A STUDY OF THE MARKETING OF HANDICRAFT PRODUCTS BY CO-OPERATIVES IN KERALA

THESIS

Submitted to the University of Calicut
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By

VANAJA MENON

Under the Supervision of
DR. E. P. SAINUL ABIDEEN
Professor & Head

Department of Commerce and Management Studies
UNIVERSITY OF CALICUT

1999

Declaration

DECLARATION

I hereby declare that the thesis entitled **"A STUDY OF THE MARKETING OF HANDICRAFT PRODUCTS BY CO-OPERATIVES IN KERALA"**, is a bonafide record of the research work done by me and that no part of the thesis has been presented before, for the award of any degree, diploma or other similar title.

Calicut University

VANAJA MENON

Certificate

Dr. E.P. SAINUL ABIDEEN
PROFESSOR AND HEAD

Dept. of Commerce & Management
Calicut University Kerala

CERTIFICATE

Certified that the thesis entitled **"A STUDY OF THE MARKETING OF HANDICRAFT PRODUCTS BY CO-OPERATIVES IN KERALA"**, which is being submitted for the award of the Degree of Doctor of Philosophy in Commerce, is an authentic record of the work carried out by Mrs. Vanaja Menon under my supervision and guidance.

She is allowed to submit this thesis

Dr. E.P. SAINUL ABIDEEN

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CHAPTER - I
INTRODUCTION

Kerala is a land with a rich cultural heritage. This land is blessed with a colourful tradition passed down from generation to generation. The inspiration to preserve this tradition is considerably contributed by the artisans of the state.

Kerala has got a luxurious range of arts and crafts, especially in wood and brass metals. Varieties of models are listed as handicrafts including lamps, interior decoratives, figures of gods and goddesses etc. Numerous are the other crafts of the state. Rose wood, teak wood, sandal wood carvings along with straw picture, horn carvings, reed and bamboo woven articles etc., are some of the handicrafts of Kerala dazzling with their aesthetic brilliance.

Moreover, the historical monuments highlight a deep rooted tradition for the crafts of the state. The rise and fall of numerous kingdoms highly influenced the birth of versatilities in these products. And therefore, the artisans of the state possess a large and diversified tradition in handicrafts.

The inspiration to preserve this traditional occupation along with the necessary skilled labour encouraged the artisans to organize handicrafts as a small industry. Though large industries did not make any marked progress in Kerala, there was a significant development in the small scale units under this sector. The growth and development of small industries gradually encouraged the carpenters, black smiths and weavers to enter into small business to reap the benefits of industrialization. Thus, these artisans organised production of handicrafts under cottage industries with small capital but with intensive labour input.

The handicraft industries were mainly organised in rural areas in the state. The products of these industries possessed artistic merit, beauty and design with due attention to preserve the heritage of the state.

Based on the consumption and demand the products of handicraft industries are grouped into three. First is utility crafts - which are comparatively plain products with a purpose to serve for common use. Secondly utility - cum -decorative crafts, which possess ornamental value and their market is selective. Lastly, art crafts, which are sophisticated and associated with aristocracy where, its production is on the basis of the caste of the artisans and skill inherited from ancestors.

The production of handicrafts is in general complicated, involving numerous processes, taking time and labour. This calls the specialization and division of labour, as well as large machines, along with expert and efficient techniques of production. This entails high cost of production in this sector. However, lack of finance, and assistance deprive these handicraft units from the benefits of internal and external economies.

In the above scenario, due to the limited holdings on the one hand and absence of an organized production facility on the other the artisans faced difficulties in their occupation. In many instances, they were at a disadvantage in bargaining with merchant traders, who were, dominants of the markets, for credit and services. Gradually the heavy burden of credit compelled the artisans to continue their work under these traders, who eventually, controlled the handicraft industry of Kerala.

It was in this context that the idea of decentralizing the small industries emerged with a view to lessen the problems of artisans. This idea evoked the concept of organizing artisans under the principles of co-operation in order to save them from the clutches of private traders. The co-operative organisation could provide many facilities like legal status, advantage of limited liabilities, financial support along with production and marketing assistance. Therefore, with an inherent necessity to organize co-operatives in this field vigorous efforts were taken by the government through the development plans.

The first step for organizing co-operative movement in this sector was initiated by registering an handicraft co-operative society at Thrissur in 1932. Later on a number of primary handicraft co-operative societies were registered in different parts of Kerala. Statistical information reveals that the co-operative movement had a wide coverage on the handicraft sector in Kerala. Though this movement was introduced to help the artisans to avail of their eligible production assistance to run the business efficiently, the performance of co-operatives over the years was not found satisfactory.

Many reasons were listed for the failure of co-operatives to give effect to common production and marketing programmes. The major bottleneck highlighted was the low productivity of these societies. The low productivity ultimately resulted in low working capital for the co-operatives. However, the consequence of low productivity and lack of finance fell on the shoulders of the artisans, who gradually lost loyalty to this movement.

Along with the above problems, absence of market techniques was also found a main reason for the weak performance of co-operatives in domestic and foreign trade. For instance, the share of handicraft co-operatives in export of crafts from Kerala recorded hardly one per cent till 1997.

The majority of handicraft co-operatives fail because of their failure in the market. When their products fail to have a market, it blocks production, flow of finance and hinders the payments to members for their products. Therefore, members lost faith in co-operatives and approached private traders to market their products. This had a dual impact i.e., the lock out of the societies and the domination of markets by private traders. As a result the dormancy rate in this sector increased to 42 per cent by the end of 1997.

Statement of the Problem

Due to the limitations faced by artisans, their dependence to the traders and outside markets increased for purchase of raw material, supply of credit and assistance for sales outlets. Even though, the government has introduced state emporia and co-operative societies, in many instances the absence of organisational support to co-operatives encouraged private traders to assume a predominant place over the handicraft co-operatives both in production and marketing. Therefore, the traders have come to acquire a monopoly in handicraft marketing in the state.

The crux of these problems is that the size of market (as measured by the volume of output sold) directly influences the survival of handicraft co-operatives. In fact, the size of market for co-operatives gets limited due to their inability to compete with the traders. Recognizing the consumers' expectations, the private traders play all the market tricks to capture the market. Therefore, they enjoy a monopoly by exploiting both producers and consumers of handicrafts.

To preserve a market for co-operatives and save both producers and consumers from undue exploitation there is the immediate need to adopt appropriate market techniques with improved productivity for these units. This could be done by the amendment of existing market procedures, in terms of product, price, physical distribution and promotion to compete in the market.

Therefore, the co-operatives are at the stage of market embodiment to place themselves in internal and external market pockets to arrest private domination. Considerable modulations are required in their market techniques with a view to satisfy both producers and consumers. This warrants an in depth approach, appropriately to adjust production and marketing to promote handicrafts and to create potential markets for co-operatives. Though the co-operatives undertake many functions to serve the producers and consumers, the effectiveness of these functions depends on the capacity and viability of these co-operatives. However, the efficiency of the above two factors depends on the performance of the organizational structure, institutional support and measures followed to serve the artisans. This is the focal point of this study.

Objectives of the study

1. To assess the present marketing situations of handicrafts.
2. To examine the organizational setup and present functioning of handicraft co-operatives.
3. To evaluate the role of primary handicraft co-operatives in production and marketing of handicrafts.
4. To evaluate the assistance provided by apex to its member primary societies.
5. To analyse the problems and constraints in handicraft marketing through co-operatives.

6. To suggest methods to over come defects in marketing handicrafts through co-operatives.

Scope of the study

The handicraft co-operatives of Kerala are as old as other co-operative organizations in the state. The handicraft co-operatives are categorised under the industrial co-operatives registered in the state. Therefore, the study concentrated on industrial co-operatives along with handicraft state emporia and private craft traders. There are a wide varieties of handicrafts produced in Kerala. (appendix I). But the following major groups of crafts are listed for their sizable share in total goods moved from co-operatives. They are :-

1. Wood carving
2. Metal carving
3. Horn carving
4. Paper mache and
5. Cane weaving.

The scope of the study is framed to analyse the production and marketing techniques followed by handicraft co-operatives and also to examine the problems and constraints faced by these co-operatives.

Methodology

The study was primarily designed as an empirical one based on the survey method. Required information was collected from both primary and secondary sources.

Primary data

Though a detailed state-wide survey of the handicraft co-operatives, state emporia or private traders is beyond the scope of study, it was essential to obtain empirical evidence on the production and marketing measures adopted by co-operatives, state emporia and private craft traders along with consumers' opinion in general. Hence, data on these factors were collected through surveys conducted in selected areas of the state.

Sample design

The study was undertaken in three districts in Kerala, namely Thiruvananthapuram, Ernakulam and Thrissur. These three districts were selected on the basis of the high concentration of handicraft production in Kerala.

The study was undertaken at two levels. The first one was at the level of production and marketing units, including primary and apex handicraft co-operatives, state handicraft emporia and private handicraft traders.

Among these units, the selection of handicraft co-operatives was done on the basis of following criteria: -

1. The primary handicraft societies, who were having three years of frequent business with apex during the reference period.

2. The primary handicraft societies, who were having a share capital of Rs.20,000/- with apex during the reference period.

There were only 10 primary co-operative societies listed with the above criteria. Hence census method was adopted for the study.

All the 11 state emporia were identified in the listed three districts and therefore, the census method was adopted to survey the state emporia.

110 private traders were listed in the above three districts, engaged in handicraft marketing. Among them a sample of 20 per cent was selected for study. A purposeful random sampling method was adopted for selection.

At the second level, the survey was done among the consumers of handicraft products. For this purpose 100 consumers were selected consisting of 25 from primary co-operatives, 25 from state emporia and 50 from private traders. The consumers were selected by random sampling method.

<u>Collection of primary data and tools used</u>

Filed survey was conducted to collect data from production units and consumers. Five different types of structured interview schedules were used for primary handicraft co-operatives, apex federations, state emporia, private traders and consumers. The schedules were pretested with the help of a pilot survey in Ernakulam district and redrafted based on the experience of the pilot survey. The major variables collected through schedule survey included the awareness on types of production units existing in handicrafts, product modifications, designs preferred, purpose of purchase, quality, price difference by different sellers, channels of distribution, promotional measures, media coverage etc.

The structured interview schedules are given in appendix II to appendix V.

Oral interviews, discussions and participative's observations were also extensively used for collecting necessary data. Members, non members and officials of co-operatives were also interviewed in this regard.

Secondary data

Secondary data used for the study were obtained from following sources:-

1. Annual Reports of Primary handicraft and apex co-operatives.
2. Annual Reports of State Handicraft Corporation.
3. Reports of Directorate of Handicrafts.
4. Reports of District Industrial Centres
5. Published Documents of Export Promotion Council.
6. Report of All India Handicraft Board.
7. Economic Review, published by Planning Board, Government of India.
8. Bulletin of Economic Statistics, published by RBI
9. Journals, periodicals etc., dealing with the subjects

Data obtained from unpublished records of handicraft co-operatives were also made use for the study.

The collected data, both secondary and primary were jointly coded after editing and tabulated for facilitating analyses.

The study covers a period of 1951 to 1997. However, for the intensive analysis the time kept in view was five years from 1992 to 1997.

Analyses of data

The focus of the analysis of data has been on the basis of the production and marketing assistance provided by the handicraft co-operatives to its members. The market techniques followed by the state emporia and private traders were also analysed to compare the role of co-operatives in handicraft marketing. Consumers attitude and perception on handicraft products, price, distribution and promotion were also looked into.

To examine the share of handicraft co-operatives in domestic and foreign sales secondary data were analysed. A period of 5 years from 1993 to 1997 was taken for this purpose.

The role of primary co-operatives in production and marketing of crafts were analysed by using the following variables.

1. The total procurement by societies
2. Total sales by societies
3. Net working capital of societies

4. Inventory holdings by societies.
5. Assistance provided by societies
6. Channels followed for sales
7. Product selection, modification and branding and labeling for products.
8. Pricing techniques followed for craft
9. Distribution channels followed for crafts
10. Promotion tools used for crafts

Tools of analyses

For analysis of data, statistical techniques such as percentages, averages and ratios were applied. Ranking techniques were also used to analyse preferences listed in the schedule.

To find out product concentration of co-operatives in terms of sales, product concentration index based on the following formula were used.

$$PCI = 100\sqrt{\sum_{r=1}^{n} \left(\frac{Z^r}{Z}\right)^2}$$

Here PCI = Product concentration Index of the Kerala primary and apex handicraft co-operative societies.

Z	=	Total sales of selected fast moving handicrafts.
Z^r,r	=	1,............n_1 Denoting sales of crafts under study in a given year.

As per the formula the maximum value of index is 100 which occurs when the society concentrates production and sales in one item of crafts. If production is evenly distributed among various crafts the value of index will decline and reaches a minimum of 100 $\sqrt{n}$.

Section A analyse the product strategies adopted by the co-operatives. The quality of products was analysed by constructing satisfaction index. The satisfaction Index (similar to Kerlingar, 1970) was constructed by selecting five characteristics, viz., raw material, colours, size, design and finish of the product. Opinion of all the three categories of sellers were collected on five point scale for each character and scores were attributed. The formula used to analyse the satisfaction index was.

$$SI = \frac{\sum S\,i\,j}{\sum Max\ S\,j} X\ 100$$

Where,

SI	= Satisfaction Index
i	= Respondent
j	= Character
S j	= Score.

On the basis of the degree of responses towards the quality of the products the selected characters were grouped into two category, viz., Average Quality and Standard Quality.

- The characters with a satisfaction index below 50 come under average Quality and

- The characters with a satisfaction Index above 50 comes under standard quality.

This in turns would help to identify the salience determining the quality of handicrafts of different traders.

General brand awareness and labeling of handicrafts were also identified by aided methods.

Section B analysed the pricing of handicraft by different sellers and the pricing procedure followed by co-operatives.

The respondents opinion on the influence of pricing in buying behaviors for crafts was analysed by ranking the four parameters followed for the analyses.

The objective for pricing handicrafts were analysed by ranking the opinion of the respondents. The relativeness of the opinion ranked was measured under Kendall's coefficient of concordance using the below given formula.

$$W = \frac{\sum D}{\frac{1}{2} K^2(n^3 - N)}$$

Where,

W = Kendall's coefficient of concordance.

N = Number of character

K = Number of Judges

D = Sum of the square of the deviation of R and $\bar{R}$

R = Ranks assigned by each respondent

$\bar{R}$ = Mean of the Rank.

The Kendall's coefficient of concordance (W) is a measures of relation among several sets of ranking of N objects or parameters. The parameter for which the Sum of rank is minimum will be the most preferred parameter.

The price setting by each categories of respondents were analysed by simple percentage and the reasons listed for price cut was analysed by ranking the parameters preferred by the respondents.

Section C examined the channel of distribution followed by each seller and the distribution measures of co-operatives were also analysed.

The channel preference was examined by identifying the percentage share of each respondents to their total sales.

The authenticity of selecting the channels were measured by examining channel efficiency. The channel efficiency of societies were examined under the channel profitability analysis.

The channel profitability analysis of Douglas, M. Lambert (1975) was followed to measure the channel efficiency. The segment (channel) controllable margin under the following formula was used to measure the channel profitability.

$$SCM_1 = \left\{\begin{array}{l} SM = \left\{\begin{array}{l} SCM_2 = \left\{\begin{array}{l} MC \\ \div \\ CS \end{array}\right. \\ \div \\ ANC \end{array}\right. \\ \div \\ NS \end{array}\right.$$

Where,

SCM_1	=	Segment controllable margin
SM	=	Segment Margin
NS	=	Net sales
SCM_2	=	Segment contribution Margin
ANC	=	Assignable non variable
MC	=	Manufacturers contribution
CS	=	Cost of goods sold.

The respondents exposure to (or awareness of) various promotional measures for handicrafts was analysed in section D.

The share of respondents exposed to different media was analysed by finding percentages.

Frequency of exposure to the media was determined by directing the respondents aware of a promotional strategy to state how often they had come across such strategy. Responses were collected on a three point scale i.e., often, occasionally and rarely with weights 3, 2 and 1 respectively. Based on this an index was constructed with following formula.

$$K_x = \frac{\sum_{i=1}^{K} K_{ix}}{\sum_{i=1}^{K} K_{ix}\ Max} X\ 100$$

Where,

K_x	=	The index value of exposure for the promotional strategy x.
K_{ix}	=	The response score of individual I, showing frequency of respondent's exposure to promotional strategy x
K_{ix} Max	=	The maximum score obtainable by strategy x from individual i
k	=	The relevant number of respondents from the sample.

Awareness of the promotional measures for handicrafts in different states and awareness about the media for advertisement for co-operatives were analysed by using percentages.

The relative effectiveness of different promotional measures for handicrafts co-operatives were analysed by using following formula.

$$Rej = \frac{\sum_{i=1}^{K} \sum_{x=1}^{n} Pij}{K \sum_{x=1}^{n} Pij\ Max} X\ 100$$

Where,

Rej = The relative effectiveness in index of promotional strategy 'j' for all product categories (X_1............X_n)

$\sum^{n}$ Pij = The influence score of individual 'i' for promotional strategy x = 1'j' for all product categories (X_1..........X_n)

$\sum_{x=1}^{n}$ Pij Max = The maximum influence score obtainable by the promotional strategy 'j' for all product categories. (X_1..........X_n)

K = Sample size.

Limitation of the study

The present study possesses the following limitations : -

1. The quality of the answers in these types of studies will always depends on the background of the

organization and the amount of interest they take in it. It is, therefore, possible that some questions would not be answered as desired, despite of all efforts from the part of researcher.

2. Primary handicraft co-operatives and private traders are imprompt in their response. Since the accuracy of the information cannot be vouched the study may have been effected to that extent.

3. Since most of the co-operative units do not follow a scientific and uniform pattern of record keeping, it would be difficult to collect all the necessary data from the grass root level.

4. The study covers only the frequent moving products in the market.

5. Being a social theme this study is not free from the sample bias. However, earnest effort has been taken to make the study impartial and to make truthful inferences.

Scheme of the study

Chapter I - The introductory chapter gives a brief account of scope and importance of study, the methodology used in collection and analysis of data, the objective of study and its limitation.

Chapter II - The review of literature is designed in this chapter. This chapter reviews analytical studies on handicraft from its origin as an industry to progress as co-operatives. Review on co-operative marketing and constraints were also included in this chapter.

Chapter III - This chapter covers the historical perspectives, origin and progress of handicraft industry in India and Kerala. The role of handicrafts in economy in terms of production, employment generation and export were also explained along with its share in small scale industries.

Chapter IV - The ideology of cooperation, origin of industrial co-operatives, principles of handicraft co-operatives and functions and objectives of handicraft co-operatives were explained in fourth chapter. The profile of handicraft co-operatives and their role in economy was also included in this chapter.

Chapter V - The results and discussion chapter highlights role of primary handicraft co-operatives in assisting members in production and marketing. This chapter also analyse the assistance provided by apex to its members in terms of production and marketing.

Chapter VI - This chapter analyse the study by examining the market techniques followed by handicraft societies in terms of product, price, physical distribution and promotion. A comparative study was done by analysing the performance of private and state handicraft emporia. The problems of the handicraft co-operatives were also looked into.

Chapter VII - Final chapter explains the findings of the study and lists out suggestions on the basis of the observation and analyses made.

Review of Literature

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CHAPTER - II
REVIEW OF LITERATURE

The traditional industries of India have been the subject for number of studies for the last two decades. Many of such studies focussed on handicrafts of various states.

The story of Indian handicraft goes back into the mist of antiquity when the story of man himself began to be articulated[1]. Kamaladevi Chatopadhay[2] traces the history of crafts from and through the ages stimulated by a vigorous folk tradition, culture and in an age when individualism cherished and precision valued. Hence, these studies on handicrafts as tradition compiled with religion and philosophy, dates back to the vedic period in India. The 'Rigveda', The 'Sama veda', The 'Yajur veda' and 'Upanishath' explain the prodigious production of arts and crafts of the country[3]. Moreover the great epic Mahabaratha mentions the

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1 Upadhyay, (1973), Economics of Handicraft Industry, S. Chand & Co. (Pvt.), New Delhi, p.1.

2 Kamaladevi Chatopadh ay, (1970), Indian Handicrafts Indian Council for Cultural Relations, Allied publishers p.1.

3 See for Details:

(a) Ruth Reeves, Gre Per due, Casting in India, Craft Museum, Delhi.

(b) Chandopaya Upanishathu 5.2.6.

skill of lord Viswakarma, renowned master of handicrafts and god of carpenters and artisans [4].

A close examination of these literature reveals that, handicrafts were handed down through centuries, enriching India's cultural heritage. Identifying the significance of this sector, various measures were recommended by different fora for the development of this industry.

The first five year plan (1951)[5] distinguishes handicrafts from other industries with it's skilled craftsmanship. The Karve committee (1955)[6] finds handicrafts as a link with ancient Indian past and a heritage of her cultural traditions. The Bulletin of Small Scale Industries (1958)[7] and Kamaladevi (1958)[8] categories handicrafts, distinguishable alike from other industries with its special artistic value. Aruna Chandra (1959)[9] and Khosla

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4 Mahabaratha Quoted by Shanti Swaroop Arts & Crafts of India and Pakistan, Craft Museum, New Delhi. p. 74.

