

# Home Based Enterprises in Traditional Settlements of Kathmandu Valley (Study of Textile Enterprises in Thaiba)

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## Abstract

Kathmandu Valley comprises of not only larger cities like Kathmandu, Patan and Bhaktapur but also consists of numerous small towns and villages which are scattered. Thaiba also reveals an excellent example of the unique clustered traditional Newari settlement of Malla period. Textile has always been an option for secondary occupation since Malla Period in Thaiba apart from agriculture. These Home Base enterprises have been major source of absorbing large numbers of workforce and for generating income. The purpose of this study was to find out the contribution of home based enterprises (HBEs) in house hold economy and its role in providing economic opportunities to poor migrants and identify the problems and issues related. Finally the growth potential of HBEs and their role in urban development was examined in the study. Both qualitative (in-depth interviews) and quantitative (with the aid of questionnaire) research methodology was utilized in this study.

The results and findings indicate that all big enterprises have developed from small family businesses and are inherited. The enterprises are labor intensive. Employment size is a major criterion to define these enterprises. Most of the lower income groups of people are engaged in these types of enterprises and hence are benefited through employment and income generation. And these are providing direct and indirect contribution to national economy. In spite of its crucial role for providing employment and livelihoods to both urban and rural poor, its economic importance is rarely recognized either in national poverty reduction strategies or in city governance initiatives.

Most of the problems lie with marketing management, loans, credit, corruption, large scale rampant smuggling of Indian and Chinese textiles, insufficient trained manpower. With the proper management strategies and policies, rules and regulations, co-ordination between different line agencies, these enterprises can be developed and encouraged, which further helps in urban development.

## Keywords

Home Based Enterprises (HBEs), inherited, economic opportunities, labor intensive, urban development

## 1. Introduction

Kathmandu Valley comprises of not only larger cities like Kathmandu, Patan and Bhaktapur but also consists of numerous small towns and villages which are scattered. The valley's radius of roughly 15 kilometers is dotted with numerous small towns and village settlements. Sankhu, Thimi and Kirtipur were developed as larger settlements with population of more than 5,000 each, whereas the settlements in Chapagaun, Pharping, Harisiddhi, Thaiba, Lubhoo, Shanagaun, Bungamati, Khokana and Satungal were developed as smaller villages. These settlements were prominent traditional settlements and were popular for specific non-farm roles (Home Based) apart from agriculture.

Rapid urbanization is dominant phenomenon in developing countries around the world which has been observed in Nepal from 1970s onward. Migration is one of the key forces behind urbanization. Opportunities seem to be concentrated at few particular locations including Kathmandu Valley. Various push and pull factors in social, political, economic and other grounds exert pressure for the migration from rural to urban areas [7]. People prefer to migrate to the city center to grasp better opportunities which has also resulted chaotic urban environment exhibiting by so many undesirable urban elements like squatter settlements, slums, traffic congestion, environmental problems etc. Since the living cost is very high in the city core and the people who are not willing to squat prefer off-farm job

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opportunities like Home Based enterprises (HBEs) available in the traditional settlements of the valley. These settlements are capable of providing job opportunities to the rural poor migrants at suitable locations minimizing the travel cost. Therefore, Home Based Enterprises continues to make an important contribution to production and employment in the city. Home based enterprises are either service oriented or product oriented.

### 2. Home-based Enterprises - Theoretical Discussion

A home-based enterprise (HBE) is not just – a small business in a small structure, but a family operation in a dwelling, a “functional and organizational unit of production, generative reproduction, and consumption within the social formation of the *ganze Haus*,” as an economic historian has put it (Brunner, 1968, pages 103-127, cited in Medick, 1976, page 297; see also Chayanov, 1925/1966) [13].

From the literatures, it is clear that Rapid and uncontrolled migration from rural to urban areas results informal labour market. Home based enterprises as a part of informal sector vary widely in size, location, gender participation and sector of activity, but most are single person, owning- operating unit, or small units engaging family members. They may also be called as livelihood enterprises as they provide employment opportunities in the absence of more profitable alternatives. The skills are generally transferred from generation to generation and so mostly they are home based than organization-based. These enterprises have been a driving force for economic growth, job creation and poverty reduction in different developing countries. Some literature term this aspect as 'work-life balance' ( in simple term balance between the work and (family) life; in case of women along with work, they can provide more time to look after family/household affairs).

### 3. Introduction to Study Area: Thaiba

Thaiba is a village development committee in Lalitpur District in the Bagmati Zone of central Nepal. Thaiba lies in the east of Lalitpur district and is about 7 km from Lagankhel. There are altogether 9 wards within

the Thaiba VDC which includes Thaiba and Badegaun. Thaiba consists of 5, 6, 7, 8, 9 wards of the VDC.



