

CLUSTER PROFILE BALOCHI CHAWAT



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1 DESCRIPTION OF CLUSTER

1.1 Introduction, History & Background.

Cottage industries are small and basic workshops which provide work opportunities to the communities in many developing countries, thereby helping industrial development. Cottage industries are mostly flexible in size and in management methods, which makes it easy for them to adapt to the changes related to the needs of the market and consumer (Etuk, Etuk, & Michael, 2014; Farid, 2016). Studies strongly assert that the cottage industries particularly contribute to the economic growth of the country and improve GDP (Terziovski, 2010; Beck, Demirguc-Kunt, Laeven & Levine, 2008). In developing countries, cottage industries are known as the backbone of domestic resource mobilization.

Cottage industries are also found to have a positive impact on Pakistan economy (Muhammad & Orakzai, 2018). Strengthening SMEs means creating new jobs, which in turn strengthen the growth of the economy. In Pakistan, 90% of businesses are small and medium enterprises. The proponents of SMEs say that entrepreneurship and the creation of innovative ideas in SMEs help to escalate economic efficiency and remove poverty from the developing economies (Beck, Demirguc-Kunt, & Maksimovic, 2004; Jaffer & Kulsoom, 2018).

Cottage industries are the most important income generating means for the unemployed rural and urban Men and women of Balochistan according to both the mindset and the social aspects of people.

The cottage industry dates back to the ancient civilizations in the East and the West. Ibn-Battuta, the North-African scholar who travelled the fourteenth-century world, in one of his lectures stated that “muslin” (also mouselline, a popular fabric of lightweight cotton) was produced in modern-day Bangladesh. During the reign of the Mughal emperors, the small-scale industry, including the cottage industry, was nationalized on the Indian Subcontinent. In their view the home-based manufacturing constituted the backbone of the economy. With the establishment of the East India Company in India in the early seventeen hundred and the expansion of the British Empire, the small scale and cottage industry suffered under the increasing industrialization of manufacturing activities in the colonies. The cottage industry experienced a revival in the late twentieth century. Experts in art and craft contributed notably to the rejuvenation of the local cottage industry that provides employment for the local population and prospects for the youth.

People working in cottage industries contribute to the national economy. The organization of this industrial sector however, is informal and mostly unregulated. There is no specific law for the workers of cottage industry. Since the workers are not considered laborers in Pakistan's legal system, they do not enjoy the same protection and rights of other laborers.

1.2 Defining the Product

This document will focus on one small segment of the cottage industry known as Balochi Chawat. Balochi Chawat, footwear that was made from hides and dwarf palms in the early days. These footwears are called 'Sawas' and 'Chawat' in Balochi and Brahui respectively- the two languages of the Baloch. In previous times, Chawats were worn only by the king and noblemen due to them being costly. Only a superior group of people like Sardar, Mir Nawab could have access to these expensive Chawats. As contemporary societies began to flourish and voguish materials started being used to make Chawats, the durable Balochi Chawats became economical for people from every sphere of life. The Balochi Chawat not only became beneficial but has brought recognition to the Baloch. Gradually the simple design has evolved to more dominant styles, rich colors and finer materials. The Balochi Chawats are a world-wide specialty for being intricate handmade chappals which today have become a symbol of identity for the Baloch. Their significance also lies in their variety as there are different styles of Chawats belonging to different tribes of a particular area; like there are Bugti Chawats, Marri Chawats and the Makrani Chawats which are famous among the people of the respective tribes. Furthermore, each of these Chawats' styles have a diversity of design within them; like Sheru-cut, Marri-jahlar, Rind-cut, Mengal-cut, Balach-cut and many more. Each one of these has its own unique genre. Interestingly, now the Balochi Chawats are also made of tyres, in fact by recycling of old tyres, which makes them extraordinary in strength and durability. In making the basic Balochi Chawat first the out-sole is made with a tyre, and then the skin is stitched on to its in-sole, this is followed by a piece of leather attached to one side and overlapping the other piece on it, which is attached on the other side. This gives the toes open space; air can also find its way from the vamp-part and also from the back part where only a single piece of leather with an adjustable strap is placed. To make the chappals luxuriant, the upper part is decorated with detailed work. These designs are not only expensive but also depict the specific taste and culture linked to the specific tribe where they are trending.

The manufacturing of Chawats needs no essential machinery or any type of special material. It requires the use of tyres, leathers and intricate skill. A Balochi Chawat maker must know the art of shaping and detailing the footwear because the work depends entirely on proper cuts and accurate mending. According to a Chawat maker located at Prince Road, Quetta, about three or four pairs of Chawats are manufactured daily at a unit, costing around 1000-5000 Pakistani Rupee each. In spite of the fact that it is a strenuous job, there is no formal training given to the Chawat maker. Since this business often runs in families from grand-father, father and then the son passing it to his children. Prince Road is the main market dedicated to Chawat shops where each and every style of Chawat is available.