5 First Five Year Plan, Planning Commission, Government of India, 1951, p. 327.

6 Karve, Committee Report, 1955, p. 60.

7 Bulletin of Small Industries, Government Of India, 1958, p. I.

8 Kamaladevi Chathopadhay, 1970, Opcit. p. 8.

9 Aruna Chandra Gupta, Khadi Gramodyog, Vol. 6, No. 1, 1959, p. 64.

(1959)[10] observe social value, aesthetic trends and currents of rural life expressed in Indian crafts. Munshi (1970)[11] states that through handicrafts ,India makes a frantic attempt for conserving and saving the social structure along with her cultural tradition.

2.1 Analytical studies on handicrafts

Studies on handicrafts were done by deforming this sector as a small scale industry. The Report on Working Party on Cottage and Small Scale Industry (1952)[12] defines handicraft as a cottage or small scale industry with skill and craftsmanship in its manufacture. The Report on Committee on Finance for the Private Sector (1954)[13] explains the organization of handicrafts as a small scale industry. Many of these units were started during war and post war period where seller's market existed for these products. Prof. Everett (1955)[14] defines small scale industry as a processing

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[10] Khosla, D.N., Co-operation in Cottage Industries in Rajasthan, Khadi Gramodyog, Vol. 6, No. 2, 1959, p. 60.

[11] Munshi, K.M, Paper on Indian Inheritance, Bharatiya Vidya Bhavan, Bombay, 1970, p. 130-131.

[12] The Report on Working Party on Cottage and Small Scale Industries, 1952, Quoted by Kale, B.D, 1963, A Survey of Handicrafts in South Mysore, p. 2.

[13] Report on Committee on Finance for the Private Sector, *RBI*, Bombay, 1954, p.80.

[14] Everett. E. Hagen,1995 Handbook for Industrial Studies, (MIT), p. 74.

industry which produce goods by hand rather than mechanical methods. Hayashi (1955)[15] also lists out handicrafts as cottage industry which cannot manual crafts. Metha (1958)[16] observed that these units are the integral part of the village economy which generate employment to rural artisans.

Identifying the significance of these industries, Planning Commission had provided the entire sector a permanent place in the Nation's Policy on Employment and Balanced Economic Development. Moreover, the traditionalist's ideology about the role of cottage industries in India is generally propagated by Myrdal (1968)[17] by opposing the binding up of modern industries. This was supported by Roston (1969)[18] who called these units as the engine for development. Similarly Rao (1970)[19] opined that these industries with its high employment technique meet the requirements of the process of development. Peter

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[15] Hayashi, (1955), Japan's Small Scale Industries, Industrial and Trade Review Vol 2.

[16] Mathur, B.S (1985), Co-operation in India, Sultan Chand Publication.

[17] Myrdal Gunnar, (1968), Asian Drama, Penguin Book, Vol. II, p. 1215.

[18] Reston, W.W (1969), The Stages of Economic Growth, Cambridge Publication, p. 26-27.

[19] Rao,V.K.R.V., The Gandhian Alternative to Western Socialism, Bharatiya Vidya Bhavan, Bombay, 1970, p. 71-73.

Kilby (1971)[20], Jaya Prakash Narayan (1972)[21], Deshpande (1984)[22], Streefkerk (1985)[23] and Rao.V.C (1986)[24] have also acknowledged the potential role of rural industries and role of handicrafts in economic development of the country.

In general, every studies confined that the small industrial units are bounded in their promises and prospectus for the vivid to expeditions, growth and development of any developing economy. This was supported by Ram. K. Vepa (1988)[25] by stating that "there is a feeling everywhere that in todays world it is the small industry that holds the key to growth with equity." Realizing the importance of this sectors considerable attention has been paid to the sector in view of their potential for creating

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20 Peter Kitby, Entrepreneurship and Economic Development, Free Press, New York, 1971.

21 Jayaprakash Narayan, Basic Issues article quoted by Prabin Baishya, 1989, Small and Cottage Industries, A study in Assam, Manas Publication.

22 Despande, M.U, (1984), Entrepreneurship and Small Scale Industries Concept and Growth and Management, Deep & Deep, New Delhi.

23 Streefkerk, (1985), Industrial Transition in Rural India, Artisans, Traders and Tribes in South Gujarat, Popular Publication, Bombay.

24 Rao, V.C, Industrial Entrepreneurship in India, Chuga Publication, Allahabad, 1986.

25 Ram.k. Vepa, (1988), Modern Small Industries in India, Problems and Prospectus, Saga Publication, New Delhi, p. 18.

employment in rural economy. This was clearly mentioned in the seventh five year plan by stating that the growth in this sector has preponderance of self employment, resulting dispersal of industrial and economy activities by ensuring maximum utilization of local resources by both men and women[26]. Luckose (1992)[27] and Vijay (1992)[28] also state about the dominant role played by these units in accelerating economic development in states.

2.2 Co-operativisation of handicrafts

Considerable emphasis has been given for the organization of Industrial Co-operatives with common workshop, rental workshop, common facility, credit, marketing etc., as a means for promoting handicrafts in India. This was also highlighted by Mohandas. K. Gandhi (1934)[29] who supported co-operativisation of crafts industry. In his words, he opined that by establishing co-operatives,

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[26] The Seventh Five Year Plan, Planning Commission, Government of India.

[27] Luckose, C.K, and Raji. K.V, (1992), Regional Development in Kerala, Southern Economist, Vol. 31, No. 10, Sept. 15, 1992, p. 5-6.

[28] Vijay.G. Kalanti, (1992) Small Scale Industries Contribution to Nations Economy, Southern Economist, Vol. 31, No. 9, Sept. Ist, 1992, p. 14.

[29] Mohandas. K. Gandhi, (1934), Rebuilding our villages, Harijan, Nov. 16, 1934, p. 34.

villagers can make crafts by pooling their products for sale and there by profits can be divided equally.

Lewis Arthur (1962)[30] suggests organization of these units in co-operative line to serve the weaker artisans in cheap and efficient way. It was also highlighted by Hoselitz Bert (1963)[31] by listing out the economic and social advantages of organizing these sectors under co-operatives.

Uma Maheswara Rao (1965)[32] identifies that due to wide disparities the artisans may not be able to derive external economy like training, marketing research etc. Therefore, the per capital production in small industries is much less especially in rural areas. Similarly Rostas (1966)[33] also suggests that the size of markets (as measured by the volume of output of the industry) has an important influence on factors effecting their productivity. For instance, the traditional handicrafts normally serve a local market where the artisans work mainly for the needs of their neighbors with in the village itself. Another reason found for the

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30 Lewis. W. Arthur, The Principle of Economic Planning, George Allen & Unwive Ltd., P. 122-123.

31 Hoselitz Bert (1963), Entrepreneurian Element in Economic Development, Edited by Sachin Chandiri, The Economic Weekly, XV, Feb. 1963, p. 167.

32 Uma Maheswara Rao, (1965), Small Scale Industries, Popular Prakashan, Bombay.

33 Roster, L., (1966), Comparative Productivity in British and American Industry, p. 58.

stagnation of these units by A.D.H. Keplan[34] is the low productivity, which also various worker to worker, due to distinctive and unstandardized tools and physical conditions of work. Hence, all these studies call for the co-operativisation of craft industry to promote the products in different markets.

Meanwhile, Jawahar Lal Nehru (1955)[35] opined that the essence of co-operation is mainly underlined in the principle of working together to develop discipline and training in work for members. The relevance of organizing handicrafts on co-operative line was also suggested by Kale (1963)[36]. This was supported by B.S Mathur (1965)[37] who suggested industrial co-operativisation of cottage and village industries. Metha (1965)[38] justified organizing co-operative, for they are non exploitative and is intended to promote social objective. Moreover, David. A. Morse (1965)[39]) list out

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[34] Keplan, A.D.H, Small Business Its Place and Problems, New York, p. 18-21.

[35] Jawaharlal Nehru (1955), Indian Handloom Development Scheme, (1951-51), Report of All India Handicraft Board, Government of India. p. 19.

[36] Kale. B.D. (1963), A Survey of handicrafts in South Mysore, Institute of Economic Research, Darvar, p.27.

[37] Mathur.B.S, (1985), Co-operation in India, Sultan Chand

[38] Metha.V.C (1965), Fundamental Co-operative Principle, Indian Co-operative Review, July 1965, p. 495.

[39] David. A. Morse (1965), Benefits of Co-operative, Indian Co-operative Review, July 1965, p. 495.

that co-operative units modernize handicrafts industry through rationalizing distribution, increasing purchasing power and promoting consumer protection. This was supported by Myrdal, (1968)[40] stating that the artisans to shelter from competition should be organized themselves into co-operative lines.

Similar studies also pointed out the relevance of organizing handicrafts on co-operative line. Lewis Arthur (1976)[41] supportingly states that to create a source of equality and for market experiments, artisans should be grouped into units of co-operatives. Mishra (1980)[42] sees these lines of organizations as a measure to protect and develop craft as a part of the glorious tradition with special care for their presentation and growth.

Marketing perspective

Different studies are conducted on the contemporary theme on marketing and its relevance on small scale and village industry.

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40 Gunnar Myr dal, (1968), Asian Drama opcite.

41 Lewis.W. Arthur, Opcite.

42 Papola. S. and Mishra, (1980), Source Aspects of Rural Industrialisation, Economic and Political Weekly, Oct. 1980. p. 1733.

The term market is defined by different authors in different ways. The committee on definitions (1933)[43] defines marketing as the flow of goods and services from producer to consumer. In parallel to the above definition the modern concept for marketing is designed by Philip Kolter[44] as "a human activity satisfying the needs and wants through exchange process". Similarly Evan. J. R[45] explains the term marketing as function of activities including buying and selling of goods and other supported actions. Moreover marketing is also an activity the end of it is human satisfaction (Baskar and Aushen)[46], Peter. F. Druker defines marketing as a conversion of resource and knowledge into contribution of economic value. Over the years marketing was identified to assimilate changes, and in all the definitions Alderson Wroe (1957)[47] identifies the term exchange as the main term. This is also supported by Clark and Clark[48] stating that market is an area where exchange of products take place.

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[43] Quoted from, Manoj Kumar (1994), Marketing Management in Small Scale Industry, Good Book Company, New Delhi, p. 30.

[44] Philip Kolter (1973), Marketing Management, 4th Edition, Prentice Hall, Delhi, p. 19.

[45] Evan. J. R, & Berry Berumen, Marketing, Collen Mc Millan, New York, p. 33.

[46] B:;askar and Aushen, Modern Marketing, p. 6.

[47] Alderson Wroe, (1957), Quoted in Philip Kolter, Marketing Essentials, 1984.

[48] Clark and Clark, F.E, Principles of Marketing, p. 14.

Later on, studies on the thrust area of marketing identified that in a market oriented structure, marketing should thrust on consumers by recognizing his need, taste, desire and demand (Peter. F. Drucker 1973)[49]. Even Adam Smith in promoting production, has suggested consumer oriented movement, stating that consumption is the sole end and purpose of all production and the interest of the producer ought to be attended only as far as it is necessary for promoting that of the consumer. Emphasizing marketing for the convenience of consumer Robert. L. Brown[50] points out the quality to be maintained by the products. Therefore, the aim of marketing is to know and understand customer and Rajan Nair (1993)[51] opined that it will help to fit the product to the customer and so sells itself. This market situation initiates the organization to adopt a demand based approach and therefore, Levitte Theodre[52] recommends the firms to think of itself not of producing for itself but of selling to customer.

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[49] Peter. F. Drucker (1973), Management Task Responsibilities and Practices p.64.

[50] Robert. L. Brown, Quoted by Kumar Sri Vastava, (1987), Marketing in India, National Publication, p. 38.

[51] Rajan Nair (1993) Marketing, Sulthan Chand P.9

[52] Levitte, Theodre, (1960) Marketing Myopia, Harward Business Review, p. 45-46.

2.4 Significance of marketing in cottage and handicraft industrial co-operatives

The economic conditions of small industrial units including co-operatives are under the threat of a vicious circle of undevelopment. The productivity in these sectors is low due to many reasons. This low productivity results in low income, low rate of savings, low investment, deficiency of capital and again to low productivity. This situation similar to vicious circle of poverty as defined by Nurkse (1954)[53] clearly states that in order to break this circle a counter circle is needed to be put. Therefore, Manoj Kumar[54] opined that marketing can be termed as a counter circular to arrest this motion. This was also mentioned by Benjamin Higgins[55] stating that the progress of units depends not only on attainment of production but also on development of efficient marketing system. Similarly Alderson, W (1964)[56] suggests in his paper that marketing place a vital role in the dynamic process of making goods and needs in the

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53 Nurkse, R., (1954), Problems of Capital formation in Under Developed Countries, New York. Qxford University Press, 5- 4 ed. p.4.

54 Manoj Kumar, (1994), Marketing Management in Small Scale Industries, Good Book, Company New Delhi, p. 34

55 Higgins, B., Economic Development, Norton & Co., New York, p. 82.

56 Alderson. W., (1964), A Normative Theory of Marketing System, Home Wood, p. 94.

industries and possess the features to serve their ultimate purpose.

The significance of marketing in small industry is clearly referred by different studies. Ram. K. Vepa (1971)[57] has stated that the reason for the increasingly important aspect for small industries' development is due to the efficient marketing and distribution system. Thambi (1975)[58] opined that with the passage of time the degree of competition would be intensified, inviting the need for scientific marketing to sell their outputs.

Hence, marketing begins to play an important role in the cottage units especially in co-operative lines. Though the handicrafts industry primarily cater to the internal demand, to some extend, studies also made to identify reasons why they failed to make a significant contribution in export.

Gundiff (1972)[59] identifies that co-operatives suffer clear deficiencies in the field of marketing. The art of

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57 Ram. K. Vepa (1971), Small Industries in Seventies, Vikas Publication, p. 240.

58 Thambi. J.M.L., (1975), Marketing Strategies for Small Scale Industries, Indian Journal of Marketing, March 1975.

59 Gundiff, E.W. & Still, R.R., (1972), Basic Marketing concept, Decision and Strategies, Prentice Hall.

selling remains complex to these organizations. Manzoor Ahmed Shah (1975)[60] lists out the weakness of co-operatives in adopting appropriate strategies to compete with private holders. This was mainly due to the handicaps of rural artisans and craft workers in the states, compared to other organizations. These handicaps are listed out by Bedi. R.D (1958)[61] in his study covering reasons like lack of viability for materials and markets. He finds out that normally the artisans approach traders for finance and to whom eventually they surrender the products for marketing. Recognizing the need for institutionalization of these units Rava. J.M (1965)[62] has abstracted the recommendations of the Regional Conference held at Delhi in 1947 stating the only feasibility of establishing cottage and craft industries on co-operative and federated line, to ensure economy of marketing. But for the survival of the co-operatives, the conference also recommended that the members have to play dual role as entrepreneurs to promote market for product, and also as workers with equality on promotion which highly depends on the knowledge they gain on recent market trends. But the study by

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[60] Manzoor Ahmed Shah, (1992), Export Marketing of Kashmir Handicrafts, Offset Printers.

[61] Bedi, R.D.,(1958), Theory History and Practice of Co-operation, Loyal Book Depot, p. 329-333

[62] Rava. J.M., (1965), Co-operation and Small Industries in South East Asia, Series-2, ICA.

Digbey Margret[63] had mentioned the inability of the co-operatives to accommodate themselves to the modern trends towards the mass production, high capital investment, in elaborate machinery and lack of co-ordination. Additional. reasons listed out by Birendra Kumar Dixit (1988)[64] are the poor quality of materials, uneconomic pricing, inadequate facilities, insufficient fund for advertisement etc. As a result the private traders with all the facilities, deliberately tends to ditch away co-operative units and ultimately lockout them from markets. Meanwhile, the studies by Mane (1987)[65] and Sanjay. K. Jain (1988)[66] have observed that, even after passing of years the Indian craft markets, especially co-operatives have not undergone any change, over the last one and half decades. Therefore, these agencies do not have a share more than one per cent in total handicraft marketing. The reason for the slow progress of co-operatives in handicraft marketing as stated

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63 Digbey Margret, (1960), The World Co-operative Movement Quoted by Rava. J.M. Ibid.

64 Birendra Kumar Dixit, (1988), Small Scale Industries ills and Remedies, Yojana, Vol. 32, No.4 Mar. 1-5, 1988.

65 Mane. (1987). Opcite.

66 Sanjay. K. Jain, (1988), Export Performance, and Export Marketing Strategies, Common Wealth Publishers, New Delhi (1988), Vol. 1, p.340-341.

by Tamini (1987)[67] is the domination of private traders in the field.

Meanwhile, examining the future of handicraft markets Dak (1989)[68] identifies a positive trend with the growing affluence for traditional handmade crafts and duty free exports, indicating potential domestic and world markets for handicrafts. Samual Kutty (1992)[69] identifies eager markets for the astonishing range of handicrafts among all sections of people in India and abroad. Kebsglull,[70] the chief of the Indo-German Export Promotion Project, also observes high profile for Indian crafts in export. Similarly Ray[71] believes that the volume of exports of Indian crafts will be doubled or even thribled with in the next few years.

In brief the above studies explain the future market for handicrafts, inviting excessive attention to

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67 Tamini, (1987), Handicrafts during Seventh Five Year Plan, Paper Presented on National Seminar at Pune on 26th November 1987, p. 10 Published in the report of VAMNICOM.

68 Dak. T.M., (1989), Rural Industrialisation Challenges and Responses, Northern Book Centre, New Delhi.

69 Samual Kutty, (1992), Promoting Indian Handicrafts Financial Express, Oct. 20, 1992, p. 12.

70 Kebsglull, (1992), ibid.p.12.

71 Ray, (1986), Cottage and Small Scale Industry in India, Facts for you, Oct.1986, p. 13.

co-operatives who face competition from private traders. This brings more stress on adopting marketing measures compatible to boost and promote co-operative handicrafts in internal and external markets. As Meyer.R[72] stated co-operatives feel marketing as an intangible and difficult concept to quantify, compared to production. Ram.K. Vepa[73] identifies that the threat of co-operatives in marketing is mainly due to the task to maintain quality, standardization and designing of crafts. According to Papola. T. S (1980)[74] and Narendra Kumar [75] to fetch a share with traders the co-operative handicraft societies have to possess the pre-conditions of marketing viz.; quality, cost and price to create demand for products. Therefore, the handicraft co-operatives have to change their inheretant pattern of wide spread use of worn out technology, and old pattern of production. Often the weak approach of co-operatives pull them back from markets, causing their failure in domestic and external sales. Prajapati (1986)[76] identifies linkage of

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[72] Meyer, R., (1964), The structure of Markets in Developing Economics, M.S.M Business Topic, p.33.

[73] Ram K. Vepa, Opcite, pp. 250 -251.

[74] Papola. T.S., & Mishra, (1980) Some Aspects of Rural Industrialization, Economic and Political Weekly, Oct. 1980, p. 1733.

[75] Narendra Kumar (1986), Opcite, pp -22.

[76] Prajapati, (1981), Quoted by Nayen. C. Das, (1986) Development of Handloom Industry, Deep & Deep, p.16.

production pattern with marketing. He found that these units are facing the problem of non availability of raw material in required quantity and of the requisite quality at a reasonable price. Hence they face marketing problems mainly because they are unable to produce goods acceptable in the market due to the non availability of raw materials. Therefore, in brief, the co-operatives lack standardization, trade mark, lack of contact with wider markets, poor knowledge of marketing such as planning and forecasting, market research, pricing, publicity and selection of channels of distribution. Again Laila Tyabiji (1994)[77] suggests in her report that identifying the product and its potential markets are crucial for promoting handicrafts. This calls for market survey for checking the locally available raw material and identification of market chains. Thus as stated by Peter[78] on industrial co-operatives, the rough task and challenges are in front for handicraft co-operatives to face competition and to survive in markets for their existence.

Besides the above mentioned studies, annual reports of federations, profiles of All India Handicraft Board, literatures and other materials give insight into the various

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[77] Layila Tyabji, (1994), Marketing Savy is Vital for the crafts, The Economic Times, 2nd October 1994.

[78] Peter. A., (1988), Small Industrial Co-operatives in Developing Countries, Oxford, pp.10-120.

aspects of handicraft industry. However, baring a few almost all of them suffer from some limitations:-

1. Majority of these studies referred to, were either related to handicraft industry in general or about particular craft.

2. Their finding did not reveal co-operative handicraft marketing efforts or were not specific in solving co-operative marketing problems.

Therefore, the present study is an improvement over the earlier studies in the following respects:-

1. This is an attempt to study the marketing measures of handicraft co-operatives in Kerala drawing sample from Apex federation, primary societies, and survey of consumers.

2. In order to draw a picture to understand where the co-operative are placed in marketing, samples are also taken from state government emporia and private traders.

3. The study also examines the limitations of co-operatives for low access to national and international markets.

Profile of Handicraft Industry in India

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CHAPTER - III

PROFILE OF HANDICRAFTS INDUSTRY IN INDIA

Handicrafts are a part of the country's rich cultural heritage and play a significant role in national economy. This industry is a small scale industry, the products of which are artistic in character and require skill and craftsmanship in their manufacture.

Under the small scale sector, the handicrafts may be found either in the form of village industry or as cottage industry. Though a clear demarcation of handicraft sector is a difficult task, the two basic characteristics possessed by them, i.e., (1) most of the work should be done by hand and (2) the resultant products should have some artistic or aesthetic value, - demarcate this sector from other village and small industries.