Figure 3.1: Location of Thaiba

### 3.1 Textile Home Based Enterprises in Thaiba

Thaiba is also an agrarian society like most of the traditional settlements. But the agriculture works is only seasonal so, the people have acquired secondary occupation i.e. textile. Handlooms were used for weaving the clothes (Khadi, Patashi, Dhaka etc.) by using cotton thread (Charkha were used to make thread out of cotton) since the Malla period. Most of the people started to involve in textile business during the time when there was a boom of textile industries in Lubhoo. Most of the people in the beginning use to bring raw materials from Lubhoo and sell the final products to Lubhoo itself. Therefore, we can say that with the development of textile in Lubhoo, Thaiba also started to involve in this business economically as the secondary and primary profession apart from agriculture. With the passage of time and development, handlooms were replaced by semi-automatic looms which were capable of producing the cotton textile clothes which were used to make bed sheets, curtains, shirt, pants etc.

Table 1: Textile Industry in the Year 2059 to 2069 BS

Year	No. of textile industry	No. of looms
2059	91	1414
2069	41	1102

Source: Nepal Kapada Udhyog Sangha - Edited by Author, Field Survey (2012)

### 3.2 Socio-Economic Role of Textile Enterprises in Thaiba

These enterprises account the large proportion of employment in Thaiba. According to the survey, there are 41 textile weaving enterprises, which have been giving employment opportunities to the 460 no. of workers which includes both local and migrant (male and female). The enterprises have potential means of improving backward and forward linkages. Generally, the sector is playing important socioeconomic roles and showing positive performance changes. Employment opportunities are given to the people who would otherwise have been unemployed because of lack of skills and education. Main roles of the sector include: source of employment and income for large number of people; capacity to change local resources in to output and expanding local economic base, and facilitating sectors linkage.

### 3.3 Potential Effect of the Enterprises

**Table 2:** Potential of Enterprises

Description	Enterprise in Thaiba
Mean H.H Income/month (NRs.)	5,5485
Mean H.H Income/year (NRs.)	66,5820
No. of H.H engaged in these enterprise at Study Area	41 nos.
Economic Benefit/Year (NRs.)	2,72,98,620
No. of persons employed in H.H basis	91 nos.
Total no. of population dependent on these enterprises	Approx. 256 (7.4% of Thaiba Population)
Percentage of people involved in H.H basis	45%
No. of Workers employed	460 nos.
Mean workers income/month (NRs.)	10,383
Mean workers income/year (NRs.)	1,24,596
Economic Benefit/Year (NRs.)	5,73,14,160
Expected economic benefit / Year (NRs.)	8,46,12,780

Source: Field Survey (2012)

The analysis and discussion have shown that the textile enterprises are the old occupation in the society and have started their work from small and informal activities

which now are mostly formalized or in the verge of formalization. Since, the enterprises have expanded their scale; the occupation is mostly done in mass form and has impacts on whole community as well as in the nation. One of the objectives is to know what kind of contribution these enterprises are making in the whole community of the area and what can be the expectation from them in future.

By the analysis of the available information, the multiplier effect of these enterprises in the community and country as whole has been shown in table 2.

As from Table 2, it is clear that these types of enterprises have significant contributions in urban economy therefore, it highlights the need of planning interventions for improving their current situation.

## 4. Analysis and Findings

Home Based Enterprises in Thaiba can be defined as the enterprises that are age old household occupation apart from agriculture that includes: own account enterprises, labor intensive with informal employers and nonregistration of the enterprises or its employees. HBEs operate at the nexus of housing and local economic development strategies. Whether as incubators for growing enterprises or as survivalist ventures for the unemployed, HBEs are making an important contribution to our economy directly or indirectly. HBE operators are clearly developing sustainable livelihoods by using their house as an economically productive asset.

These textile HBEs play vital role in creation of employment opportunities, poverty reduction and economic growth of the study area as well as country as whole. According to Field Survey there are altogether 41 establishments in operation and total number of persons engaged is 551 including entrepreneurs and workers. But the number of HBEs doing export-import business is not available; most of them are manufacturing enterprises. The results shows that most of the enterprise have been started informally and with the demand of time and expansion of the enterprise as well as the use of modern technology in the enterprise they have been formalized in a way.

