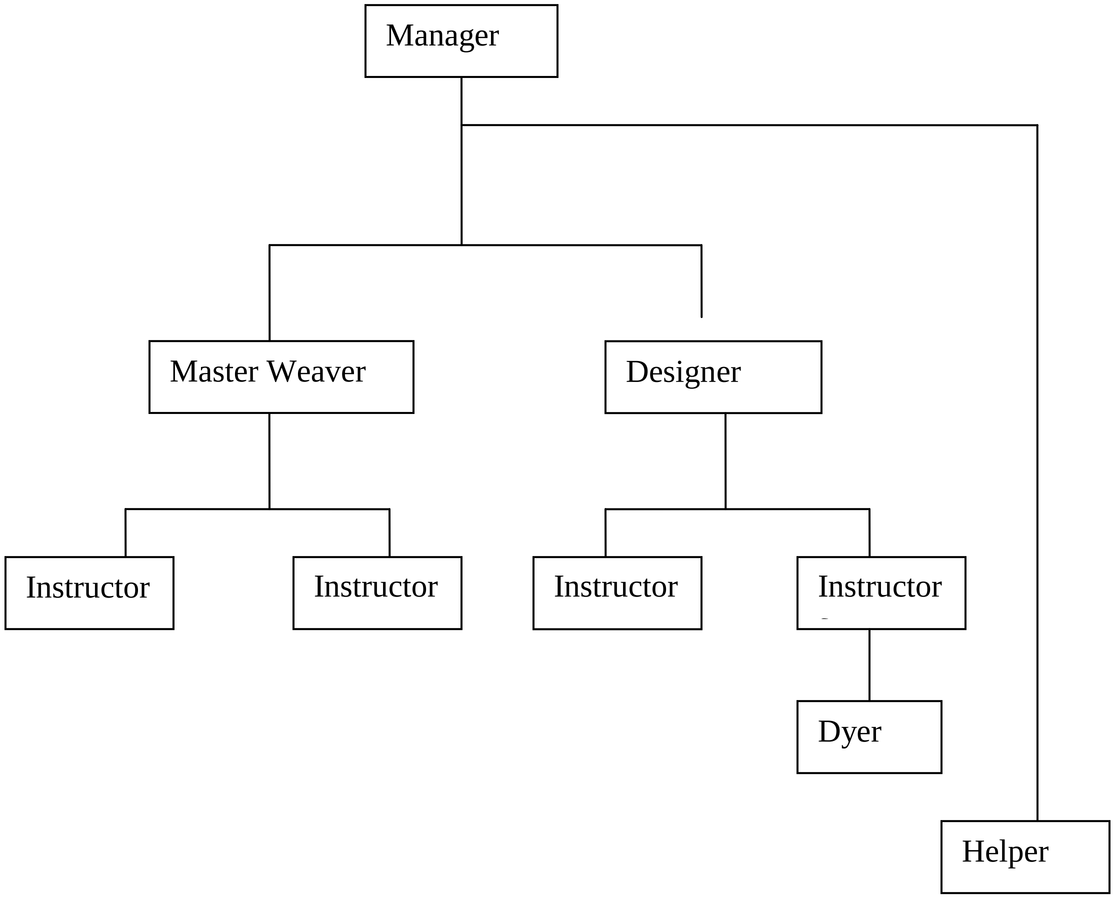
Upgrading skills of those already engaged in the Handloom industry.

This is for the persons who are already engaged in the handloom industry. This group needs some institutional support to upgrade their skills of designing, dyeing and product development, marketing and entrepreneur skills. Upgrading of their skills in the above areas would help them to improve the market access enabling to them to manage their micro level industries as viable concerns.

The programmes to be offered are-

- Weaver training programme- An intensive systematic prgramme of 4 months duration. Subsequent on the job training for further 2 months.
- Conducting market studies to identify market needs.
- Design and product development training programmes.-short and long term programmes.
- Assist Handloom fabric manufacturers in product development and sample preparation.
- Training on effective dyeing methods.-short term programmes.
- Research work on developing contemporary products based on indigenous production techniques.
- Basic marketing training programmes- Short term.
- Entrepreneurship development programmes- Short term.

Organization Chart



Staff Full time
Centre Manager-01
Master Weaver*
Designer-01
Instructors- 04
Dyer-01
Helpers-01

*To engage a master weaver from India for a period of one year to train a local person

Part time
Consultant for establishing the centers.
Consultant for designing and product development.
Visiting lecturers to conduct short term programmes on

I. Dyeing techniques
II. Marketing
III. Entrepreneurship development.

The services of individual consultants, recognized public or private sector institutes, non profit organizations should be obtained.

Machinery and Equipment -

Weaving -Machinery & Accessories	**No./Units**
Warping machine (manual type)	01
Bobbin winders (Elec. driven)	12 heads
Pirn winders (Elec. driven)	10 heads
Pirn winders- (manual/traditional type)-	06
Drawing in frames-	01
Handlooms	15
Dobbies	03
Jacquards	02
Heald sets	
Reeds	
Shuttles	
Drawing –in Hooks	

Dyeing -Machinery & equipment-	**No./Units**
Hank Dyeing Machine 50 kg capacity – (Mechanical/electrical)	01
Stainless steel tanks	04
Washing tank- cement ,tiled	02
Gas Burner and related equipment	01
Vessels	04
Hydro extractor	01
Drying Frames	03

Office equipment, computers	**No./Units**
Computers	02
Printers	02
Design software	
Office furniture	
Telephone & fax	

Buildings

Option 1
To refurbish and utilize an existing Government owned building.
Option 2
To construct a new building on a state owned land obtained on long term lease.

Approximate floor area requirement –

Main training centre- 30x 100 ft.	3000 sq ft
Yarn Dyeing section-15x25 ft	375 sq ft
Class room-.15x15 ft	225 sq ft
Office- 15x10 ft	150 sq ft
Designing/product development room 15x10 ft.	150 sq ft
Stores- 15x25 ft.	375 sq ft
Rest/ meal rooms- 15x15 ft.	225 sq ft.
Toilets & changing room facilities-	150 sq ft.
Total Area-	4650 sq ft.

Water supply-
Electricity- Three phase supply.
Waste water treatment and disposal system

ANNEX VIII

Service providers and Institutes connected with the Handloom Industry.

1) Department of Textile Industry (DTI)
2) Provincial Councils-Department of Textiles/ Industries
3) Export Development Board (EDB)
4) Sri Lanka Institute for textiles and Apparel (SLITA)
5) Cooperative Department
6) National Enterprise Development Authority NEDA
7) National Design Centre
8) University of Moratuwa (UoM)
9) University of Vocational Technology (UNIVOTEC)
10) University of The Performing Arts.
11) Lak Sala
12) Lak Salusala
13) Academy of Design.
14) University of Vocational Technology UNIVOTEC