However, it may not also be easy to demarcate the line in respect of the products manufactured by this sector. Under some circumstances, it is natural that, some rural crafts not exhibiting any aesthetic touch have also been considered under the definition of handicrafts. For instance, in some places, village pottery, cane weaving and bamboo work are also included in the authoritative list of handicraft production. Therefore, it may be noted that what is artistic and beautiful and what is not, is really a subjective valuation, for, the demarcating line may change from person to person. Indeed with the above reasons, even a total absence of any art as in the case of many rural industries, may not be prevented from being included in the handicraft sector.

An examination of the evolution of handicrafts reveals that no records are available to know when the handicraft was established as an industry, or to put in other words, since when the craft was being persuaded in the families of India.

Handicraft was developed as an independent rural activity, engaging people of a class or community, fully or mainly, or as a subsidiary activity of agricultural households, when they are not engaged in their main activity to supplement their income. Moreover, There are some evidences to the effect that handicraft was contributing to the sole source of livelihood for most of the artisans who were engaged in it.

3.1 Historical perspective of Indian Crafts

There are wide gaps in the history of Indian handicrafts. The organization, discipline, law and religion followed by different rulers in the country highly influenced the growth of Indian crafts in many ways. Referring back to the history, the verses in Mahabaratha praising the skill of Lord Vishwakarma (Master of thousand handicrafts) and lyrics of Arthashastra with series on craft works, speak highly of the aesthetic creation of the people of the country. Moreover, the highly decorated utensils like spoons, bowls, combs, etc., with Arabic culture reveals that, in the later phase of Muslim rule, the Islamic tradition also added finess and delicacy to the Indian classical style.

During the period of different rulers, Indian handicraft possessed greater importance than is indicated by the volume or value of its production. It's role in imposing edifice to oriental culture was second to none. So, as part of an ancient civilisation Indian handicrafts reflected the rich legacy in all its splendour and beauty with high level of artistic excellence.

Handicraft Industry Prior to Independence.

Even prior to the invasion of British rulers, Indian crafts were placed high in the international markets. The glorious cultural tradition possessed by the artisans in their production gave name and fame for their craft works in all over the world.

The historical perspectives on handicrafts, reviewed in various literature, highlight the progress of this sector as an industry during the period of Muslim rulers. Handicrafts flourished in India mainly, during the era of Zain-ul-Abidin, (A.D.1320 to 1586), who was always referred nostalgically for invention to new style in arts and crafts. Talented craftsmen from central Asia were invited to his kingdom, to disseminate their skill in production of unique models. The influence of this craftsmen along with the inspiration of an Islamic missionary, Amir-I-Kabir, who was a well versed artist, encouraged the sultan to organise this sector as an industry. Eventually all the successors to the sultan, with their relish for arts and crafts continued to encourage the spread of this industry in domestic and foreign markets.[1]

Similarly, the Mughal Kingdom (A.D 1586 -1757) also patronised the arts and crafts and commissioned the whole community of artisans as an independent industry. The emperors developed industrial and production units to uplift handicrafts to a level of worship with markets in different countries.

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1 Manzor Ahmed Shah, (1992) Export Marketing of Kashmir Handicrafts, Ashish Publishing, New Delhi.

Prior to the 18th century, and before the rise of modern industrial system there was a wide spread historical view that the Indian products had a world wide market. Indian exports consisted chiefly of hand weaved cotton and silk fabrics, calicoes, artistic wares, wood carving etc. The quality in production distinguished the genius of Indian inhabitants from other Asiatic lands, and she enjoyed this proud position till the end of the century.

However, the decline of this industry began towards the beginning of 19th century and become more pronounced by the middle of the century, i.e., after 1830's with the invasion by English industrial manufactures. The impact of British connection along with industrial revolution encouraged import of machine made goods which led to the decay of handicraft sector in India. The eclipse of the Indian handicrafts adversely impacted on her economy, ruining millions of artisans and craftsmen. This situation was not remedied by any alternative growth of new forms of industries.

Progress in the post Independence period

Being conscious of the adverse impact experienced by the artisans due to the intervention of British rule, the government of India took significant measures for a better deal for handicrafts at the central and state level.

The first measure adopted by the government for the development of handicrafts was revitalising and streamlining this sector into small scale industry. The main objective of amalgamating these two sectors was to establish handicrafts as an industry, competent enough to face the modern and large scale production. Therefore, after independence handicrafts were declared as small scale industries.

In view of the above objective, due recognition was given to small scale sectors after independence. The major task for uplifting small industries were first entrusted to the Industrial Policy Resolutions passed in 1948 and 1956. These Resolutions declared small industries as the potential sectors for creating additional employment with low capital investment[2].

Against the share of large and modern industries, the small scale industries play pivotal role in the economy in terms of employment, production and export. For instance Appendix VI highlights the contributions of small scale industries to Indian economy for the past two decades.

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2 Report Published by All India Handicraft Board. (1990).

The small scale sector covers a wide range of manufacturing and service activities. For instance, by the end of 1996 - 97, this sector consisted of 26 lakhs units with an increase from 4.16 lakhs in 1973 - 74. The share of this sector in manufacturing was about 40 per cent of the total industrial output of Rs. 356,213 crores in 1995- 96. The annual average growth rate of employment in this sector for the period 1973 -74 to 1980 - 81 was worked out to be 8.7 per cent, and that of production to be 21.4 per cent. The annual average growth rate of export for the same period was 22.7 per cent with 25 per cent share to total export by the end of 1980 - 81. Though the average growth rate for the period 1990 - 91 to 1994 - 95, had declined in terms of total number of units (7.2 %), employment (4.0%) and production (17.2%) the contribution of small scale sector to export showed an increase of 37.8 per cent for the same period. Moreover, share of there sectors to total export from India was very large with 35 per cent in 1996-97. This is explained clearly in Table (3:1).

Table 3 : 1

Total Export From India and Share of Small Scale Industries for the year 1980-81 to 1996 - 97.

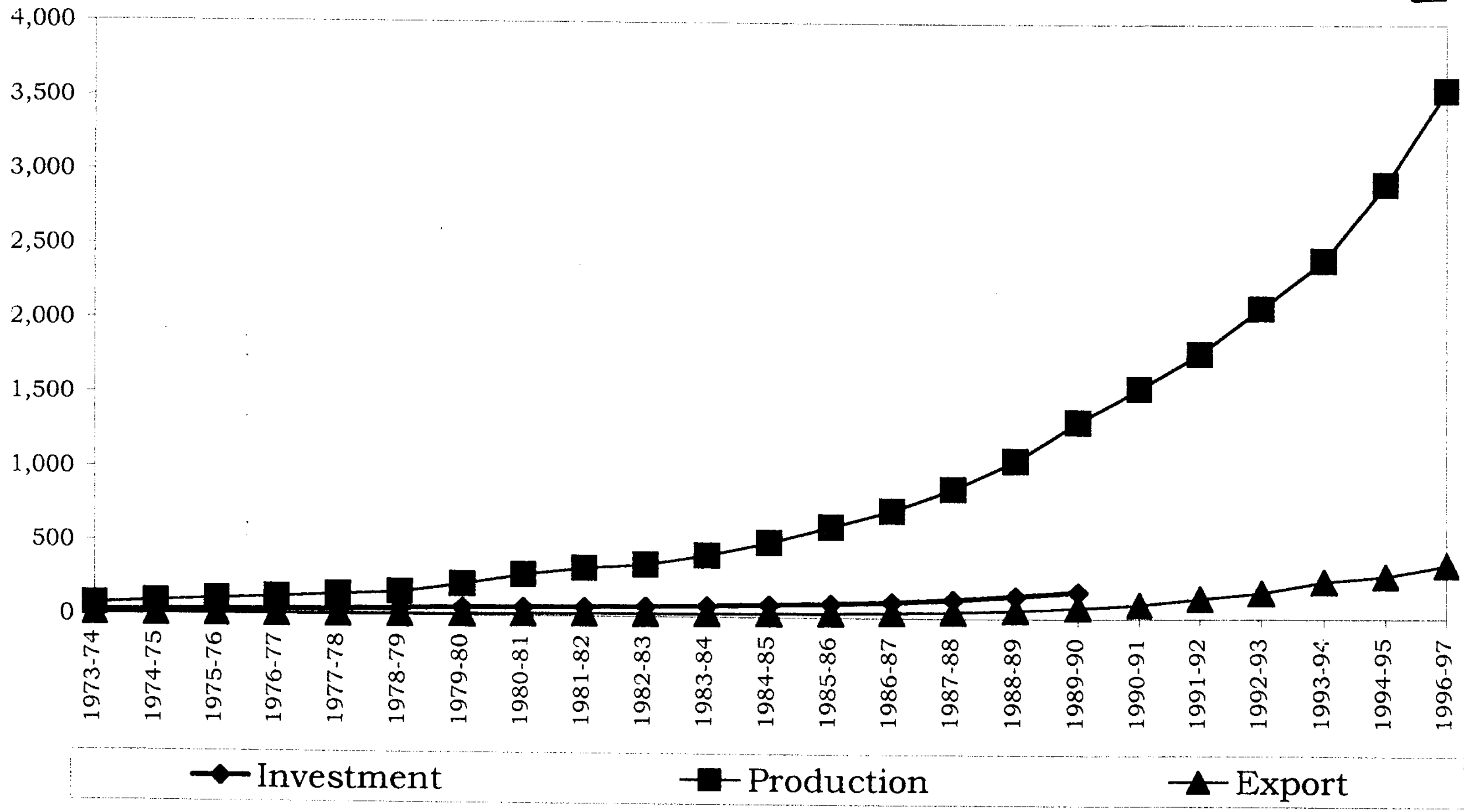
(Rupees in Crores)

Years	Total Export	Growth Index of Total Export	Export from SSI	Share of SSI To total Export	Growth Index for SSI Export
1980-81	12,524	-	1,643	13.0	-
1985-86	11,578	-	2,769	24.0	85
1987-88	16,396	41.0	4,373	27.0	108
1990-91	32,553	98.0	9,100	28.0	115
1991-92	44,042	35.0	13,883	32.0	146
1992-93	53,668	22.0	17,785	33.0	154
1993-94	69,751	30.0	25,307	36.0	177
1994-95	82,674	19.0	29,068	35.0	169
1995-96	106,353	29.0	36,470	35.0	169
1996-97	127,353	19.75	39,249	35.0	76.19

Source: Seventh Five Year Plan, Eight Five Year Plan, Economic Reviews, Reports of Planning Board.

Fig 3.1

Investment, Production and Export from Small Scale Industries for the period 1973-74 to 1996-97 [Figures Rs in Crores]



The above table shows that small industries provide a major contribution to Indian exports. A comparison of growth rate of total export from India and total export from small scale sector reveals that in 1987-88 when India's total export indicated a growth index of 0.31 in the same period the growth index of small industries was 1.6 i.e, nearly three times than total export from the country.

The faster growth rate of this sector in terms of production, employment and export has also influenced the Kerala economy. For instance, Table 3:2 shows the total growth of number of units registered in this state during the period 1970-71 to 1996-97.

The interstate dispersal of industries given in Appendix VII shows that the five states namely, Punjab, Maharashtra, Tamil Nadu, West Bengal and Andra Pradesh themselves accounted for 48 per cent of the total small scale units registered in India for the year 1971. Where as, by the end of 1993, the share of these five states along with Madhya Pradesh increased to 50.8 per cent by providing 62 per cent of total employment, 66 per cent to total investment and 69 per cent gross output to this sector.

A cross analysis of the data shows that, Kerala also contributes to this sector by registering 6205 units by the end of 1971, which reached to 160544 units by the end of 1997. Similarly this sector assures a potential future for employment with an increase from 1.27 lakhs in 1971 to 7.64 lakhs in 1997. The investment to this sector was also encouraging, with an increase from Rs. 4,408 crores in 1971 to Rs.224540 crores in 1997 which is evident from Table 3:2.

Table 3 : 2

The Growth of Small Scale Industries in Kerala for the Period 1970-71 to 1996-97

Year	Units registered (In numbers)	Employment Number in lakhs	Investment Rs. in lakhs
1970-71	6205	1.27	4408
1984-85	35365	2.32	46460
1989-90	63698	3.82	85358
1990-91	73522	4.45	73280
1995-96	126250	7.03	136734
1996-97	160544	7.64	224540

Source : The records of DIC, and The Economic Review The Kerala State Planning Board (1998)

Noticing the impressive growth of small scale industries in the state as well as in the country, as a whole, the government introduced wide spread development programmes to uplift this sector. To encourage more units and to strengthen the existing small units in the country, steady increase in the outlay for small scale sectors was provided through out the five year plans which will be revealed from the following table.

Table 3 : 3

Total Outlay to Small Scale Industries in Successive Five Year Plans.

(Rs. In Crores)

Plan	India	Growth Rate	Kerala	Growth rate
First	48.00	-	NA	-
Second	187.00	2.90	NA	-
Third	242.00	0.30	3.80	-
Fourth	251.00	0.04	4.30	0.13
Fifth	592.00	1.40	8.50	0.97
Sixth	1945.00	2.30	25.00	1.94
Seventh	3249.00	0.70	44.00	0.76
Eight	6334.00	0.94	-	-

Source: Five Year Plan Draft (different volumes)

The table shows an substantial increase in the outlay during the second five year plan with a growth rate of 2.90, per cent i.e., from Rs. 48 crores in the first five year Plan to Rs.187 crores in second plan. Similarly a notable increase in outlay to this sector was again provided in the fifth plan as a part of the implementation of several rural development programmes. The same trend was also found in total outlay to the state. The outlay to Kerala which showed a sudden increase from 0.97 per cent in fifth plan to 1.94 per cent, in sixth plan, explains the same reason for the above trend.

Handicraft and other village industries

From the time immemorial, the handicrafts along with other village industries maintained their position as the vital industries of the country. As a rural industry, from the past itself, this sector received due attention of many economists, planners, administrators and constructive social workers as a mean for tackling mass poverty and unemployment. Similarly the Industrial Policy Resolution of 1956, called these units together as the tool for ensuring more equitable distribution of national income.[3]

Initial measures for the development of these industries were started immediately after independence. For this purpose the Cottage Industry Board was split up into three main boards during the First Five Year plan. They were

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[3] Prablin Drishya, (1989), Small and Cottage Industries, A study of Assam, Malas Publication. P.40.

(1) All India Handloom Board, (2) All India Khadi and Village Board and (3) The All India Handicraft Board, who were assigned with independent responsibilities for uplifting various industries under their respective sectors.

In the second five year plan, The All India Handicraft Board was reformed with additional objectives with a view to extend the work opportunity and for raising progressively the standard of living of the artisans. During the third five year plan, integrated development to this sector was recommended by Karve committee. A joint effort to sharpen the skill of artisans along with improved tools and equipments for production was initiated in this plan.

The Fourth plan outlay on handicrafts and village industries were implemented in accordance with the recommendation of Ashok Metha Committee in 1968. Therefore, the main thrust of this plan was to achieve (1) Social objective of providing employment (2)economic objective of producing stable article and (3) wider objective of creating self reliance among the rural artisans.

The basic thrust of fifth five year plan was to arrest the displacement of traditional artisans from existing occupation, providing further work opportunities, widening the employment base in backward areas and ensuring an adequate income to meet their basic needs in life. This plan provided substantially higher outlay for the development programmes in handicrafts with an objective of providing more employment opportunity to artisans.

The sixth plan was launched with the following programmes. (1) Creation of employment opportunities with projects in handicrafts, (2) Organisation of raw material supply of required quantity and quality, (3) Provision of designs based on consumer preference and market research (4) Upgrading the skill of artisans through a system of recruitment training, (5) Organisation of production oriented market with in and outside the country and (6) Expanded effort in export promotion. Besides, during this plan an autonomous society 'Rangathanthra' was formed to provide design and technical inputs to artisans. Along with this a National Institute for Hand Printed Textile was also set up at Jaipur.

In the Seventh Plan special emphasis was laid for the preservation of craft skill with respect to cultural heritage. For improving the value added through the general level of earning among the artisans an Artisan's Welfare Trust was created. This plan made a provision of Rs. 2752 crores for these industries.

The Eighth Plan was more interested in identifying opportunities for employment by providing services in packages to the craft pockets through Craft Development Centres (CDC's) by the State Co-operative and Voluntary Organisation. It also enhanced improving refinance from NABARD and also strengthening the existing Regional Design and Technical Development Centres (RDT's) for artisans. With this philosophy for the development of handicrafts and village industries, the eight plan allocated Rs. 6334 crores i.e., 1.5 per cent of the total public sector outlay to this sector. The indicative target of production, employment and exports during this plan are given in Appendix VIII. It may be noted that among the traditional industries handicraft production is targeted for Rs. 29,620 crores by 1996-97 i.e., 10 per cent of the total output. Similarly a major contribution to additional employment is likely to come from handicrafts i.e., 29.4 lakhs. Therefore the eighth five year plan looks up to handicrafts as a very promising area in the small industrial sector in the economy.

Role of Handicrafts in Indian Economy

Irrespective of the significance given to this sector in different plan outlays, handicrafts present and contribute an entirely distinct pattern of development in the economy. This industry possesses a major share among other village industries in terms of employment, production and export. Emphasising their role in economy the

Industrial Policy Resolution of 1956, stated that handicrafts provide immediate employment as well as it offers means to ensure equitable distribution of income. Therefore, the social and economical significance of handicraft as a village industry and it's impact on the life and economy of people could be viewed in terms of its role in employment generation, progress in production and export.

Production

Production from any industry is considered as an index for progress. The mere increase in terms of the number of units registered under this sector or a sudden enhancement of the amount of investment could not remark any progress unless they ultimately produce steady output. The term production for the present analysis implies conversion of raw materials into finished products either by hand or machines, for sale.

For instance, an overall analysis is done in table (3:4) to examine the performance of different traditional industries in terms of production in India. The major traditional industries contributing highly to the economy are Khadi and Village, Handloom, Sericulture, Coir and Handicraft industries.

Table 3 : 4

Production Performance of Traditional Industries to Total Village and Small Industries for the Period 1973 - 74 to 1996 - 97.

(figures are percentage to total VSIs)

Sector	1973-1974	1979-1980	1984-1985	1990-1991	1991-1992	1996-1997
Traditional						
Khadi	0.24	0.27	0.26	0.15	0.14	0.18
Village Industry	0.90	1.04	1.15	1.07	1.10	1.27
Handloom	6.18	5.19	4.38	1.95	2.08	1.93
Sericulture	0.46	0.39	0.48	0.47	0.51	0.54
Handicrafts	7.83	6.11	5.32	6.09	6.79	10.04
Coir	0.44	0.26	0.15	0.09	0.09	0.07
Total	16.05	13.26	11.75	9.82	10.71	14.03
Modern Sector	83 .95	86.74	88.25	90.18	89.29	85.97
Total VSI	100.00	100.00	100.00	100.00	100.00	100.00

Source : Five Year Plans, Economic Surveys (various years), State Planning Board.