More of the migrant workers of low income groups are found to working in the enterprises than locals. Since,

**Table 3: SWOT Analysis**

<b>Strength</b>	<b>Weakness</b>	<b>Opportunities</b>	<b>Threats</b>
Employment generation	High degree of illiteracy	Household job	Marketing problem; competition from other countries, especially India and China
Near market center	Lack of marketing and selling initiatives	Sustainable livelihoods for low income and illiterate people	Political instability and inconsistency in policy framework
Continuity of inherited profession	Infrastructural bottlenecks and efficiency	Creation of new employment opportunities	Exploitation by international materials and change in taste of people
Availability of low cost manpower provides competitive advantage to the enterprise	Lack of technological development that affect the productivity	Fulfill market demand	New generation people reluctant to join the occupation
Production of wide variety of products	Fragmented industry structure; most producers with limited economies of scale	Women empowerment by involving them in Works	Increasing competitive pressures on product prices
Indirect contribution to National economy	Lack of trained manpower and financial constraints	Poverty Reduction	Less local employment due to migrant employment
			Higher indirect taxes, power and interest rates

*Source: Field Survey (2012)*

migrants are given more opportunities at work even they are unskilled and uneducated, most of them are attracted towards the work and one worker tend to bring or invite their family and friends to the work. This have resulted the increase in migrant population within the settlement.

Forward and backward linkages also exist within the enterprises on the basis of its outputs and inputs. One home based enterprise is found to be assisting the other home based enterprise; therefore, establishing the relation between the enterprises with the supply of raw materials. The backward linkages are mainly set up through the requirements of input, credit and partly through skill acquisition in terms of government linkages, financial linkages and technological linkages.

Thaiba's textile enterprises have been in a period of transition in its function and spatial structure in response to globalization and technological evolution. Textile sector serves as an important source of livelihoods and income for large number of people in the settlements

both local and migrants. Employment opportunities are given to the people who would otherwise have been unemployed because of lack of skills and education.

### **5. SWOT Analysis of the Enterprise**

Based on the findings of the study, SWOT analysis has been done to formulate the policy frame work and action plans for the improvement of the present conditions of this type of Home based enterprises in the study area. Table 3 represent the SWOT analysis.

### **6. Importance of HBEs in urban development**

Urban development specifically refers to development being done in a urban setting which includes various aspects like physical, social, economic, environmental etc. From the field study and analysis done so far has

proved these enterprises ( home based textile enterprises) as strong means of generating employment and income opportunities to the lower income groups (migrants as well as locals).

**Table 4:** Policy Framework for the Local Development through Strengthening of Enterprises

Dimension	Recommended Policies	Responsibility
Legal	<ul style="list-style-type: none"> <li>• Curbing Smuggling and Strengthening of customs Valuation</li> <li>• Labor Rights</li> </ul>	GON
Socio-economic	<ul style="list-style-type: none"> <li>• Bank should design a special scheme by providing project financing and working capital</li> <li>• Contribution for social development at local level</li> <li>• Create employment</li> <li>• Power/Tax Subsidies</li> <li>• Increase use of Locally made textile in garment products</li> <li>• Vocational Training</li> </ul>	<ul style="list-style-type: none"> <li>• GoN / Private</li> <li>• Entrepreneurs</li> <li>• Entrepreneurs</li> <li>• GoN/Private</li> <li>• NGOs/INGOs</li> <li>• VDC, Entrepreneurs</li> </ul>
Physical	<ul style="list-style-type: none"> <li>• Market promotions and diversification</li> <li>• Technological upgrading</li> <li>• Ensuring safety factors for workers</li> <li>• Enhance the working environment of the workers</li> <li>• Provide necessary facilities to the enterprise</li> <li>• Maintenance of available physical facilities</li> </ul>	<ul style="list-style-type: none"> <li>• NGOs/INGOs</li> <li>• Entrepreneurs</li> <li>• VDC/GoN/NGOs/INGOs</li> <li>• Entrepreneurs</li> </ul>

Since it is becoming increasingly difficult to find a solution for urban unemployment, these types of enterprises plays a vital role in providing opportunities to the poor rural migrants. Hence, this has helped in reducing poverty to some extent. Table 4 represents the policy framework along with different actors and their responsibility on the above regards:

## 7. Conclusion and Recommendation

From the analysis and discussion it is found that the textile enterprise as home based enterprise has great contribution as major source of employment and income generation in the process of development. It has very prominent role in development of local as well as urban economy. Thus, results have shown that these enterprises have been helping in improvement of economic status of the local as well as the poor migrant workers. Despite of having potentials and many benefits these enterprises are facing different types of constraints in their development. In order to address these problems and issues; policies, regulations and institutional management is to be carried out in an integrated manner to stream line these sector in the mainstream of development. Depending upon their scope, capacity and role; assistance, credits, loans and facilities should be provided to suit the present needs and requirements needed for the future. Therefore, from every expect, the enterprises are important in economic and social terms, in the short-run by providing incomes, jobs, especially for locals and migrants and in the long run by providing countries the opportunity for sustained economic development which can be further improved by appropriate policies and institutions. Therefore, there is a need of coordination between different line agencies, efforts of different individuals, organizations, VDC, agencies, local authorities as well as government as a whole.

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