



**SURVIVAL OF HANDLOOM INDUSTRY UNDER
LIBERALIZED ECONOMIC POLICY**

DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENT OF THE MASTER OF COMMERCE DEGREE

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ABSTRACT

Handloom Industry in Sri Lanka has a long history. In the modern form, this industry was commenced from the beginning of the 20th century, first for developing local industries to diversify the economy. Then, it was recognized as a home industry with capabilities of employment generation with less capital to be invested. Whenever, international trade is hampered this industry showed a rapid expansion. As such, during the Second World War period and when following restricted trade policies the handloom industry flourished.

However, after following liberalized trade policies, handloom industry started facing a severe completion, and as a result, it has reduced to a greater extent. However, having realized the importance of job generation ability with bearing a minimum amount of initial capital and thereby reducing rural poverty, successive governments throughout the liberalized trade era, took a number of steps to revitalize this industry. Even then, it could not develop at least to a level it had before introducing liberalized trade policies. Consequently, this study aims at examining why it has been failed to develop this industry, especially in an environment of following liberalized economic policies.

This study uses the case study method as its research methodology by selecting a village which has been famous for producing handloom products for years. Handloom production in the selected village is carried out by two organizations, Cooperative society and a programmed sponsored by two private companies. As such, study took a nature of a competitive study between these two organizations. Data was collected administrating a questionnaire including a major question based on Likert Scale. The evidence saw collected were used to test the hypotheses made for the study. Study concludes that even under the liberalized trade policies, industry could not obtain raw materials uninterruptedly, handloom products are facing a severe competition, and weavers are facing difficulties in obtaining training facilities, funds, getting their products sold and also the problem of not getting the services efficiently from the government and other agencies set up to promote this industry. The study concludes that this industry should be organized taking some experience from the private sector competitive business.

Key Words

Handloom, Wearers, Liberalized Economy, Local Industry, Employment Generation