Fig 3.2

Production by Traditional Industry and Share of Handicrafts Industries for the year 1973-74 to 1996-97 in India [FIGURES IN PERCENTAGES]

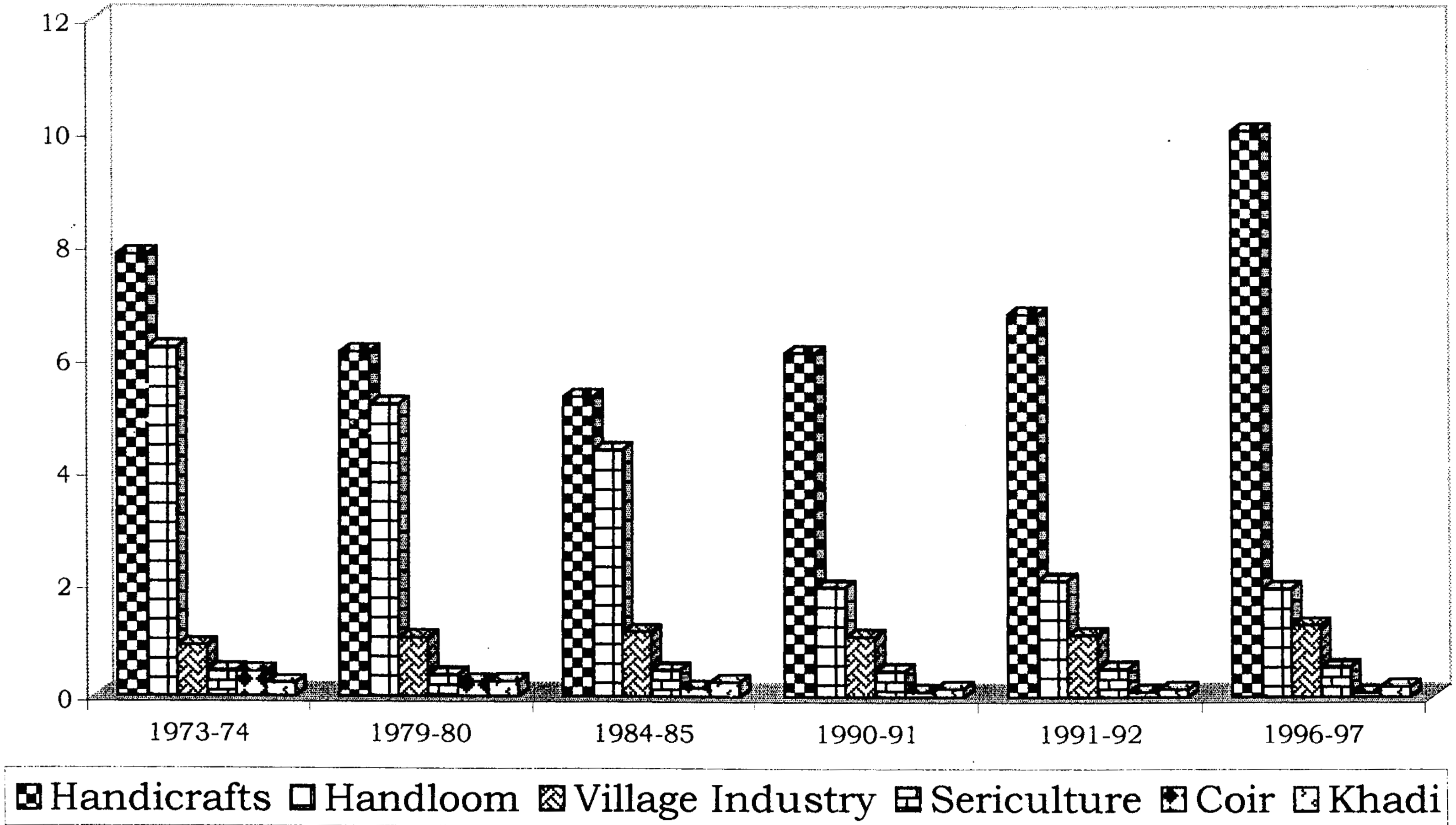

Table (3:4) highlights the relative share of traditional industries to total village and small industries. The share of traditional industries altogether was 16.05 per cent in 1973-74. The major contributions during the period were from handloom with 6.18 per cent and handicrafts with 7.83 per cent. However the share of Khadi, Sericulture, Coir and Village industries were less than one per cent for the same period. But the position of village industries improved over the years by reaching to 1.27 per cent by 1996-97. Where as,. though, the major share in total outlay was allotted to handloom sector, the productivity from this sector was declining over the years. For instance, from 6.18 per cent of its contribution in 1973-74 the share of this industry drastically fell down to 1.93 per cent in 1996-97. Number of problems including lack of market, inefficiency in production were listed as reasons for the present fate of this sector.

Meanwhile, an examination of the performance of handicraft industry assures a very promising progress over the years. The share of handicrafts to total production from village and small industries increased from 7.83 per cent in 1973-74 to 10.04 per cent in 1996-97, by ranking itself as the top industry among traditional units in production. The graphical representation in Fig (3:2) highlights more clearly the position of this sector in India.

Employment

As a rural industry the traditional industries of India could generate employment with low capital investment. The performance of these industries are measured in terms of their potential to create large employment opportunities. Being labour intensive in character, these industries are capable of absorbing more labour per unit of output as well as investment. This was also observed by P.C. Mahalanobis in his studies on rural development. He found that with any given investments, the employment possibilities would be ten or fifteen or even twenty five times greater in small industries in comparison with corresponding large industries.[4] The employment generated through village industries and the share of handicraft sector is explained in Table (3:5). Since these industries are mainly concentrated at rural areas, they could also play a predominant role in the poverty alleviation programmes of the country.

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[4] Mahalanobis, P.C., Quoted by Gunnar Myrdal (1992), Asian Drama, Opcite.

As stated in Table (3:5) the traditional industries provide more than 50 per cent of employment compared to modern industries. The employment generated in the year 1973-74 was 58 per cent in this sector against 42 per cent by modern small units. Among the traditional industries handloom offers more employment with about 30 per cent in 1973-74 followed by handicrafts with 8.57 per cent for the same period. But the share of handloom gradually declined by reaching 21.13 per cent by 1996-97. The low production was one reason listed for the decline of employment in this industry. However, the handicrafts industry assures more employment with an increasing trend of 14.02 per cent by the end of 1996-97. Remarkable assurance is also given by sericulture industry in employment by showing an increase in its share to total from 6.8 per cent in 1973-74 to 11.73 per cent in 1996-97. Therefore, the table along with Fig (3.3), clearly shows that handicraft industry is emerging as a potential sector for generating employment in Indian economy.

Table 3 : 5

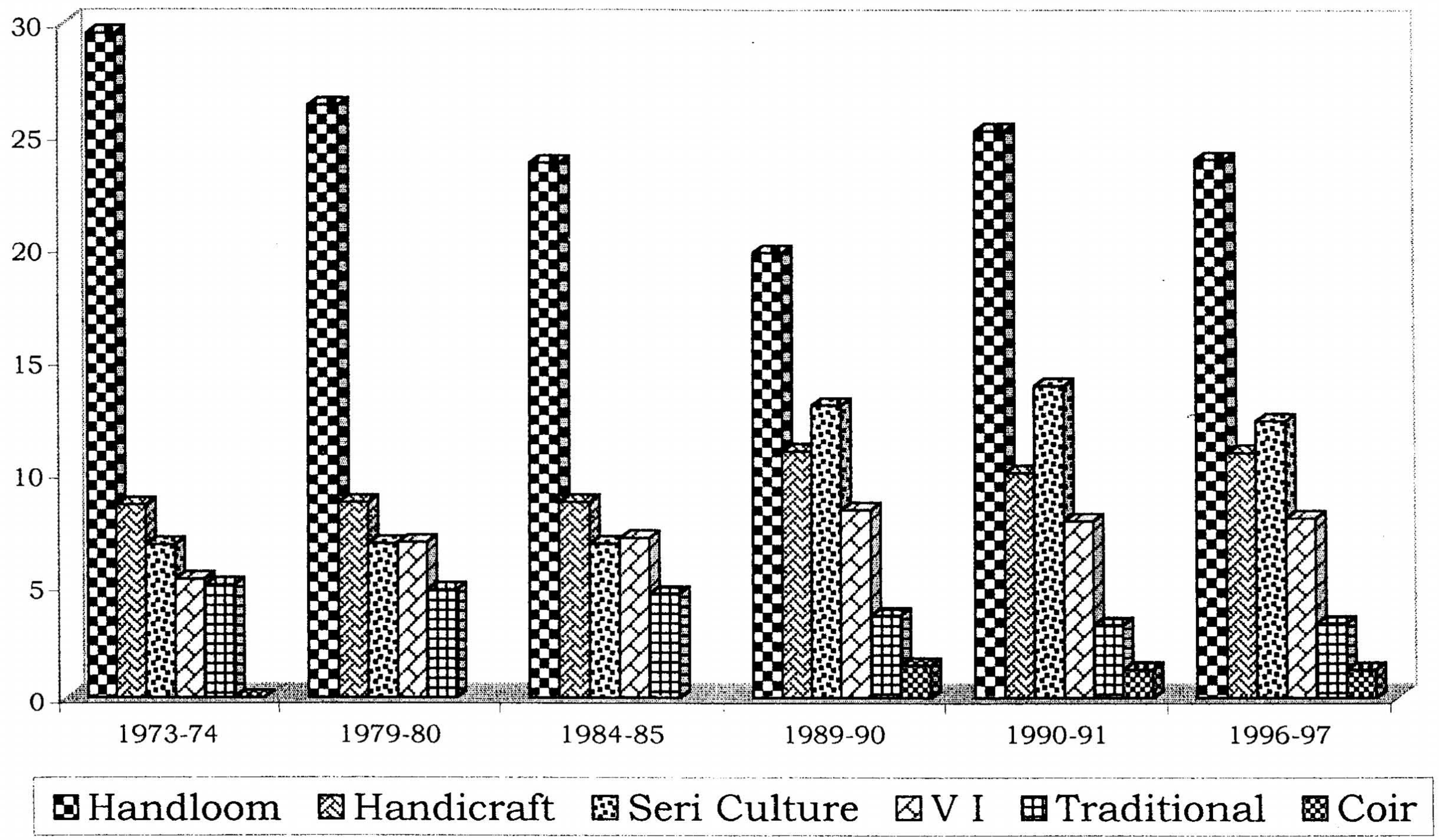
Employment Generated Through Village Industries in India for the Period 1973 - 74 to 1996 - 97

(figures are percentage to total VSI)

Sector	1973-1974	1979-1980	1984-1985	1990-1991	1991-1992	1996-1997
Traditional Khadi	5.01	4.79	4.63	3.23	3.30	-
Village Industry	5.26	6.90	7.11	7.86	7.99	8.4
Handloom	29.54	26.31	23.77	25.19	23.92	21.13
Sericulture	6.80	6.85	6.85	13.88	12.30	11.73
Handicrafts	8.57	8.69	8.70	10.01	10.89	14.02
Coir	-	-	-	1.25	1.23	1.05
Total	55.18	53.54	51.06	62.42	59.63	56.33
Modern Sector	44.82	46.46	48.94	37.58	40.37	43.67
Total VSI	100.00	100.00	100.00	100.00	100.00	100.00

Source: Five Year Plans, Economic Surveys, State Planning Board.

Fig .3.3
Employment Generation in Village Industries in India for the Period 1973 -74 to 1996-97 [FIGURES IN PERCENTAGES]



Export

Handicrafts industry in India, besides helping to solve both social and economic problems of the village craftsman and the vulnerable sections of the society, have come up to play an important role in earning the valuable foreign exchange for the country. During 1979-1980, handicrafts ranked as the third largest foreign exchange earner after agriculture and allied products and textiles. Exports registered more than ten fold increase during the ten year period from Rs. 80 crores in 1970 - 71 to Rs. 315 crores in 1979 - 80. Therefore, it is clear that the demand for Indian handicrafts is growing at a faster rate abroad, than with in the country, which is one reason why the government focus on programmes that give boost to handicrafts export.

Moreover, it is significant to note that the share of handicrafts to total export from Village & Small Industries reached 55.6 per cent in 1996 - 97 as against 22.87 per cent in 1973-74. (See Table 3.6)

Of the total export from the village and small industries in 1973 - 74, the share of traditional industries accounted to 36.89 per cent with a specific contribution from handicrafts i.e., 22.87 per cent for the same year. Therefore, the above table reveals that handicrafts have been in the limelight of progress and occupies a major share in production, employment and export from village and small industries in India.

Table 3:6

Export from Village and Small Industries in India for the Period 1973-74 to 1996-97

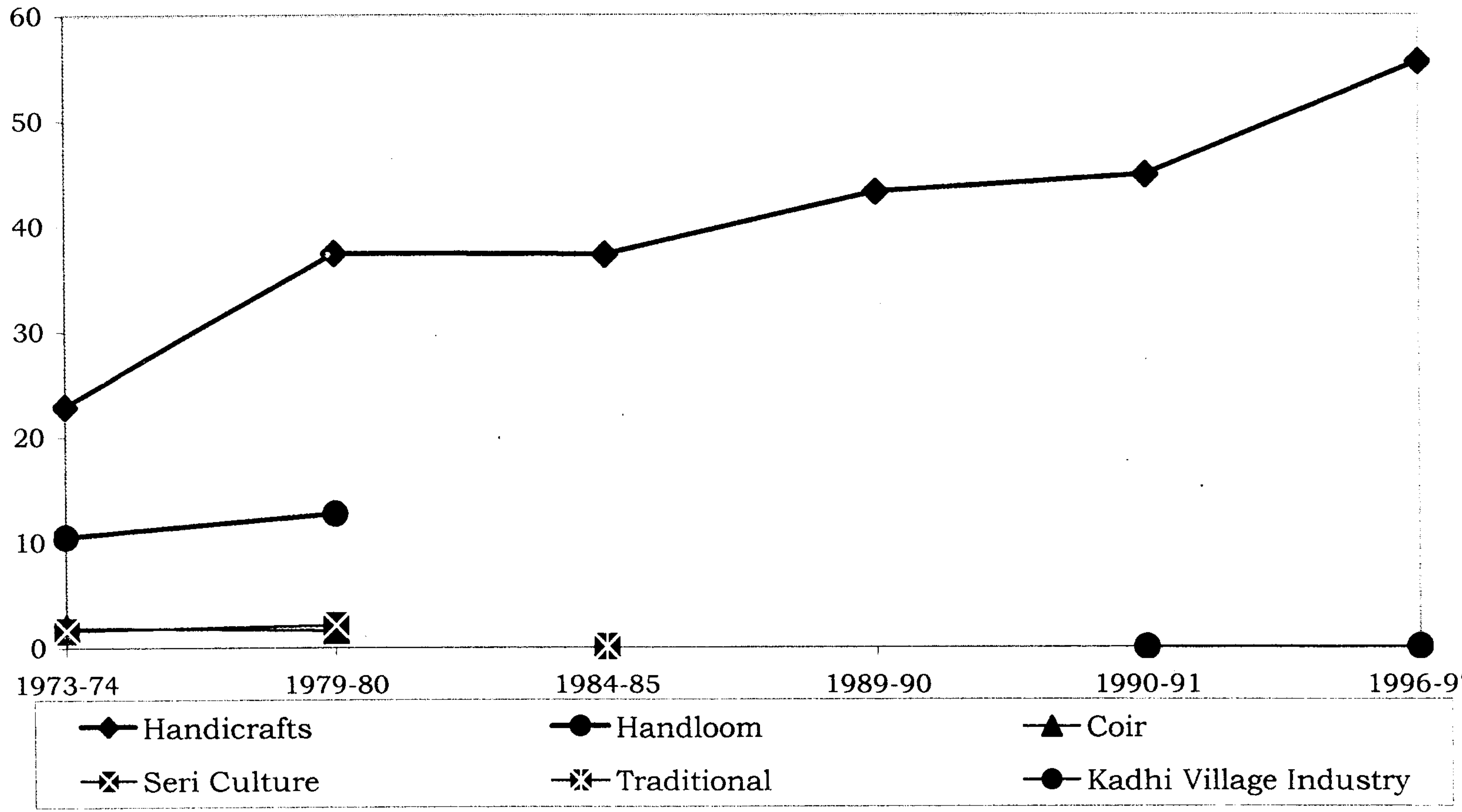
(Figures are percentage to total)

Sector	1973-1974	1979-1980	1984-1985	1990-1991	1991-1992	1996-1997
Traditional Khadi	-	-	0.08	-	-	-
Village Industry	-	-	-	0.02	0..3	-
Handloom	10.50	12.73	-	-	-	2.0
Sericulture	1.64	2.15	-	-	-	-
Handicrafts	22.87	37.45	37.30	49.58	40.08	55.6
Coir	1.88	1.63	-	-	-	0.20
Total	36.89	53.96	37.38	49.6	-	57.8
Modern Sector	63.11	46.04	62.62	50.4	55.06	42.2
Total VSI	100.00	100.00	100.00	100.00	100.00	100.00

Source : Five Year Plans, Economic Surveys (various years), State Planning Board

Fig. 3.4
Export by Village and Small Industries in India for the Period of 1973-74 to 1996-97

[FIGURES IN PERCENTAGES]



The positive trend in the total handicraft export from India explains that the demand for Indian crafts is growing and their role in earning foreign exchange for the country is fast improving. For instance the total export of handicrafts in the year 1975 - 76 was only Rs. 109.56 crores which reached to Rs. 1218.9 crores by the end of 1993-94. Similarly the growth rate also showed a ten times increase in export within two decades. A remarkable increase is suddenly recorded in 1990 - 91 with Rs. 999.1 crores from Rs. 529.1 crores in 1989 -90. The main reason indicating for the immediate jump in export was the intervention by co-operatives in export in many states. In Kerala also the co-operative organisation started export during the same period.

Table (3:7) shows that the total handicraft export earning have been increased from Rs. 109.96 crore in 1975-76 to Rs.1218.9 crore in 1993-94. The growth rate also increased to 10.13 per cent in 1993-94. The annual average growth in the total earnings from export of Indian crafts recorded, 16 per cent over the years.

Table 3 : 7

Export of Handicrafts from 1975-76 to 1996-97

(Rs. in crores)

Years	India's total Handicrafts export (Rs.)*	Growth rate
1975-76	109.56	-
1979-80	314.26	1.86
1980-81	315.67	1.88
1981-82	412.14	2.76
1982-83	381.08	2.48
1983-84	428.13	2.91
1984-85	535.46	3.89
1985-86	503.19	3.59
1986-87	511.54	3.66
1987-88	540.94	3.94
1988-89	478.48	3.37
1989-90	529.10	3.82
1990-91	999.10	8.12
1991-92	1200.90	9.96
1992-93	1019.70	8.30
1996-97**	1746.00	14.90

Source : 1. CMIE Foreign trade Statistics 1996

2. Mansoor Shan, Export-marketing of Kashmir Handicrafts, Ashish Publication, (1992) p.30

* Gems and Jewels are excluded

** Estimated figure

Eventually, efforts were also made over the years to make diversified products, keeping in mind the international tastes for crafts. For instance, EPCH* had brought eighteen designees to India from Japan, Germany, France, Ireland and Britain to assist artisans in innovating new designs to compete in the world market.

The items which are doing well in the international market include art metals hand printed textiles and embroidery floor coverings, and wood wares. Moreover, Kerala is famous for export of wood carvings especially in different models of elephants.

Indian crafts are exported to more than hundred countries. The major markets, include U.S.A, Canada, Germany, France, U.K, Netherlands, Italy, Saudi Arabia, UAE and Japan. These ten countries together accounted for about 77 per cent of India's exports of handicrafts in 1992-93 (See Appendix IX). It is also heartening to note that the market for Indian crafts has widened in developed countries, and number of gulf countries also have started importing Indian crafts in significant quantities. It indicates that there is vast potential for Indian crafts in gulf markets.

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* Export Production Council for Handicrafts.

The appendix IX explains the shift in the export of handicrafts from India to different countries. The U.S.A constitutes nearly one third of the total exports. The market for USA had gradually increased from 36.18 per cent in 1990-91 to 44.05 per cent in 1995-96. The other countries indicating shift for export were Netherlands and Germany with an increase from 1.79 per cent to 3.58 per cent and 8.98 to 11.01 per cent respectively in the same period. However, the demand for Indian crafts showed a decline in U.K with 11.21 per cent to 10.33 per cent. But, these 25 countries together constitute 95 per cent of the total market for Indian handicraft export.

Meanwhile, according to Mr. Navratan Sandria, Chairman of Export Promotion Council (EPCH) the future appears rosy enough for Indian handicrafts with a shift in export proceeds worth US $ 1202 million during 1996-97. This statement is substantiated with the facts explained in Table (3:8) revealing a favourable market for Indian craft exporters.

As per Table (3:8) the major increase in demand is forecast for art metals with nearly 3 times increase from 1996-97 to 2000-01. The total demand increased with 1.18 per cent growth from Rs.3766 crores to Rs.10713 crores.

Table 3 : 8

Item Wise Projection for Handicrafts for the Period 1996-97 to 2000-01

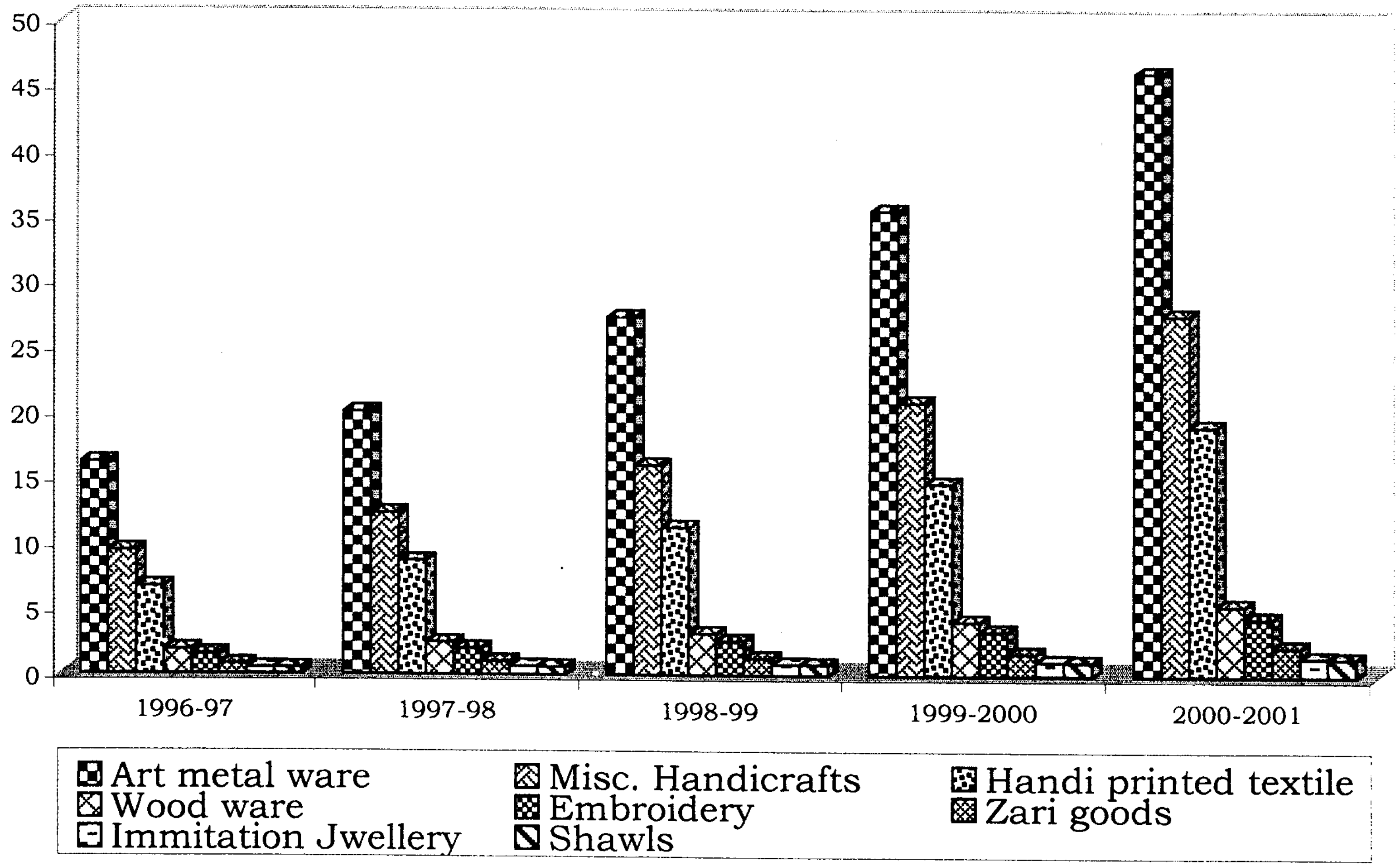
(Amount in Rs. Crores)

Item/Year	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001
Art-Metal ware	1623	2108	2738	3555	4618
Wood ware	189	246	319	415	539
Hand Printed Textile	671	871	1132	1470	1910
Embroidery	155	202	262	341	443
Shawls	48	62	81	105	136
Zari goods	77	101	131	171	221
Immitation Jewellery	49	64	83	108	140
Misc. Handicrafts	946	1237	1606	2085	2760
Total	3758	4891	6352	8250	10767

Source : Export Promotion Council for Handicrafts (1994-95)

Fig .3.5

Item Wise Projection of Demand for Crafts of India [Rs. IN CRORES]



3.9 Kerala Scenario

In spite of its rich tradition and colourful heritage handicraft export could not make much head way in the economy of Kerala. Many of the craft units in the state had lost much of their eminence due to the gulf boom in employment. As a result, the artisans are gradually leaving their traditional occupation for lucrative new professions and trade. Therefore, with the existing resources this industry is still struggling for a place in the economy.