1.3 Geographical Locations

Balochi Chawat manufacturing represents the best opportunity in both the rural and urban areas of Balochistan. The province has large amount of human resource and skill set available all over the province. Moreover Balochi chawat being affiliated with Balochistan and its culture there is great demand locally and demand for these shoes is being observed in other provinces as well. Moreover demand for these shoes is observed internationally in countries Qatar, Dubai and Muscat. Balochi chawat manufactured in Balochistan tends to be more reliable and customers seem to buy chawat produced in Balochistan with confidence and trust.

1.4 Core Cluster Actors

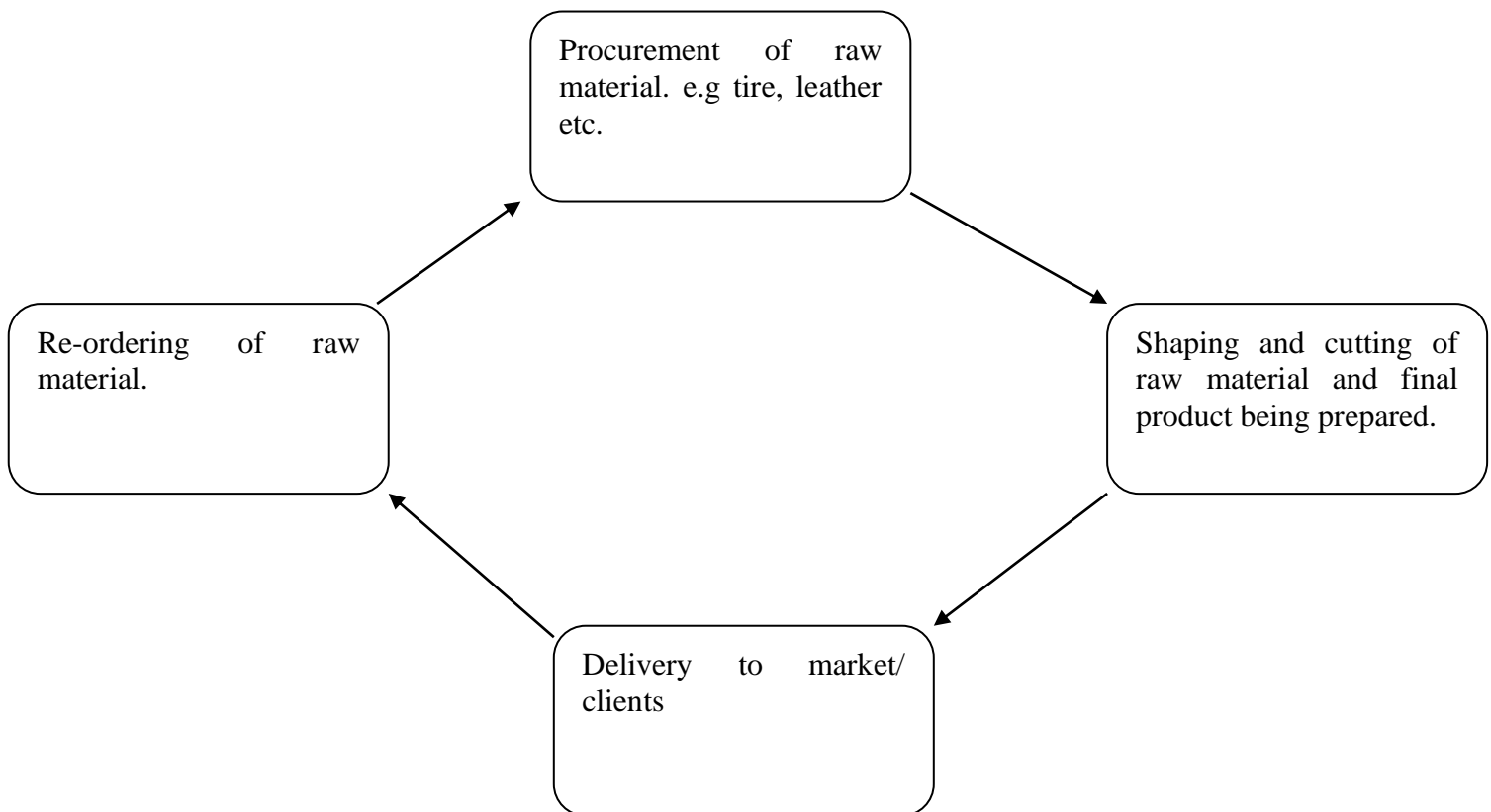
1.4.1 Size of Sector

Cottage and small-scale industries have great scope in Pakistan. It generates employments for the nation and improves the balance of trade of the country and employing about 81 per cent of the total labor force. Although the contribution of small-scale sector to GDP (almost 5%) does not appear to be very high, it is, nonetheless, an important sector in many other respects, especially in terms of employment generation, exports, and better linkages with other sectors of the domestic economy.

1.4.2 Current Cluster Scenario

The Directorate of Small Industries Balochistan is working day and night to promote small scale industries throughout Balochistan and has thus established training centers for skill development in the province moreover exhibition centers are established for the marketing of products by the directorate.

