

A Study of Selective Handloom Clusters of West Bengal: Progression and Persistence

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Abstract

This thesis examines how organisational structures, gendered endowments, and access to finance shape outcomes in the cotton handloom sector of West Bengal. Using a stratified multi-stage primary survey conducted between August 2019 and March 2020 covering 832 cotton handloom production units, and employing quantile regressions, unconditional and conditional Blinder–Oaxaca decompositions (RIF-based), and recursive bivariate probit and treatment-effect estimations (ATE/ATET), the study links firm-level performance to institutional arrangements, gender, and credit.

Empirical results document clear heterogeneity by organisational structure: independent weavers operate at a larger scale and with measurable profitability; subcontracted units exhibit greater operational intensity despite dependence on intermediaries; cooperative members generally operate at a smaller scale with limited profits and weaker market orientation. Distributional analysis shows that female entrepreneurs earn less than males across the revenue distribution, with near parity at the lower end but a widening gap toward the top; much of this gap is explained by observable endowments (occupation, education, loom ownership), while a residual unexplained component remains. Joint modelling of loan uptake and expansion

planning reveals that access to production credit raises expansion intentions but that many loans are taken under distress—highlighting heterogeneity in treatment responses and the need to couple credit with capacity building.

Policy prescriptions flow directly from these findings: reorient cooperatives toward market-facing governance and performance incentives; promote gender-targeted interventions that enable weaving as a primary occupation (education, design and bookkeeping training, prioritized asset support); and redesign credit delivery (cluster facilitation, phased disbursement linked to production plans, and bundled training/mentoring) so finance catalyses productive investment rather than consumption smoothing. The study offers a data-driven blueprint for making West Bengal's handloom sector more equitable and sustainable.

Keywords: Handloom clusters; Organisational structure; Performance; Gender gap; Credit and expansion; Blinder–Oaxaca decomposition; Treatment effects; West Bengal.