Table 3 : 9

The Share of Handicrafts Export to Total Export from Kerala for the Period 1989-90 to 1996-97 (Excluding Gems and Jewels).

(Rs. in Crores)

Year	Total Export From Kerala	Total Handicrafts Export from Kerala	Percentage share of handicrafts total export
1989-90	1217.58	1.71	0.14
1990-91	1314.50	2.49	0.19
1991-92	1648.01	2.34	0.14
1992-93	1757.73	2.73	0.16
1993-94	2481.55	3.61	0.15
1995-96	4088.00	4.20	0.15
1996-97	4435.00	4.60	0.10

Source : Accounts of Export Promotion Council, Cochin Port, Kerala

For instance Table (3:9) reveals that the share of handicraft export to total export from the state was only 0.14per cent in1989-90. This again registered a decline to 0.10 per cent by 1996-97.

Similarly a comparison of total export of handicrafts from Kerala with total export of handicrafts from India (Table 3:10) reveals that Kerala contributes hardly 0.50 per cent to the export for the country.

Table. 3:10

Share of Kerala's Handicraft Export to National Level for 1989-90 to 1996-97 (Excluding Gems and Jewels)

(Rs. in Crores)

Year	Export of Handicraft from Kerala	Exports of Handicrafts from India	Percentage share of Kerala to India's export
1989-90	1.71	478.4	0.35
1990-91	2.49	429.1	0.58
1991-92	2.34	999.1	0.23
1992-93	2.73	1200.9	0.22
1993-94	3.63	1019.7	0.35
1995-96	4.20	1470.2	0.28
1996-97	4.60	1745.5	0.26

Source : Economic survey and Export Promotion Council, Cochin, Kerala.

The above table reveals that eventhough Kerala is noted for its exquisite art and craft work, this industry is yet to meet the world markets. The share of state at national level shows an instability over the years from 1989-90 to 1996-97.

Meanwhile a close look on the direction of export and analysis of major markets for the state handicrafts in Table (3:11) reveals that these products have a potential market especially in countries like U.S.A, France and Canada.

Table 3 : 11

Major Distination for Kerala Handicrafts Export (1990-91 to 1996-97)

(figures in percentages)

Country	1990-1991	1991-1992	1992-1993	1993-1984	1994-1995	1996-1997
U.S.A	16	6	12	15	10	21
Canada	18	19	14	12	15	8
France	12	6	12	12	11	8
Belgium	2	6	5	4	6	9
U.K	4	8	6	3	6	8

Source: Export promotion council, Cochin, Kerala. (Compiled)

The Table (3:11) shows the shift in the trend of export from Kerala. U.S.A remained the major importer for Kerala's handicrafts with a steady increase of 6 per cent of average annual growth rate over the period 1990-91 to 1996-97. But though Canada ranked second with 16 per cent of total export from the state in 1990-91, by 1995-96 the share declined to 8 per cent and Belgium stood second in the same year with 9 per cent of total export from Kerala.

An overview of the export statistics shows that handicrafts had not made any discernible impact in terms of export earnings to the state. For instance Kerala's share was recorded hardly 0.5 per cent to total handicraft export from the country, which is weak and insignificant compared to the enormous possibility of growth for this industry.

Handicraft Co-operative Societies

27

CHAPTER - IV

HANDICRAFT CO-OPERATIVE SOCIETIES

The genesis of co-operative movement was initiated during the eighteenth century as an out come of the industrial revolution in England. This movement gradually grew out as a reaction against the prevailing capitalist system in the nation. The promoters and users of this movement express different versions for the meaning of the organization such as; "all for one and one for all", "eliminate middlemen", "service at cost", etc.

However, with a diversity in its meaning the concept of all the above statements uniquely defines co-operative societies as "an enterprise formed and directed by association of users, applying the rule of democracy and directly serving both its members and community as a whole".

The basic concept of co-operative movement is same all over the world. However, based on its objectives, the form and content of this organization differ from one country to another. By its origin from England, co-operatives had a wide geographical expansion in Europe. Eventually, co-operatives recorded remarkable development in several countries. For instance, now-a-days, in many countries especially in Germany, France and Belgium, co-operatives function as a principal organization in several sectors. Moreover, these types of organizations perform successfully in areas like agriculture marketing and supply, provisions of credit, distribution of goods, organization of small industries etc.

In India, as a widely distributed voluntary association, the beginning of the co-operative movement was initiated by the passing of the Indian Co-operative Societies Act in 1904. The objective of this act is to inculcate thrift and self help through co-operation. Therefore, this act tries to bridge the fundamental changes in the basic structure of living by assuring safety and satisfaction among persons of limited means.

The co-operative movement occupies a position of cardinal importance as a form of business organization in the economy of the nation. The progress of this movement in India has recorded with a sectoral coverage of 99.5 per cent villages by serving 67 per cent rural households by the end of 1995. An analyses of Table 4.1 highlights the progress of this sector in terms of membership, share capital and working capital.

Table 4 :1

Indian Co-operative Movement at a Glance by the End of 1995-96.

(figures in millions)

Number of Co-operatives (all level)	0.411
Number of Primary Societies	0.396
Membership at all level (Number)	197.80
Membership at Primaries (Number)	186.455
Share Capital (Rupees)	93501.8
Participation of Government at all level	20.68%
Working Capital (Rupees)	1313843.8
Assets (Rupees)	826201.0
Deposits (Rupees)	391030.84
Rural House Holds Covered	67%
Villages covered	99.5%
Number of National level Co-operatives	21
Number of State level Co-operatives	284
Number of District level co-operatives	2331

Source : NCUI, Indian Co-operative Movement, A Profile, New Delhi 1996.

The table shows that by the end of 1996, this movement recorded a growth in India with 4.1 lakh co-operatives organized at different sectors. These co-operatives were strengthened with a membership of 197.8 million with a total share capital of Rs. 93501.8 million. Moreover, the government participation in this sector recorded very low with 20.68 per cent during this period. These organizations are federated to national, state and district level co-operatives, constituting 21 national federations 284 state and 2331 district federations in different sectors.

Principles of Co-operation

To define the character of the co-operatives as a form of voluntary association, the founding fathers of this movement have laid down certain definite guidelines and ground rules for this enterprise. These sets of rules are uniformly accepted by all nations and they govern the life of the co-operatives irrespective of the field they are organized. Therefore, these rules, which are turned as "the Principles of Co-operation" define the fundamental guidelines for organizing and conducting co-operative activities in a country.

Among the different principles defined by the founders, the International Co-operative Alliance selected and redesigned major six principles of co-operation in 1966. Later on, these six principles of ICA were considered to be the essential and genuine principles of co-operation for the effective practice of its objectives. These principles are precisely explained by ICA as follows:-

1. Principle of Voluntary Association or Open Membership. The concept of this principle explains that the membership of co-operative societies should be voluntary, and available without any artificial restrictions or social, political or religious discriminations to all persons who can make use of its service and are willing to accept the responsibilities of membership.

2. Principle of Democratic Management. As per this principle the co-operative organization with membership of individual persons follows democratic principle of "One man One Vote" in its management. With this equal right for voting, they appoint persons to administer the society. Thereby, this principle assures equal participation in decision making of the society.

3. Principle of Limited Interest on Capital. This principle highlights that, the share capital should receive a strictly limited rate of interest if any, to ensure equity in the distribution of wealth and income. Therefore, the supplier of capital is not equitably entitled to

share in savings, surplus or profit, or the values of the society's output of goods and services.

4. Principle of patronage dividend. According to this principle the surplus or savings, if any, arising out of the operations of the society belong to the members of that society and should be distributed in such a manner as would avoid one member gaining at the expense of another. This can be achieved by distributing the surplus among the members in proportion to their transactions with the society.

5. Principle of Co-operative education. This principle denotes that all persons engaged in co-operation need to be participated in the process of education and re-education. Education for co-operatives means any experience which adds knowledge, skill and widens outlook as well as any training to members to work harmoniously and effectively with fellow workers. Co-operative education inspires the members to fulfil their responsibilities as men or women and as the citizens of the nation.

6. Principle of co-operation among co-operatives. The spirit of this principle is that, all co-operative organizations in order to best serve the interest of their members and their communities should actively

co-operate in every practical way with other co-operatives at local, national and international level. The motto of this principle is growth through mutual co-operation among co-operatives.

These principles, with their true blend of idealism and good business rules assures equality among members of a co-operative organization. Through these principles the co-operatives bring social values to the national economic system and provide justice in production and distribution.

By exercising these principles in their functions, the co-operatives stand unique among other organizations in its socio-economic responsibility to the nation. Therefore, recognising the contributions of this sector as equal to private and public sectors, in terms of production and employment, government of India has placed respectful consideration for the development of co-operatives.

Co-operatives in Five Year Plans

The essentiality for introducing co-operatives in Five Year Plans was first initiated by The Saraya Committee in 1946. The committee identified co-operatives as the most suitable medium for democratisation of economic planning. This was also supported by Planning Commission, who recognised co-operatives as an indispensable instrument for planned economic action in a country. Therefore, realising the fact that, co-operatives can no longer be treated as species with in the private sector, government of India set up programmes for the development of co-operative movement in the country.

As a result, at the time of launching the first five year plan in 1950-51 due recognition was given to co-operatives. The aim of the plan was to change the economy of the country from an individualistic one to co-operative. In order to achieve the above objective the planning commission set up a target to cover 50 per cent of Indian villages and 30 per cent of rural population during the plan period. However, an analyses of Table 4.2, highlights that eventhough efforts were taken, the plan has not fully succeeded in achieving the above target for the progress of these sector.

From Table 4.2, it is clear that before launching the plan in 1950 there were only 1.15 lakhs primary agricultural societies in India. However 44,000 societies were also newly registered during the period by admitting 26.37 members, resulting with an average increase in membership per society from 45 to 49. However, compared to others' achievement the growth rate of membership was recorded very low with only 9 percentage. Similarly average deposit also showed a growth rate of 13 per cent.

Table 4 : 2

The Progress of Co-operative Movement in India During the First Five Year Plan.

Sl. No	Progress of	1950-51	1955-56	Annual Average Growth rate (Percentage)
1.	No. of PACS	115462.00	159939.00	39
2.	Membership (Lakhs)	51.54	77.91	51
3.	Average membership per society	45.00	49.00	9
4.	Percentage of rural population served	10.30	15.60	52
5.	Loan issued Rs. in Crores	22.90	50.16	119
6.	Average share capital per society (Rs.)	727.00	1051.00	45
7.	Average working capital (Rs.)	3547.00	4946.00	39
8.	Average deposit per society (Rs.)	391.00	441.00	13

Source: Five Year Plan 1950-51 - 1955-56

Though the Plan could not achieve its target for the percentage of rural household to be served, an increase from 10.3 percentage in 1950-51 to 15.6 percentage in 1955-56 was achieved during the plan. The major achievement of the plan was being found in the total loan issued through this sector which was doubled from Rs. 22.9 crores in 1950-51 to Rs. 50.16 crores in 1955-56, indicating the achievement of the objective of co-operatives in serving weaker communities of the society. The growth rate in total loan issued during the period was high with 119 percentage.

With an allocation of Rs.57 crores for the development of co-operatives, the second Five Year Plan was launched with ample opportunities to uplift the societies. The Rural Credit Survey Committee Report of 1951 listed out the vast field for co-operatives including agriculture, marketing, processing, constructions, and industries. By the end of second Five Year Plan the number of societies were increased to 3.32 lakhs with a membership of 342 lakhs. Around 75 percentage of villages and 24 per cent of rural households were covered by this sector during the plan. The major achievement in this period was the increase of average membership from 49 to 80 per society indicating a growth rate of 63 per cent compared to first five year plan.

Recognising the importance of the rapidly growing co-operative sector in India, the third Five Year Plan laid special emphasis to this field by providing Rs. 80 crores for the development of co-operatives. The major goal of this Plan was to bring up co-operatives as a self reliant organization by extending the geographical distribution of this movement to all rural families in the country. But as against 100 per cent coverage aimed at this plan, the villages covered by these active societies were worked out to be only 82 per cent.

The fourth plan gave substantial emphasis for strengthening co-operative marketing structure through agricultural co-operatives and consumer co-operatives. This plan proposed to organize 550 agricultural processing co-operatives during the period. The state and national federations were also strengthened to make co-operatives role effective in procurement and supply of goods.

Efforts to build up strong and viable co-operatives were designed in fifth plan. To strengthen the management and productivity of these sectors, training programmes were organized to produce suitable and adequate professional managers. The centrally sponsored programmes for the above purpose were implemented with an outlay of Rs.44 crores in 1974.

In the subsequent two plans, sixth and seventh five year plan, co-operatives had given due role to be played in service areas. The co-operatives were authorised to prepare credit plans to meet the requirements of its members in association to the credit plans of the respective commercial banks in those areas.

Various programmes for upgrading industrial co-operatives were organized in Eighth Plan. A sound infrastructural model was introduced during this plan for the modernisation and revitalisation of the weak industrial co-operatives. Appendix IX highlights the outlay for co-operative sectors, state wise during the eight plan.

The table indicates wide disparity in the allocation of budget for co-operative sector at various states. Majority of states, i.e., 17 states receive less than 5 per cent of the total outlay to this sector from the centre. Many of the eastern states, namely Manipur (0.4%), Meghalaya (0.7%), Mizoram (0.5%), Nagaland (0.3%) and Sikkim (0.2%) receives handily one per cent of the total outlay. However states like Maharashtra (17.7%), Bihar (11.9%) Karnataka (10.1%) and Madhya Pradesh (9.1%) enjoy due recognition in the outlay of budget during this plan.

Meanwhile, irrespective of the lop sided programmes, an examination of the achievements in this sector during 1994-95, highlights regional imbalances indicating variation in the implementation of programme for development of co-operatives.

It is interesting to note that the countries which were neglected in outlay recorded an increase in percentage to total achievements comparing to their share to total outlay. For instance, while the share of Assam to total outlay was only 3.5 per cent the achievements in this sector in the state by the end of 1995 was noted 4.5 per cent to total achievement by the country. Similarly, for all the eastern states, the percentage share to total achievement was recorded higher than their percentage share to total outlay. However, very low progress was also marked in certain states especially Bihar with 5 per cent of achievement against its share of 11.9 per cent to total outlay. Similar performance were also being found for states like Orissa and Rajasthan against their target achievements.

With special reference to Kerala the table reveals that the state had not enjoyed much significance in the process of progress. However, the share to total achievement was high (4.3 per cent) compared to its share to total outlay i.e., 3.7 per cent. Moreover, an overview of the growth of co-operatives in Kerala did not indicate remarkable progress in this sector for the last few years.

From the table 4.5, it is clear to note that the co-operative movement of Kerala recorded a slow progress over the years. In 1986-87 there were total 9553 Co-operative Societies including industrial Co-operatives in the state which had increased to only 11011 societies in 1996-97 with a growth rate of 0.01 per cent to 0.15 per cent for the respective period.

Table 4 : 3

Co-operative Movement in Kerala for the Period 1986 - 87 to 1996 - 97

Year	Number of Co-operatives	Growth index
1986-87	9553	--
1987-88	9664	0.01
1988-89	9910	0.03
1989-90	10134	0.06
1990-91	10399	0.08
1991-92	10528	0.10
1992-93	10721	0.12
1996-97*	11011	0.15

Source : Handbook of Co-operatives, Records of District Industrial Centres (Various Years), and Department of Small Scale Industries Thiruvananthapuram

* Number of societies registered up to Jan. 1997

Industrial Co-operatives

The cottage and small scale industries occupy a major role in the development of the economy of any nation. These industries with comparatively smaller capital investment, can create immediate and permanent income and employment to the rural communities. Recognising the potentiality of these industries, co-operative movement was initiated on this line by the enactment of the first statutory provision in 1912, in India.

The industrial co-operatives are voluntary organisations of people, with an objective to serve its members in procurement of materials, production and marketing of products. These co-operatives are formed mainly to assist craftsmen and skilled workers who are engaged in the cottage and small scale industries.

Similar to other co-operatives, industrial societies also functions with two main objective, viz., social welfare and economic security. Through social welfare, society protects its members against exploitation diffusion and dispersal of wealth, and through economic security, society generates employment, accelerate capital and increase productivity to benefit its members. On the basis of the functions undertaken by the societies, industrial co-operatives are broadly classified into two. They are industrial workshop co-operative society and industrial service co-operative society.

In an industrial workshop co-operative society the production is undertaken in common workshop or factory. The members are supplied with raw materials and tools. Direction and specification for production is provided by the society with workshop facilities for tuning and grinding of products. Along with membership the workers are paid wages and the responsibility of marketing will be taken up by the society.

Where as, in an industrial service co-operative society , the members are provided with various services for procurement of raw material, tools and equipments, technical guidance on production and marketing etc. But the society does not undertake the task of production which is wholly undertaken by members.

The industrial co-operative movement began in many countries as an alternative set up against private and capital industries. An analyses of the world scenario highlights that till the beginning of twentieth century the industrial co-operatives received unhealthy treatment in many European countries. Even though the industries were formed on co-operative line, passing of ownership and control to the hands of sole investors and enterprises had caused the failure of many industrial co-operatives in several countries.

Later on, the rebirth of these co-operatives were recorded in 1905's as a result of the second industrial revolution. During this period industrial co-operatives received a place of high esteem in various fields like handicrafts, bamboo weavings textiles, automobiles, paper production tools and equipment etc. In many countries these industries were reviewed and developed as cottage and small scale sectors having industrial democracy, with workers acting as owners and employees.

The organization of industrial co-operatives in India was started during the early decades of nineteenth century. The first step for this movement was initiated by introducing a distinctive co-operative bias to cottage and small scale industries by the Indian Industrial Commission in 1918. Meanwhile, the Royal commission on agriculture also recommended the organisation of artisans on co-operative line. This was also supported by the passing of Industrial Policy Resolution in 1948 to reiterate the role of co-operatives in the process of industrialisation of the country.

The promotion of industrial co-operatives as a government policy was initiated by the declaration made by national government in 1949. This declaration emphasised the importance of expanding industrial production with a view to assure equitable distribution of wealth to members. In 1955, the Karve Committee recommended the promotion of industrial co-operatives by incorporating this sector in the development programmes of five years plans. As a result during the second five year plan, policy resolutions were passed for a gradual conversion of small scale industries into co-operative forms. To strengthen this policy the government fixed a target to commission the small industries into co-operatives by thirty per cent in third five year plan and fifty per cent by fourth five year plan.

The advantages pointed out by the emergence of co-operative movement in industrial sphere was that, as an instrument of socio-economic development, it combines in itself the merits of both private and public units by eliminating their defects. Thus industrial co-operatives assure scale of production and guidance to the artisans and villagers engaged in agro-based industries and support them to survive in the markets.