2 ANALYSIS OF BUSINESS OPERATIONS



- Stage 1: procurement of raw material from trusted suppliers e.g leather and tire.
- Stage 2: A Balochi Chawat maker must know the art of shaping and detailing the footwear because the work depends entirely on proper cuts and accurate mending. The foot wear is prepared by a skilled worker.

- Stage 3: After successfully preparing the shoe the product is sold in market or delivered to a particular client, there's vast market demand for balochi chawat nationally and internationally.
- Stage 4: After successfully selling the shoes a re-ordering of raw material takes place and this process is repeats itself in a cyclical manner.

2.1 Market Mechanism

Surprisingly, people other than the Baloch have a keen interest in the Balochi Chawats due to their reliability and reasonable price. With its increasing popularity, there are also custom made Chawats available on demand. Women now, from every cultural background, are demanding ladies Chawats. The trending female Balochi Chawat is inspiring the popular shoe companies to produce new designs resembling Chawats. But the one with delicate handmade cuts is no parallel to the factory-manufactured Chawats. This trend has made Balochi Chawats more notable and exclusive.

The demand for Balochi chawat shoes has been on rise in Pakistan and product is not only sold locally but in other provinces as well. Outlets of local brands like "Pazwar" have established their shops around Pakistan especially in Karachi considering demand for the product. Moreover orders for balochi chawat shoes are placed online and delivered through courier all over Pakistan. In addition to local demand, demand for Balochi Chawat is also observed internationally likewise Kuwait, Muscat and Dubai. In general potential customers from other provinces are Balochi chawat enthusiasts who wear these shoes on special occasions.

2.2 Human Resource

Human resource is locally available and typically Balochi shoe making skill is passed from generation to generation.

3 INSTITUTIONAL SETUP

3.1 *Government Support Institutions / Educational Institutions*

The Directorate of Small Industries Balochistan establishment is a great step for the development of cottage and small scale industries. The organization has worked day and night for the enhancement of cottage and small scale industries in the province.

Pakistan Small Industries Corporation (PSIC) is another organization taking measures like providing marketing facilities, setting up technical service centers and establishing handicraft development centers and carpet centers all over Pakistan.

4 SWOT ANALYSIS

4.1. *Strengths.*

- Availability of skilled labor
- Skilled being inherited from generation to generation
- Demand for the product being high, especially on special occasions
- Low capital requirement

4.2. *Weaknesses*

- Intensive work required to produce a pair of shoes.
- Increase in cost of raw material required in preparation of the foot wear.
- Load-shedding
- Economic circumstances prevent many shoe makers from owning a shop therefore the product is sold cheaper to dealers or distributors.
- Low profit margin.

4.3. *Opportunities*

- Proper management under the supervision of professional will lead to higher efficiency in terms of desirability & profitability.
- High demand within and outside the country.

- Quality products made from new material may be introduced.

4.4. Threats

- Cottage and small scale industries owner faces majority problems in running the industries. Among these problems one problem is high electricity cost.
- Funds un-availability from the bank.
- Un-peaceful environment, terrorism, transportation, raw material availability, load-shedding of electricity.

5 INVESTMENT OPPORTUNITIES

The sector itself is very lucrative sector for investors in Pakistan and is fast emerging as a profitable business and as there's great demand for the product all over Pakistan and internationally. About a dozen of shops are now operating across Pakistan. One shoe maker reported that they are not able to meet the demand for the product. Moreover as per reports by different investors already involved in this sector there's still market gap between demand and supply. There is great demand for Balochi chawat nationally and international, through government intervention investors may be supported and awareness may spread.

6 STRATEGIC RECOMMENDATIONS TO UPLIFT THE QUALITY & PRODUCTIVITY

- Private investors need to be mobilized by formulating a legal framework for investment.
- The government may finance investors through commercial banks and on subsidized rates.
- Awareness sessions may be conducted by the government and potential investor may be motivated to invest in this sector.
- Through government intervention new national and international markets may be explored and information may be passed to the investors.
- Cottage industry, small traders and women entrepreneurs should be given more attention to ensure rapid development, cottage industrial zones must be established across the country and CPEC.

- Over 96% of businesses fall in category of cottage industry and small businesses but this sector is neglected and undocumented. Therefore, document the small-scale industries. Establish data collecting agencies and collect data periodically
- Relevant departments should reduce the electricity rates and taxes for their production units. This will encourage them to work hard and produce good quality products at micro level. As these units are being run by lower middle class so by giving them some relaxations and facilities, these production units can play vital role to increase GDP and it will also help them to improve their economic conditions
- It is observed that investors of small-scale industry are not fully aware of the new innovations therefore stick to old methods. The craftsmen and artisans mostly inherit the knowledge and the method of production from their elders and there is no provision of learning of new techniques and training which impacts the industry. Efficient use of capital, technology and innovation is also very important to reduce the cost and to make the product attractive with good quality. Standard packing, Marketing and selling techniques can also help these small-scale production units.
- Employ a website to sell nationally and internationally, but also participate in local trade shows and conferences and target boutiques or specialty shops that are known for selling high-quality artisan products.