In India the industrial co-operative societies posses a federal structure. There are primary industrial co-operative societies at village level, affiliated to district industrial co-operative societies at each district. Every state has got state industrial apex co-operative societies which are affiliated to the national federation of industrial co-operatives (see Appendix - X). The objective of national and state federations are to organize and develop industrial co-operatives in the country. These development measures are channelised though district co-operatives and primary societies, to reach the member-workers at grass root level.

Along with these federations, the National Co-operative Union of India also participate in training the members of different industrial co-operatives in the country. Table 4.4, highlights the total number of members trained by NCU as per 1996-97 report.

Table 4 : 4

Total Members Trained by National Co-operatives Union of India in 1996-97

Sl. No	Schemes	Number	Percentage to total
a.	Under Developed State Projects	72,235	(47.4)
b.	Handloom Co-operative Projects	10,055	(10.4)
c.	Handicraft Co-operative Projects	4,544	(4.7)
d.	Industrial Co-operative Projects	10,251	(10.5)
	Total	97,085	(100.00)

Source : Unpublished records, NCUI, New Delhi (1997)

As per table 4.6, the NCUI provided training to various groups of workers in India. The main target was workers under several development schemes of the state, namely, IRDP, TRYSAM etc. with a coverage of 74.4 per cent, This target groups included workers engaged in small electronic units, accessory units and manufacturing tool units. However, the handicraft units under the NCUI training scheme perform very low with 4.7 percentage of members trained during this period.

Kerala Scenario

In Kerala, the first industrial co-operatives society was registered in 1932 at Thrissur. This society was mainly functioning on hand weaving and craft works. This movement gradually started progressing in the state as an alternative to private business. Over the years the industrial co-operatives had grown and diversified itself in almost every sectors in the state. For instance, now the state is having several co-operatives like handicraft society, bamboo weavers society, cashew processing society, regional industrial co-operative society, beedi industrial society, handloom society in respective fields. A survey of the statistics of State Planning Board highlights the number of industrial co-operative societies registered in Kerala by the end of June 1997 in Table 4:5.

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Table 4 : 5
Industrial Co-operative Movement in Kerala as on 30-6-1997.

Sl. No	Name of District	SC/ST Socie-ties No.	Women Socie-ties No.	Percentage of women societies to total (%)	Other ICS. * No.	Total ICS
1.	Thrivandrum	38	75	26	173	286
2.	Kollam	40	62	22	129	231
3.	Pathanamthitta	32	63	60	10	105
4.	Alapuzha	49	58	24	139	246
5.	Kottayam	21	63	42	65	149
6.	Iddukki	39	18	21	29	86
7.	Ernakulam	8	170	92	8	186
8.	Thrissur	21	54	25	139	214
9.	Palghat	55	64	52	5	124
10	Malapuram	29	35	30	54	118
11	Kozhikode	25	21	17	77	123
12	Wayanad	30	15	27	10	55
13	Kannur	1	63	32	133	197
14	Kasargode	10	16	22	47	73
	Total	398	777	-	1018	2193
	Percentage to Total (%)	18	35	-	47	100

Source: Government of Kerala, Economy Review, (1997) State Planning Board, Thiruvananthapuram

* ICS : Industrial Co-operative Societies

As per Table 4.7, the Thiruvananthapuram district, ranked top in encouraging industrial co-operative societies in the state where 13 per cent of total industrial societies were registered at Thiruvananthapuram. Alapuzha district also gave high priority with 11.2 per cent of industrial co-operative in the district. However, Kasargode and Idukki were ranked last for their performance in this sector with 73 and 83 societies so far registered in the respective districts.

Meanwhile, it is also interesting to highlight the scheme of working co-operatives in the progress of industrial societies in the state in terms of number and membership. Out of 2193 industrial societies registered as on June 1997, 35 per cent (777 societies) were registered as women co-operatives in the state. Moreover, the three districts, Pathanamthitta, Ernakulam and Palakkad were having more than 50 per cent of industrial societies owned by women workers. Due share is gain by women societies in Ernakulam by providing 92 per cent of total industrial co-operatives registered in the district. Remaining districts also have women societies which contribute around one fourth of total industrial co-operatives registered in their respective regions to support and survive in competition, along with the artisans and villagers, engaged in agro-based industries.[1]

Organizational set up of Handicraft Co-operatives

As per the nature and functions undertaken by the handicraft societies these units are listed under industrial co-operatives. Handicraft societies are voluntary organization of craftsmen engaged in production and purchase of craft, supply of raw materials, marketing of crafts and providing services to members.

These societies-normally small and relatively surviving-concentrates on traditional skill works and located in rural and semi-urban areas. The members of these co-operative societies are from the artisans community residing in local areas. This handicraft co-operatives are engaged in thousands of varieties of craft works ranging from metal craft nail to stone carved elephants.

After the launching of five year plans, co-operative units in handicraft sectors expanded to every villages to improve the standard of living of rural artisans. Prior to the organization of co-operatives the artisans with small holdings were facing all types of constraints in scale of

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1 Five Year Plan, Planning Commission, Government of India.

production to meet competition. Along with illiteracy of artisans, low rate of capital formation, economic imperfection and poor enterpreneurship also added handicaps to this industry. In this contest the role played by co-operatives as an instrument of socio-economic development could not be over emphasized or exaggerated.

To support the above statement ILO paper on Rapid Survey of Handicraft and Small Scale Industries, 1961[2], also states that, in spite of the efficient industries and artistic handicraft workers existing in the country, handicrafts and small scale industries of India were insufficient in their equipments and outmoded in their methods of production. Though these industries provided a part time occupation for numerous families having great potentialities, this sector was at the primitive stage of development. One of the main reason is that handicraft workers are widely scattered and are unorganized in the country. For instance even after fifty years of industrialisation, only one fourth of the total working craft units are organized into co-operative line. This is highlighted in Appendix XI.

From Appendix XI, it is clear that out of the total handicraft production units in Kerala the co-operative

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[2] Reva, I.M. (1965), Co-operation and Small Industries in South Asia, Co-operative series-2,ICA

organization contributed only one fourth (i.e., 25 per cent). Among the different types of craft production units, hundred percentage co-operativisation was done in production of imitation diamonds, followed by high co-operativisation in production of bamboo and utility items with 84 percentage and in production of Kora grass mat with 62 per cent. Low initative in co-operativisation also noted in certain craft productions, i.e., one per cent for laminated wood carving. A total absence of co-operativisation was also found in production of screw pines.

In the above scenario, it is desirable to encourage handicraft workers to foster their association on co-operative line. This would enable the producers (artisans) jointly to control the organizational machinery themselves and avoid the risk of exploitation.

The Profile of Handicraft Society In Kerala

Though it is beyond the scope of the study to discuss fully the fundamental structure of handicraft co-operatives, it is indispensable to look into some of these structure as it effects the study both in the character and growth of primary co-operatives in the state.

When other states in India made significant measures to streamline artisans units into industrial co-operatives, the movement in Kerala was found weak and slow to take the advantages of production.

The need for the formation of handicraft co-operative societies was emerged from various reasons. These reasons were related to the defects and malpractices existing in the prevailing handicraft marketing in the state during those periods. The effect of the malpractices was further aggravated by the fact that a large number of artisans especially in rural areas were indebted to the traders, who often as money lenders had command on production and marketing of crafts in Kerala.[3]

In the above circumstances the main hope of artisans was in organizing handicraft units in co-operative line by joining hands with fellow artisans to undertake the production and marketing to his best advantage. As a result the first handicraft co-operative society in Kerala was registered at Thrissur in the year 1939. Later on, a number of similar Industrial Co-operative Handicraft Societies were started functioning in several districts in Kerala.

Mean while, after independence, on the ground of the report of survey team of 1959 appointed by the All India Handicraft Board, to co-ordinate and assist the primary

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3 Mathur, B.S, (1985), Co-operation in India, Opcite.

handicraft co-operative, the artisans of Kerala together formulated a resolution in a conference held in 1960, requesting government to set up an apex body at the state level. A similar conference held in November 1964 also welcomed organizing a handicraft co-operative apex federation in Kerala. This was again concerted by the All India Handicraft Board through its Co-operative Advisory Committee meeting held at Srinagar in 1962 and at Patna in 1965. These meetings passed a resolution appealing to all the states to form handicraft apex co-operative societies respectively.[4]

After the approval for setting up an apex federation, some difference of opinion arouse regarding the formation of the federation. A section opened for the registration of a new society while another section recommended for the reorganization of the existing Cochin Central Co-operative Handicraft Society Limited H. 321, Thrissur, as the apex federation for handicraft co-operatives. The committee resolved to leave the matter for the decision of government and later on government decided to adopt the second course and sanctioned for the conversion of the Cochin Central Co-operative Handicrafts Society Limited No: H. 231 into the Kerala State Handicraft Apex

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[4] Raydu, C.S (1988), Economics of Textile Co-operatives, Discovery publishing home, Delhi.

Co-operative Society LTD. No: H. 231 and there after, called as 'Surabhi'.

At present the Surabhi is situated at Cochin with its area of operation extended to the whole of the State of Kerala. This society functions mainly as an apex body to handicraft and industrial co-operatives. The primary handicraft and industrial co-operatives form the main members of the apex federation*. Besides state and central government and All India Handicraft Board have membership in apex.

Functions of Handicraft Co-operatives

The handicraft co-operatives, similar to other co-operative societies, also functions with in the frame work of co-operative principles as stated in the beginning of the chapter. These principles are apparently applicable to all types of co-operative organization like, credit, agriculture, consumers housing etc., in India. However, as far as handicraft societies are concerned, these principles urge

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* Note:- The registration and administration control of handicraft co-operatives are transferred from the department of co-operatives to the State Directorate of Industries. In Kerala the primary handicraft co-operative societies are registered to the respective District Industrial Centres (DIC) in each districts.

little more specific meaning, due to the peculiarity and nature of product and production.

1. Principle of Open Membership:- The member in a co-operative society is the focus of the unit, both in regard to the control of the society and with regard to the benefits generating from the co-operative business. Hence the principle of open membership carries significant meaning and implication to the functions of handicraft co-operatives. Considering the nature of work as well as the committee who hold this units, it is difficult to envisage a pri-hai co-operative to go with a completely opened membership policy. A potential member to a handicraft society is a worker who adds value to the products of the society. Hence, the members posses an 'owner-worker-user 'identity in these co-operatives. In this context the rational of this principle, respects to its clauses concerned to the racial, political and religious discrimination, stands unrolled on the ground that these societies are pertaining to the welfare of the member worker possessing artistic skill with aesthetic sense.

Meanwhile, by overruling the above conditions stated by the co-operative law to retain 80 per cent of membership from workers (belonging to the community of artisans), very often the handicraft co-operatives of the state admit sympathises members with a justification that they are included to secure leadership and capital for the society.

Normally societies described above are likely to be dominated by erstwhile entrepreneurs and sympathiser members who serve their own interest rather than the interest of the worker members.

But the Report of the Working Group on Industrial Co-operative in 1958, also comment on these changes and stated that while planning a nation wide development of industries on co-operative line, a few failure here and there brought about by selfish entrepreneurs should not defer from adopting a fruitful method of promoting industrial co-operative.[5]

2. Democratic Control:- The term democratic control plays high relevance in handicraft co-operative societies, because the final authority in these societies vests in the general assembly of members. The Board of Directors must present to the general assembly once every year for approval of annual statements of accounts and for presenting report of the working of the society. The board should also get the approval of the general assembly for the next year's budget

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5 Government of India, Report on Working Group on Industrial Co-operatives (1958) Ministry of Commerce and Industry, Delhi, p.24.

and expansion plans. Finally, the general assembly elects the board of directors every year. Therefore, considerable responsibility is placed on the worker members in handicraft co-operatives. More to add, the active members in co-operative societies are likely to be elected to boards. But, the excess allowance for sympathiser members, resulted in transfer of the power and privilege of worker-members in the management to the hands of non-working members in these societies.

3. Patternage Divident :- Since any returns to capital surplus in co-operative business is due to the total value added by the worker member and by generating capital, the allocation of any returns or surplus is also be at the behest of the worker member, as they seen eligible to receive the benefits of it. But the surplus out of the joint-production, equally flows to worker and non worker members, when the contribution of later to generating growth is absolutely negligible.

These fundamental structure of principles and their application often block the handicraft societies' capacity for expansion, and ability to compete with large scale firms, when they enter in production, and therefore, in course of time they gradually turned into dormant units.

Hence, in the above scenario the potential role the co-operatives play in solving the problems of handicraft industry and their role in modernising the production techniques of artisans to compete in the market were grouped and briefly discussed as follows:-

They are mainly :-

1) The attitude of craftsmen,
2) Training of workers,
3) Research and experimentation and
4) Finance to purchase new tools and equipments.

<u>The attitude of craftsmen</u>

The economic condition of craftsman and rural artisans are not better than the farmers, as far Indian situation is concerned. They learn the craft from their parents and are content to carry on their occupation in same fashion. The artisans are, hence, hostile to new ideas about production.

The co-operative education on techniques helps to avoid conservation and meet the artisans ambitions by bringing them into contact with market force and there by to utilise the market mechanism to their own advantage. Thus the co-operative method brings change in the artisans attitudes favourable for adaptation of their industries technological changes and consumer preferences. For example in many small pockets in Kerala, women were engaged in basket making as a part-time occupation, and used to produce a few standard articles which fetched very low price in markets. But when they were brought into contact with overseas exporters and received large number of order, it necessitated the formation of co-operatives to co-ordinate their work in order to produce the desired quantities of articles. The formation of co-operatives this way helped the artisans to adapt their production to the styles and qualities expected by the overseas markets.[6]

Training of workers

So far the problems of promoting technological innovations in the handicraft industry are concerned, viz., training, research and finances, the co-operative movement makes contributions in varying degrees. The co-operatives play significant part with regard to the training of various categories of personal viz., vocational training for worker-members, training of board members of primary and apex federations, training of managers and other supervisory and technical personal. Appropriate training programmes can be devised for each category of personal in order to create conditions conducive to efficient operation of handicraft

6 Survey done among women bamboo crafts worker at Chelakara, Thrissur district, Kerala.

societies, there by make them competent to market handicrafts.

The handicraft apex societies, like handloom weavers societies, also delegated to organise technological training for workers. But at present the handicraft co-operative societies of the state are not strong enough to arrange technological training for the personal engaged in this sector by depending along with the capital.

Research and experiments

Research and experimentation call for the establishment of special research centres for handicrafts, which call heavy expenditure. Such expenditure, however, is beyond the means of handicraft co-operatives at the present stage in the state. But to interpret the consumer taste and help the craftsman to bring out necessary production adjustments, the apex society obviously has to take some research and experiments in the field.

Financial set up for purchasing equipments

It is a clear fact to understand that the handicraft co-operatives in Kerala do not possess sufficient financial capacity to perform all the task involved in modernization. If a rapid progress is desired, of course, it needs government's attention to make arrangements for research, establishment of training institutions and advancing loans for purchase of equipments. The capacity of apex federation to undertake the task of competition depends on strengthening its share capital from member societies. But an examination of financial position of the apex reveals high dependence on external finance in the form of paid up capital by state, borrowings from government and co-operative banks (see Table 4.6).

Table 4 : 6
Share of State Government and State Co-operative Banks in the Total Paid up Capital and Borrowing of the Apex for the year 1986-87 to 1996-97.

(Figures are in percentages)

Year	Share of State Government to total paid up capital	Share to total by State Govt	Borrowings from State Co-operative Bank
1986-87	35.41	-	-
1987-88	36.60	44	57
1988-89	33.84	60	40
1989-90	36.28	67	33
1990-91	51.15	100	-
1991-92	49.39	100	-
1992-93	49.62	100	-
1993-94	46.73	100	-
1994-95	48.45	100	-
1995-96	48.35	100	-
1996-97	48.35	100	-

Source: Annual Records of Apex Society.

Table (4.6) reveals that the state contributed a share to the capital of the federation which was increasing over the years at an annual average growth rate of around 15 per cent. Similarly the co-operative banks were also extending advances which was 57 per cent in 1987-88 but declined to 33 per cent in 1989-90 and stopped direct lending after 1990. Therefore, now the apex federation depends the state for loans and advances.

Co-ordinating Agents

Finally the handicraft apex federation is also supposed to bring the scattered and small production unit into an organized framework, through effective coordination between the craftsmen and public authorities. Apex can systematically represent the needs of artisans to the government authorities and also facilitates the offers of government in terms of services, training and finance to the artisans. Since the co-operative movement helps the government development policies to penetrate widely and deeply the markets for handicrafts, the co-operatives deserve full encouragement and support in the development programmes of the state.

Therefore, to recognise the significance of co-operatives, the eighth five year plan had given considerable emphasis to modernise and diversify the activities of handicraft promotional agencies and improve the functioning of handicraft primary co-operatives and apex federation. Besides these, importance is also given for implementing incentive schemes and welfare measures for craftsmen for purchase of raw materials. A brief description of schemes proposed for eighth five year plan under the handicraft industry in Kerala is given in Table (4:7).

Table 4 : 7
The Eighth Plan Outlay for Handicraft Co-operatives in Kerala (1991-92 - 1996-97).

Sl. No.	Schemes and proposal	Amount (Rs. in lakhs)
1.	Assistance to co-operatives	
	a. Grants to handicraft primary co-operative societies	85.00
	b. Investment in handicraft apex society	30.00
	c. Share capital contribution to primary societies	85.00
	d. Interest subsidy	20.00
	Total	220.00
2	Incentives to artisans	
	a. Training in handicrafts	10.00
	b. Grants for purchase of tools and equipments	15.00
	Total	25.00

Source : Draft of eighth five year plan (1992) State Planning Board, Kerala.

The eighth five year plan also has target to produce goods worth Rs. 250 lakhs in the state. More over, Rs.30 lakhs were allotted for marketing assistance to conduct trade fairs and exhibitions. An additional Rs.30 lakhs were intended as subsidy for the publicity and propaganda of craft products.

Performance of Handicraft Co-operatives

While examining the structure of handicraft industry, it represents a complex structure and mamooth organizations at one level and medium and small organizations at co-operative level. This highlights the multiple dimension of effort required to restore the sector to anchor its dignity in its heritage. Appendix XII gives the structure of handicraft industry and position of co-operative sector with its functional role.

The multiple organizational level consisted of the Government of India, Union Ministry of Industries, Development Commission for Handicrafts, State Government, State Ministry concerned with handicrafts and Development Corporation and Apex Federation for Handicraft Co-operatives with primary handicraft societies at operational levels. The State Directorates, State Handicraft Development Corporation and the Apex co-operative federation for handicraft implement the policies and strategies directed by Ministry of Industries.

The organizational set up reveals that, the working of these co-operatives were hampered on account of dual control. For instance, the government of Kerala, as per Sub Section (2) of Section 3 of the Kerala Co-operative Societies Act 1969, delegated all the powers of the Registrar in respect of all handicraft co-operatives to the Directorate of Industries and Commerce and Additional Directorate of Industries and Commerce. All handicraft co-operatives are delegated to respective District Industrial Centres. Moreover, The Small Industries Development Commissioner exercises all the powers of the Registrar under the Act in respect of the functioning of handicraft co-operatives.

Besides their registration with respective industrial centres, the primary handicraft societies are affiliated to their apex federation in the state. The objective of providing considerable emphasis to the apex co-operative federation in this organizational structure was to act as a media to promote rural handicrafts through primary societies. This structure, with the idea of helping primaries, expected to channelise eligible government aid with a hope of making them run efficiently. However, due to the absence of many ingredients for the successful functioning of the business, the organizational structure of these co-operatives could not contribute satisfactorily for the efficient functioning of this industry.

For the registration, supervision, and audit the handicraft co-operatives depended the Department of Co-operatives. Where as, for production assistance and other subsidies they go to the Industries Department or to various Statutory Boards. But it was also observed that there was hardly much coordination and co-operation among these agencies. The Co-operative Department and apex federation, in discussions, alleged that the Directorate of Industries course inordinate delay in sanctioning necessary quota for raw materials and other production requirements. These bottlenecks brought serious handicaps in the performance of handicraft co-operatives in Kerala.

For instance, while examining the marketing perspective of Kerala handicraft co-operatives, it is clear that even after 58 years of it organisation, the co-operative are still said to be in an infant stage in marketing. Compared to the private traders and Kerala handicraft board (Kairali), co-operatives have not yet consolidated or satisfied their position in markets.

Table (4:8) reveals the picture of the sales performance of Kairali and Surabhi in the state. It is clear from the table that Kairali was dominating internal sales which is Rs.369.09 lakhs in 1990-91 increased to

Rs. 651.55 lakhs in 1994-95. But at the same time though the domestic sales highlighted a positive sign for apex co-operatives, the total sales by apex in each year covered only one third of sales made by Kairali. The only relief to apex was the high growth rate in sales with 80 per cent in 1994-95 compared to 77 per cent for Kairali in the same period. But later on during 1995-96 and 1996-97 the growth index of apex was comparatively lower than Kairali.

Table 4 : 8

Sales Performance of Kerala Handicrafts Co-operatives and Kerala Handicraft Development Corporation for the Period 1990-91 to 1996-97

(Rs. in lakhs)

Year	KSHC Kairali	Growth index	KHCAS Surabhi	Growth index
1990-91	369	-	126	-
1991-92	465	26	171	36
1992-93	555	50	203	25
1993-94	644	74	251	98
1994-95	652	77	228	80
1995-96	753	104	244	94
1996-97	833	126	268	113

Source : 1. Annual reports of KSHACS.

2. Economic Review, State Planning Board

3. Unaudited records of KSHACS.

The main reason for the low share in sales, compared to state handicraft corporation was that the co-operative societies did not have any sound and scientific strategy for marketing the products of their artisans. Adequate amount of working capital, market survey, availability of consumers for co-operative goods and their ability to adjust the pattern of production, according to the market changes, and cost are the important factors assisting successful marketing.

In brief, while accepting the fact that the government remains the biggest contributor in the revitalization of handicrafts, one cannot but be aware of the part played by co-operatives and the patronage extended by small artisans to this sector. Co-operatives, where ever successful, have proved extremely beneficial to the craftsman. They can provide finance and design inputs and marketing to meet the customer's requirements. Unfortunately riddled with problems of mismanagement and working bottlenecks, the full strength of co-operative movement has not been utilised in the state. The capacitation needed to survive this challenge is as much one for craft communities as it is for co-operatives that seek to serve them. This challenge along with inadequate organizational co-ordination question the existence of primary handicraft co-operatives in Kerala. Many of these societies depend apex with government supports and have little experience to deal in market realities. Therefore, in this background, the next chapter examines the role of apex handicraft co-operative federation and primaries in promoting production and marketing of handicrafts in Kerala.

Role of Co-operatives in Production and Marketing Handicrafts

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CHAPTER - V

ROLE OF CO-OPERATIVES IN PRODUCTION AND MARKETING HANDICRAFTS

Marketing is a comprehensive term covering a large number of functions. It is a system of integrated business activities, designed to develop strategies and plans, including marketing mixes, to the satisfaction of wants of selected market segments and targets. In a broadend concept, marketing means not only purchase and sale of goods/ services, but also an ongoing process involving a set of multidirectional and multidimensional activities.

The term marketing has given much importance by the handicraft co-operative societies. This sector defines the meaning of marketing as a process of converting resources and distinct skill into a contribution, with economic value for sale. The purpose of business is to meet a customer for their product.

The handicraft markets have some characteristics which are dissimilar to those of other markets. The customers for handicrafts are selective in purchase and are segmented to certain classes. Their purchase practices are professional and are highly sophisticated. The demand for handicraft goods are derived demand and are inelastic - i.e., the purchasing power is not significantly affected by price change. But, the purchase of crafts is highly influenced by the buying behaviour of customers emotionally attached with the traditional and cultural tastes like colour, aesthetic beauty in carving etc. These specific characteristics in marketing invite high capital, modern technology with supreme quality in terms of finish, appearance etc., of the crafts of Kerala.

But, normally with their limited holdings, it is difficult for the small artisans to assure all the above factors for their products. Identifying the limitations and drawbacks of their products, these functions are usually done by intermediate traders, who collects the products from artisans. This obviously indicates the domination of private traders and exploitation of rural artisans in this sector.

In the above scenario, the handicraft co-operatives, by pooling the capital and skill of workers, contribute a lot to push up the products and to cannalise them to local, national and international markets.

The handicraft co-operative society, as stated earlier is a voluntary business organization established by the artisans to market their products centrally and collectively for their mutual benefit. These separate arrangements for marketing of handicrafts by co-operative units are not a recent origin. The Industrial Commission

1916, emphasised that the essential feature for developing co-operative marketing for crafts must be the opening up of new markets for the goods produced by their member artisans[1].

The various objectives of handicraft co-operative societies for production and marketing their members' products are listed as follows.

1. To arrange a continuous market and there by to provide continuous job opportunities to the artisans.
2. To undertake large-scale selling arrangements by collecting small quantities from individual artisans.
3. To secure a reasonable price for their products and to prevent exploitation
4. To establish an institutional bargaining capacity.
5. To eliminate the prevalence of multiplicity of middlemen.
6. To procure institutional marketing finance.

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1 Government of India, Report of Indian Industrial Centre (1916-18).p.198.

7. Corresponding to the market needs to educate the craftsmen to switch over to new products, quality and product diversification and mix.

8. To undertake quality grading or standardisation, transport facilities and package.

9. To act as a recognised marketing institution and as procuring agent for exporting.

10. To act as a distribution centre for supplying marketing information.

11. To withstand competition collectively instead of individually.

Despite the reputation for handicrafts and its popularity spread to its neighbouring countries, the marketing of handicrafts through co-operatives have not developed to the expected level. From the beginning, the marketing had been under taken in the co-operative sector by providing a network of service to augment the markets for the crafts they produced. As discussed earlier, at present the 59 working primary societies and apex forms the co-operative organization to promote handicrafts in Kerala.

As already mentioned, during the sixty years of its working, the co-operative movement in this sector had never survived without government patronage. The performance of these societies shows that the movement is existing with many stress and strains. This was also indicated in the performance of co-operatives in sale of their products in various markets. For instance, (Table.5:1) highlights the performance of handicraft apex society in comparison to state handicraft corporation of Kerala.

Table 5 : 1

The Domestic Sale and Export of Handicrafts by State Handicrafts Corporation and State Handicraft Apex Federation in Kerala.

(Rs. in lakhs)

Year	Domestic Sale				Export Apex Co-operative (Rupees)	Percentage share of Co-operatives to Total Export of handi-crafts
	Corporation		Co-operatives			
	Rupees	Growth Index	Rupees	Growth Index		
1991-92	370	-	171	-	1.1	0.6
1992-93	465	26	203	19	1.4	0.6
1993-94	555	50	250	46	2.0	0.9
1994-95	644	74	228	33	4.8	1.7
1995-96	652	76	243	42	5.4	1.5
1996-97	753	103	268	56	-	-

Source : The records of Kariali and Surabhi.

Table (5:1) highlights the performance of co-operative apex society in domestic sales and exports. An examination of the sales performance of state handicraft corporation indicated a growth in domestic sales from 26 per cent in 1991-92 to 103 per cent in 1996-97, i.e., a three times increase with in five years. When compared to above figures, the performance of co-operatives in domestic sale was found poor indicating a decline to 56 per cent in 1996-97 from 42 per cent of the previous year. One main reason highlighted for the decline in sales was lack of strategic planning in production and marketing to meet the market demand. Similarly the export from co-operatives also hardly covered two per cent of the total handicraft export from the state. Therefore, this data explain that considerable difficulty was experienced by these units in production and marketing due to their size, limited scale of operation and inability to set up adequate production measures.

Due to the internal and external constraints the handicraft primary societies and its member artisans failed to reach the desired level in production along with other handicraft traders. The internal obstacles were resulted from limited resources for production including raw material, technology and finance along with improper market measures. These bottlenecks cause retardness on the progress of the primary handicraft societies in the state. On the basis of the above statements, this section analyse the role of primary handicraft co-operatives and apex federation in performing their functions in promoting the products of member artisans.

1. PRODUCTION

What ever classification may be adopted, what ever categories of societies may be included among the handicraft co-operatives, broadly speaking the main objective for which the societies are formed is to assist the member artisans in their production. These production assistances are extended in following forms by the societies.

- Supply of raw materials for production
- Providing land or work sheds to facilitate production
- Providing tools and equipments
- Advance credit to buy production aids
- Arranging training for improving production and
- Marketing the goods produced by members.

In order to evaluate the role of these societies in assisting production of handicrafts, the study had examined the production assistance provided by these units over the years. The extend of production assistance offered by societies were evaluated based on certain factors influencing production. These factors were listed as follows:-

- Nature of product
- Nature of production and
- Nature and extent of infrastructure available for production

The nature of product highly influences the cost of production in an industry. Due to the unique nature of the craft produced, some times the cost of production increases or decreases in a society. If the raw materials are cheap and bulky in nature, for example straw, jute and reed, their processing at local levels reduces transfer, storage and handling costs. Normally for these societies, production in these kinds of crafts tends to lower the cost. However, there are some final products which are heavy and difficult to handle. Product transfer cost for these crafts, therefore, tends to exceed cost of inputs. This was clearly analysed in Table (5:2).

Table 5 : 2
The Production Cost and Transfer Cost Per Piece of Work for the Sample Handicrafts

(In Rupees)

Units	A. Production				B. Transfer cost			Percentage share of TC to PC [B/A X 100]
	Raw Material	Carving Moulding Weaving	Finishing	Average Wage	Packing	Handling	Transport	
Wood Carving	30	20	10	50		5	2	6
Metal Carving	28	16	8	42	2	3	2	7
Horn Carving	11	3	1	12		1	2	11
Paper Mache	8	5	4	10	5	3	2	37
Cane Weaving	15	12	5	18	-	10	8	36

Table (5:2) shows the average per piece production cost met by an artisan and average transfer cost to bring the product for sales. Among the sample crafts selected for the study those who enjoyed production advantage in terms of low cost of material were horn carving and paper mache with an average of Rs. 27 per piece followed by cane weaving with an average cost of Rs. 50 per piece. Where as the cost of production was high for wood crafts with Rs. 110 per piece and Rs.94 per piece for metal works. However, when compared to transfer cost, the crafts that enjoyed low material cost, had to meet high transfer cost dùe to their tender nature and handling. For instance, the average transfer cost including packaging, handling and transportation covered 36 and 37 percentage for paper mache and cane crafts. Therefore, the nature of product did not offer any production advantage for the handicraft societies like other small scale industries. Hence, irrespective of the nature of product all the societies required high production assistance to improve productivity.

The nature of production process sometimes offer production advantage to the societies. Specialisation in the work is the fundamental factor for handicraft production with minimum cost, meeting quality. This will ensure high labour productivity. Many of the handicraft societies do not have specialised artisans to undertake production to meet the desired standard quantity and quality. The descendants of the master artisans are not expert in this profession due to lack of experience and training. For instance, the men hour taken for wood caring highly vary from one worker to another. To analyse the labour productivity of co-operative societies the study selected five sample units who had industrial production centres. The output labour ratio of these societies was analysed, by using the following formula.

$$\text{Labours Productivity} = \frac{\text{Total output}}{\text{Total labour}}$$

where total output is total production and total labour is working labour for a year.

Table 5:3 reveals the average contribution of members to total production in the sample societies. The average working days a year in unit range from 180 to 200 days. Therefore, the average per labour production was given in Table 5:3. It shows unit 2 and unit 3 had per head contribution high with Rs. 3400 per year in 1986-87. However, their productivity per labour was declining over the years, reaching to Rs.2900 and Rs. 2400 respectively by the end of 1996-97. The trend in other societies were more vulnerable. Though many factors influence low productivity like lack of production, infrastructure, increase in member ship etc., efficiency of labour is also an indicator to productivity.

Table 5 : 3

The Labour Efficiency Ratio of Handicrafts Units for the Period 1986-87 to 1996-97

Years	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5
1986-87	0.12	0 .34	0.34	0.27	0.01
1987-88	0.16	0.38	0.34	0.22	0.08
1988-89	0.16	0.38	0.32	0.23	0.07
1989-90	0.18	0.29	0.33	0.26	0.05
1990-91	0.20	0.28	0.31	0.25	0.08
1991-92	0.24	0.30	0.29	0.21	0.10
1992-93	0.22	0.31	0.29	0.20	0.11
1993-94	0.20	0.32	0.27	0.19	0.10
1994-95	0.18	0.30	0.25	0.19	0.09
1995-96	0.15	0.29	0.24	0.20	0.07
1996-97	0.15	0.27	0.23	0.19	0.06

The nature and extend of production infrastructure also defines the progress of handicraft units in performing their function. The main two production infrastructures required by the societies are finance and materials.

2. FINANCE

Finance is the main resource required for any trade or business. The sample societies selected for analyses unanimously pointed out that their main constraint in extending service for production was shortage of finance. Various approaches were followed to examine the financial problems of both industrial workshops and household units. The activity ratios* were used to analyse the financial performance of these two units.

a. Industrial workshop co-operatives

The major problem faced by industrial co-operatives was shortage of finance to meet their working capital requirements. Therefore, the amount of services provided by these units for production was measured in terms of the efficiency these units had in increasing the working capital turnover. This was analysed by using working capital turn over ratio. The ratio is as follows:-

$$\text{Working capital Turnover} = \frac{\text{Cost of sales}}{\text{Working capital}}$$

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* Activity ratio measures the efficiency of a society in moving its products for sale or the speed in pushing the products to market.

Here, the difference between the current asset and current liability is called working capital. The working capital is used by an industrial workshop to generate sales. The success of a society depends on its efficient management of working capital to maximise sales.

The relationship between, cost of sales and working capital is called working capital turnover. A co-operative society's ability to produce large amount of working capital is an important aspect for its production performance.

Since the small primary societies are ordinarily capital - light, their proportion of fixed capital expenditure to total business outlay is relatively smaller than other types of organizations. That is why here the working capital is very important, than the fixed ones. Therefore, it is true to say that the operating expenses are more than the initial outlays for these type of societies. Hence, the analyses done in Table (5:4) examines the working capital turnover ratio of the societies to evaluate their performance.

Table (5.4) reveals that units one and two were turning their working capital better than units three, four and five. The comparatively better performing society was unit two which had a turnover of 1.95 times in 1990-91 which increased to 2.1 times by 1996-97. However, the working capital turnover ratio of other societies did not show much improvement. For all the remaining units the working capital turnover ratio was declining indicating the inefficiency of the units in producing a sufficient volume of sales to share the benefit with the members.

Table 5 : 4

The Net Working Capital Turnover Ratio for the Sample Units.

Years	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5
1990-91	1.29	1.95	0.63	0.52	0.80
1991-92	1.27	2.01	0.53	0.51	0.80
1992-93	1.11	2.12	0.61	0.49	0.78
1993-94	1.04	2.35	0.57	0.45	0.75
1994-95	1.01	2.30	0.54	0.38	0.75
1995-96	1.01	2.10	0.51	0.34	0.74
1996-97	1.01	2.10	0.50	0.33	0.71

b. Household Co-operatives

The main functions under taken by the household co-operatives were to act as an intermediary between their member artisans and consumers. These societies buy the goods from members and stock the product with them till they meet a market. Normally these societies were unable to make immediate payments for the crafts procured, due to shortage of finance. Therefore, the members had to wait for the sale of the product to get payment for their work. This always hampered production in house hold co-operatives.

Hence to analyse the performance of these units inventory turn over ratio was used. The number of days holding stock by society was also analysed by using ratio. The following formula were used to analyse the above.

$$\text{Average Inventory turnover} = \frac{\text{Cost of sales}}{\text{Average inventory}}$$

$$\text{Number of days holding Payment} = \frac{360^{*}}{\text{Average inventory turn over}}$$

The ratio of cost of sales to the stock/ inventory procured gives the unit's selling efficiency. The average inventory taken for analyses was the average of opening stock and closing stock.**

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* Note : For the sake of convenience in calculation, it is customary to take 360 days instead of 365 days in a year. (Kulshrestha (1994) Financial Management, p. 257.

** $\text{Average Inventory} = \frac{\text{Opening stock + closing stock}}{2}$

On the basis of availability of records and data, three societies were taken for analysis. The inventory turnover indicates how efficiently the societies sell their goods without keeping stock for long period. Therefore, higher the ratio better the performance.

Table 5.5 highlights comparatively low inventory turnover by these units. However, when viewed in relation to the ratios of other units, the inventory turnover ratio of unit I showed a favourable result with 2.4 in 1996-97 compared to 1.5 of Unit II and 1.0 of Unit III. The reason pointed out was that the procurement by this unit from members were done on the basis of the order they received and, therefore, what ever they procured would be immediately sold out with out keeping stock. But an intra unit analyses for Unit II and Unit III showed a declining trend indicating an unfavourable ratio questioning their efficiency in management of inventory.

The second ratio analysed the number of days, stock was holding by the societies. The low inventory turn over indicates large number of days holding stock in the shops, resulting more delay in payment to members. Here for convenience the days are converted into months in Table 5.5.

In Table 5.5, the unit - I waits 4 to 5 months to market their goods. When unit II had 8 to 10 month delay, Unit III had shown always a delay of more than 8 months but mostly 10 months delay in finding market for their member's craft. Therefore, the delay resulted in long plough back which gave tardy rate of growth in capital. This shortage of finance forced societies to find out alternative sources to meet the gap. Similarly the craftsmen could not afford or wait till they receive price for their products as this income was claimed for their own consumption. Thus the shortage of finance consequently push these units to a disadvantage position.

Table 5 : 5

The Inventory Turnover Ratio and the Average Months of Inventory Holidays by the Societies

Year	Unit - 1		Unit - 2		Unit - 3	
	ITR	Month	ITR	Month	ITR	Month
1990-91	2.1	5	1.5	8	1.1	10
1991-92	2.9	4	1.6	7	1.0	10
1992-93	2.8	4	1.9	6	1.5	8
1993-94	2.6	4	1.2	10	1.5	8
1994-95	2.6	4	1.9	6	1.4	8
1995-96	2.6	4	1.5	8	1.0	10
1996-97	2.4	5	1.5	8	1.0	10

Note : The days were converted into month by dividing with 30 days and the figures were rounded into single digit.

From the above analysis, it is true that the financial difficulties are the main impediment for handicraft societies to avail of production advantage in the market. The problem of finance is vitally related to the problems of availability of raw material, technical skill, and competency in market. Therefore, the dearth of capital in these units highlights general shortage of finance in the handicraft societies in Kerala.

In the present scenario the artisans alone could not strengthen this sector by themselves at their own effort. Along with their joint contributions, institutional support is also essential to this industry. The extend of infrastructural support provided to the members by the co-operatives were also examined in the following sessions.

The study conducted survey among the sample household units and member artisans to identify the share contributed by co-operatives to the essential physical assets required by them for production.

Table 5 : 6

The Percentage Share of Contribution by Primary Societies to the Members' Total Requirement of Assets.

List of assets required for production by member artisans	Percentage share of contribution by society	Percentage share of* contribution by	
		Artisans his own	From external source
1. Land (for working shed)	-	100	-
2. Finance			
a. To buy equipment	30	70	-
b. To buy raw material	20**	50	30
c. To meet incidental expenses	-	80	20
3. Supply of raw material	10	70	20
4. Supply of machinery	-	70	30

Source: Survey done on members, records of sample primary societies.

** The primary co-operative societies did not give direct finance for purchase of raw material. They provide subsidy at time of purchase. 25 per cent of subsidy is extended by co-operatives to their member for purchase of raw materials.

* The percentage given is the share to average cost met by the total house hold artisans surveyed.

The Table (5.6) explains the distribution of physical assets mainly land, machinery equipments and raw materials. The analysis substantiate the extend of assistance provided by primary societies to their members in production. The survey identified that, in the case of an artisan who works at his home, even if being a member of the society, hardly enjoys any benefits and has all the burden of production on his own shoulders. For instance, among the surveyed artisans non of them had received land for production works from the society. Very few artisans received finance to meet the cost of equipments. That was also 30 per cent of the cost and remaining 70 per cent met by himself. Similarly the finance to meet the incidental expenses was not shared by the co-operatives where as an average of 20 per cent of the expense to meet the incidental charges were often borrowed from external sources.

Meanwhile, examining their contribution to raw materials required by the artisans, no finance was extended directly by co-operatives to members. The artisans bear 80 per cent of the material cost and 20 per cent was extended by private traders. In the case of supply of raw materials, societies met 10 per cent of requirements by extending subsidy and more often, artisans depend private traders for shortage of materials.

Similarly, an examination of the handicraft workshop co-operatives revealed the following picture. The artisans work more as a labour than owner in an industrial workshop co-operative. The apex federation acts merely as an agent for sale of handicrafts. The only relation between apex and the society is to receive the order from apex for procurement of crafts. No financial, material or other production assistance are extended to these societies by the apex federation. The privilege enjoyed by the artisans under the industrial workshop co-operatives are ready wage for their labour and selection for training and participation in trade and exhibitions arranged by District Industrial Centres.

However, the primary handicraft societies in Kerala have justifications for their incapabilities in serving their member artisans. The main reason mentioned by the societies was lack of assistance extended to them by the Kerala State Handicraft Apex Co-operative Federation in terms of finance, supply of raw materials and marketing. Therefore, the study also examined the role of apex in promoting crafts of their member co-operatives.

Role of Apex Handicraft Co-operative Society

The success of a primary co-operative society depends more upon the institutional support it receives from its federation and other agencies. The progress of many industrial co-operative societies were found weak due to the technical and financial assistance they received from the apex institutions.

An analysis of the functioning of handicraft primary societies explains that the development of these units are closely linked with the institutional support they receive from apex federation. Moreover, the main factors of the apex co-operative is to assist its members in production and promote their products in market. Keeping this in view, the Kerala state handicraft apex federation was established in 1965 with an objective to undertake three main organisational functions to assist, guide and support the handicraft co-operative societies and member artisans in the state. The three main functions undertaken by the federation are.

1. Commercial function
2. Development function and
3. Regulatory function

The commercial role of the apex society is to undertake procurement of raw materials to supply through the primaries for the member artisans. It also assists primaries to co-ordinate production, procurement and disbursement of finance to meet production requirements, undertaking research and marketing of artisans output.

The development measures of the apex societies are mainly concentrated on increasing self reliance among artisans, involving artisans in decision making with a view to minimise exploitation and maximise equity and thereby raising their managerial skills.

Table 5 : 7

Assistance Extended by the Apex Society to the Member Primaries for the Year 1990-91 to 1996-97.

Year	Financial assistance (Rs. In lakhs)	Raw material supplied in (Rs.in lakhs)	Technical Assistance in No. of training conducted (in No.)
1990-91	nil	9.16	NA
1991-92	nil	12.00	NA
1992-93	nil	18.54	10
1993-94	nil	13.49	10
1994-95	nil	22.30	15 (Through CDC)
1996-97	nil	Nil	15 (Through CDC)

Source: Audited Records, Materials supply book of the Kerala State Handicraft Apex Society.

The regulatory role of apex is to co-ordinate the activities organised by government and various departments of Handicrafts, Industrial Centres, Development Commission for Handicrafts and All India Handicraft Board. These activities include channelisation of finance, materials and technical service to members. To analyse the justification of primaries on their inability to serve members due to absence of assistance from apex, the study made an attempt to examined the assistance extended by apex to its members.

It is clear from Table (5:7) that the only role apex played as a federation was in terms of supplying raw materials. No financial assistance provided to primaries, but the supply of materials have increased from Rs. 9.16 lakhs in 1990-91 to Rs. 22.30 lakh on 1994.95. To provide technical assistance training was arranged and started to the members of primary societies only after 1992-93. The role of apex in assisting production and marketing were discussed in detail under following headings:-

a. Financial assistance
b. Raw material supply
c. Technical training

A. Financial Assistance

Among the working assets discussed in this chapter, the most important asset required by the artisans is finance. They require finance in short term and medium term to meet the raw material requirements, operational expenses, purchase, of land machinery etc.

However, a survey conducted among the member artisans revealed that considerable financial support was not provided to the member artisans by the co-operatives in the state. Many of the illiterate rural artisans believed that co-operative societies were not assigned to extend financial support to their members. Therefore, these rural artisans, like farmers continued to be financed by money lenders. Since artisans are unable to offer any securities to get finance from the banks, they are financed by the money lenders who dominated and control their markets. This questions the existence of the primary societies in the state.

The inefficiency of primary societies to meet the requirement of artisans, is justified with a reason of weak financial position. The handicraft co-operatives ordinarily raise funds from share capital, advances from other societies, borrowings from government and co-operative banks and any other source as may be decided by the managing committee and approved by the Registrar as may be required. These funds are mainly used to provide production and marketing services to their members.

The capital subscribed by the members of handicraft society is the major share to its financial structures. The term capital is used in several meaning. In relation to the handicraft co-operatives, the word capital means the share capital. An handicraft co-operative raise capital through issue of shares.

A strong capital structure is required for handicraft co-operatives to run their business effectively. Industrial co-operatives normally raise their share capital from members, which should equal to at least 20 per cent of their estimated requirement of working capital and block capital.[3]

The strength of production is ascertained from the relative strength of capital in the industry[4]. The proportion of members' capital to hired capital[5] is an important index used to measure the development of the industry. Many successful co-operative organisations in the state show relatively high share of members' contribution to their share capital. This increasing concentration of members' capital gives liberation in production associated to

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3 Mathur, B.S, (1985), Co-operation in India, opcite.

4 Karl Marx, Quoted by Nasir Tyabji (1989), The Small Industries Policy in India, oxford Plus, P.12.

5 Hired Capital is the external capital designed by Hollandes, E.D.,(1967), Future of Small Business, Preager, New York, p-6.

the marker structure.[6] Higher the members' contribution higher the economic viability of co-operatives.

Meanwhile, the scenario was found different for handicraft societies in Kerala. To substantiate the above fact an examination of the capital position of apex handicraft society was done. The weak financial structure of the apex highlights its inability to mobilize capital from member societies whose capacity was found inherently weak.

The financial structure of apex is explained in Table (5:8). The main contributors to the paid up capital of the federation were state government, All India Handicrafts Board, and primary handicraft societies. The major share to the capital was contributed by state government and AIHB. In 1996-97 they together had a share of 42 per cent to total with low contribution from societies, i.e., only 19 per cent, which was very insignificant.

The paid up capital from state government was increasing with an average annual growth rate of 14 per cent over the years. But at the same time the share of primaries were very low with Rs. 9.66 lakhs in 1990-91 which increased to Rs. 19.58 lakhs in 1996-97 against Rs. 50.20 lakhs of state government and Rs. 31.01 lakhs of AIHB for the same year. This indicates the viability of apex federation.

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6 Nasir Tyabji, Opcite.p.30.

Moreover, to meet the required norm quoted by Mathur, B. S (1985) i.e., 20 per cent of the working capital should be contributed by the members' share capital. The following Table (5:9) substantiate the above statement.

Table 5 : 8

The Paid up Share Capital of the Kerala State Handicrafts Apex Society and Share of Member Primary Societies from 1990 - 91 to 1996-97.

(Rs. in lakhs)

Year	Total Paid	State Govern ment	AIHB	Primary Society	Growth Index of total base year 1990-91
1990-91	62.76 (51.15)	32.10 (33.44)	21.00 (15.41)	9.66	
1991-92	71.06 (49.39)	35.10 (35.18)	25.00 (15.43)	10.91	13.2
1992-93	76.79 (49.62)	38.10 (33.86)	26.00 (16.49)	12.69	22.3
1993-94	81.53 (46.73)	38.10 (35.57)	29.00 (17.7)	14.43	29.9
1994-95	93.08 (48.95)	45.10 (33.30)	31.00 (18.25)	16.98	48.3
1995-96	101.58 (48.34)	49.10 (29.53)	30.00 (22.13)	19.48	61.85
1996-97	120.31 (14.72)	50.20 (25.77)	31.01 (16.27)	19.58	91.60

Source: Audited annual report of Kerala State Handicraft Apex Society

Note : Figures in brackets are percentage to total

Table 5 : 9

The Share of Members Capital to Total Working Capital of the Apex for the Year 1990-91 to 1996-97.

Year	Total Working Capital	Members paid up capital	Percentage share of member
1990-91	93.44	9.66	10.34
1991-92	112.92	10.91	9.66
1992-93	116.61	12.69	10.88
1993-94	117.36	14.43	12.29
1994-95	143.52	14.98	11.83
1995-96	151.11	19.48	12.89
1996-97	162.02	19.58	12.08

Source: Records of the Kerala State Handicrafts Apex Society.

The contribution of members to working capital was increased from 10.34 per cent in 1990-91 to 12.08 per cent in 1996-97. But this share was insufficient to meet the estimated requirement of apex which forced them to rely more on external source. This was clearly stated by showing that the borrowings of the apex was increased form Rs. 30.11 lakhs in 1987-88 to Rs.46.81 per cent in 1996-97 with an average annual growth rate of 5.25 per cent.[7]

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[7] Audit Report of Apex Federation.

The accounts of apex showed poor returns to their earnings. The generation of profit from business was found nil for handicraft co-operatives. Lack of own finance affected the production by these units. The analysis on the financial viability of apex justifies the reasons pointed out by the primary handicraft societies for the poor assistance they received from apex in production.

Due to absence of financial support from apex the primary societies heavily depends on borrowed money to meet their production and managerial requirements. Especially in industrial workshop co-operatives, the high rate of borrowings from outsiders instead of credit from apex or from the members brought serious consequences to the working of the societies. Majority of societies have heavy financial burden to money lenders and private traders.

B. Raw Material Supply

The regular supply of raw material at reasonable rate to the craftsmen is the prime objective of the handicraft societies. This ensures the society to get back good quality products for sale. To support the primary societies and to ensure regular production of standard quality goods, apex is authorised to supply raw materials to the artisans through member co-operative societies. In order to meet the objective, the apex federation set up a raw material depot at

Thrissur in 1979, but later due to financial crux it was closed. As a result primary societies were asked to buy directly from commercial parties, for which 25 per cent subsidy was sanctioned by government through apex who discounts 4 per cent for handling charges.

Table 5 : 10

The Total Raw Materials Supplied by the Apex and its Share to Procurement of Finished Products from Primaries

(Rs.lakhs)

Year	Raw Materials supplied	Good procu red	Percenta ge of raw material goods	Total sales	Percentage of raw materials to sales procured
1984-85	21.19	-	-	31.55	67.2
1992-93	12.00	56.96	21.06	202.65	5.9
1993-94	18.54	70.30	26.37	250.49	7.4
1996-97	13.49	61.68	21.87	268.01	5.0

Source : Records of the Kerala State Handicrafts Apex Society

An examination of the material purchase record of apex federation revealed lot of dissimilarities in supply of materials to the primaries. The raw material supplied by the apex was gradually declining over the years. For instance, in 1984-85 around 67 per cent of sales were met out of the materials supplied by the apex. But it gradually declined to

Rupees 13.49 lakhs in 1996-97 where it was only 22 per cent of the procurement alone by apex from primaries and only five per cent to the sales by apex. This reveals that the apex was not providing sufficient quantity of materials for production and, therefore societies could not depend apex to meet their material requirements.

C. Technical Assistance

The study did not find any schemes implemented by primary handicrafts societies in providing technical assistance to their member artisans either by way of training or by any other mode of education. So far limited training to the member artisans were provided by apex, that also to selected artisans by the primary societies. The first initiative to provide technical assistance was started by the apex through the setting up of Artisan's Training Scheme in 1988. But the benefit of this training enjoyed by the artisans were very limited.

Recently, as part of the decision of Development Commissioner (Handicrafts), the federation opened a Craft Development Centre (CDC) in January 1995 at Kochi, Kerala. The first batch of training was given to 15 selected artisans for a period of one year. The results are awaiting and therefore, study could not examine the impact of training.

The role of primary handicraft co-operative societies and apex federation in assisting the members in terms of finance and supply of materials was discussed in the above section. The study throws light to the fact that comparing to other types of co-operatives in the state, and considering the threat for handicraft marketing by co-operatives, the services of primary and apex societies in production of crafts were not found satisfied by the members.

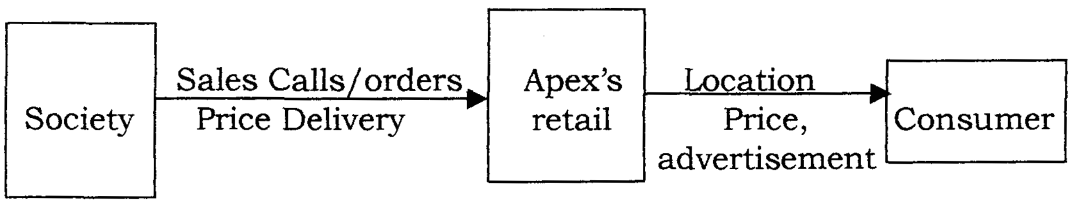
Marketing

Besides the above functions, the prime and important role played by the primary and apex societies in marketing the products of their members are also examined. Hence this chapter discuss the role of societies in assisting members under two major heads. They are

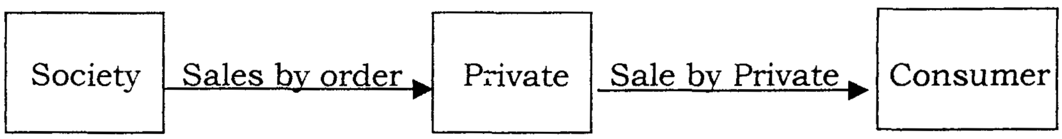
1. Channelisation of handicrafts
2. Selection of markets.

The main role as an agent, played by the primaries to artisans and apex to primaries, is for channelisation of products produced by member artisans. Usually in order to get returns for the labour and capital invested, the artisans have to find appropriate ways through which their products are sold at reasonable returns. Hence the essential functions carried out by the co-operatives is to co-ordinate the distribution pattern of the members and there by, their total efforts stood greater than individual effort .

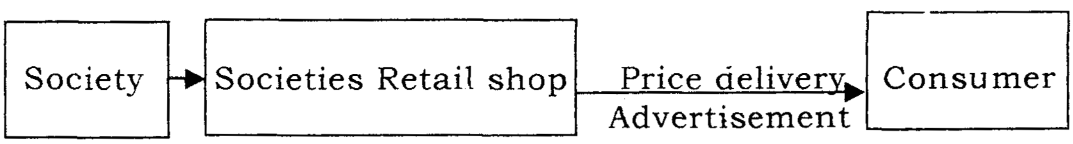
1. Channel A



2. Channel B



3. Channel C



The main role played by the primary societies in distribution of the product is discussed in the following sessions. The primary societies procured the products from the member artisans[8] and marketed through different channels. The main three channels followed by the primary societies to sell the products of their member artisans are as follows:-

Out of the total working co-operatives 80 per cent follows channel A. This indicates the dependence of primary societies on apex for pushing the product to the market. The societies deliver goods to apex on the basis of the order they received. The apex sells crafts through its 18 retail emporia established in various market centres in the country. These showrooms are the prime showrooms for the regular marketing of handicrafts. This is the major channel followed by societies to sell their products in the state.

By virtue of the position held, apex is the sole agent for the primaries to market their products. But in many circumstances primaries had to wait for the receipt of order from apex to deliver their members' products. This often resulted in dumping of stock in primary societies.

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[8] Normally the member artisans bring their products to society who keeps it till they receive an order from apex. In many instance ready payments are not made due to shortage of finance and therefore, artisans have to wait for a long time till his products are sold by apex.

Heavy stock and delay in flow of goods blocked the working capital of the society and makes delay in payment of price to their members.

Table 5 : 11

Total Purchase of Finished Products for Sales by Apex and Sector Wise Break Up

(Rs. in lakhs)

Year	Co-operative societies	Private Trader	Outsiders (Individuals)	Total Purchase
1990-91	NA	NA	NA	NA
1991-92	56.94 (38.41)	44.13 (29.75)	47.23 (31.84)	148.32
1992-93	70.30 (40.55)	51.90 (30.03)	50.74 (29.34)	172.94
1993-94	61.69 (43.83)	44.27 (31.45)	34.80 (24.72)	140.76
1994-95	61.25 (45.35)	36.27 (26.88)	37.49 (27.77)	135.01
1996-97	NA	NA	NA	NA

Source : Purchase record of the Kerala State Handicrafts Apex Co-operative (Non audited)

However, many societies opined that if they receive continuos orders from apex, they were ready to wait for delivery of goods. But, the critical analysis substantiated that even though apex was established to procure what ever member produced, very often they go to external agencies for supply of goods. This was examined by going through the procurement records of apex. Table 5:11 highlights the extend of justification done by apex to the primaries in procurement of their products.

As per Table (5:11) the total purchase by apex showed a decline from 1990-91 to 1996 - 97. Though the share of societies in supplying to apex increased, it constituted below half of total procurement by apex. Since apex is set up as the nodal agency to market the handicrafts produced by co-operative sector, the procurement recorded very low with 38 per cent in 1991-92 against 62 per cent of external supply. Similarly it remained 45 per cent in 1994-95 against 55 per cent of out side suppliers.

Therefore, from the above facts it is clear that the role of apex in assisting member societies to channelise the product of the artisans to the market was very negligible. Though the prime objective for the constitution of apex is to market members' produce, the federation fails to achieve its objective successfully.

On the above ground, often the primary societies adopted channel B whenever the excess stock falls on them. In such cases the primary societies approached (by contacts) private wholesale / retail traders to sell their products. In many instance the whole sale / retail private traders occupied an important place in the chain of distribution of articles produced by the societies. They, as the merchant traders, acted as a link between the producing societies and the retail traders or had direct contact with the customers. In Kerala since the co-operatives are not having the practise of imposing any conditions to maintain trade or brand name, once the product is sold to the private traders, they undertake their on market measures at their discretion including, advertisement, pricing, market location etc.

In very few cases in Kerala, the primary handicraft co-operatives themselves undertake whole sale/ retail marketing. The product coverage for sales by these co-operatives are basically divided into two types :-

a) Those co-operative stores, which restrict their business exclusively to the craft produced by their member artisans and

b) Those co-operative stores which deal with several products of their members and non members (crafts from other states).

Market Selection

In connection to the role followed by the primaries and apex handicraft society in selection of channels for the distribution of handicrafts in the State, the study also examined the effort taken by co-operatives in selection of markets. An effective and sound selection of markets in their pursuit to build up successful export enterprise helps producers to face the challenges of present days concepts of handicrafts marketing.[9]

Proper selection of market centres determines, to some extend the success of marketing measures adopted by the traders. All producers/traders do not have equal opportunities in the markets. The dynamic and complex nature and environment, conditions the market and, therefore, it is imperative for traders to identify the existing and potential markets. Selection of market centres are one market policy adopted to design measures by the private and government emporia. Therefore, study examined the concentration of sales by all the different units to find out their market selection.

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9 Manzoor Ahmed Shah (1992) Opcite, p 57.

Table 5:12

Concentration of Market by Co-operatives, Government and Private traders in Kerala.

(Figures in percentage)

Market Centres	Apex Internal shops N= 11	Government N = 11	Private N = 22
1.Tourist centres	12	33	40
2.Towns	82	27	20
3.Pilgrim centres	06	27	20
4. Public Gatherings (Railway stations and Airports)	0	13	20

Source : Survey done in above centres.

Note : N = Number of Units

The above Table (5:12) explains the market policy of each traders. Since, from survey, it has noticed that the majority of customers bought handicrafts as decorative piece to gift others. Therefore compared to utensils, these categories of customers concentrated more on particular market centres like tourist centres, pilgrim centres like Guruvayoor, Padmanabha Temple etc. and Airports. More concentration to these markets contributed additional sales to private and state emporia. But at the same time the apex society concentrated more on town rather than the above market centres, and did not have so far any effort to select new markets for their crafts.

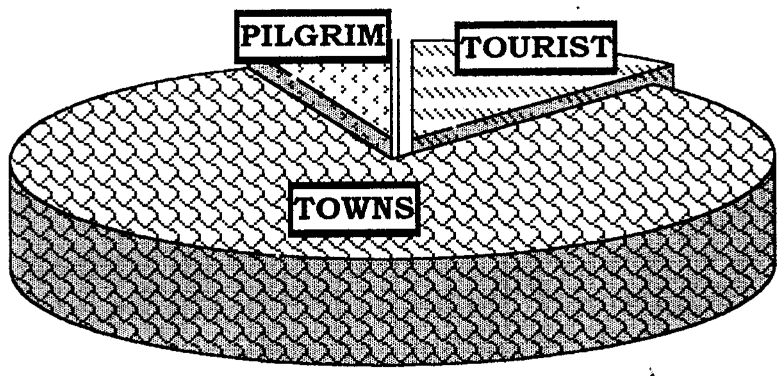
On the basis of the above analyses it was clear that, there exists a good network of handicraft distribution chain of private and state emporia. This chains provide numerous opportunities to the unscrupulous traders to resort to several malpractises, which ultimately affects co-operatives due to absence of a strong and consolidated market for them. Therefore, bearing these limitations the survival of handicraft co-operatives questions their existing measures for improving capacity and to sell their crafts in competitive markets.

The next chapter, examines in detail the problems and constrains in marketing handicrafts by co-operative handicraft societies in Kerala and the measures adopted by them to meet the problems.

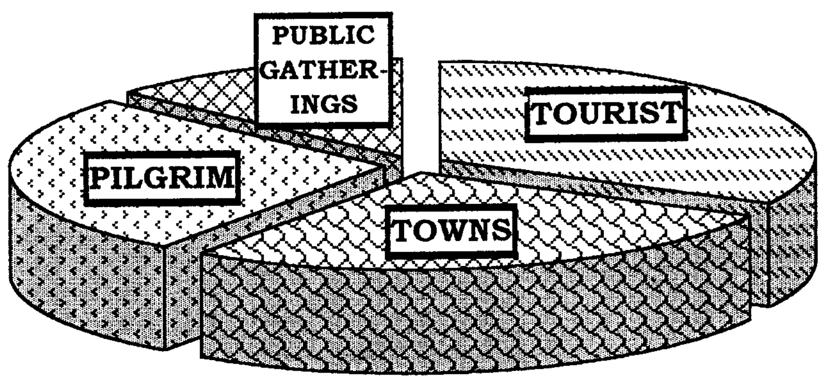
Fig. 5:1

Market Segmentation of Handicrafts by Co-operatives, State Emporia and Private Traders in Kerala for the Period 1996 - 97 [FIGURES IN PERCENTAGE]

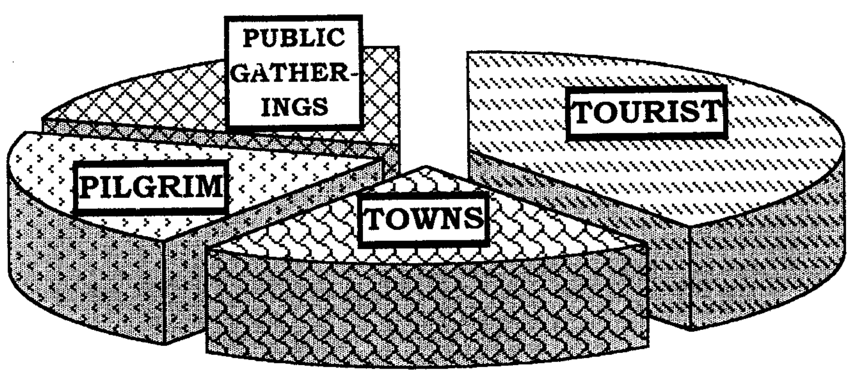
CO-OPERATIVES



STATE EMPORIA



PRIVATE TRADERS



Market Measures and Problems

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CHAPTER - VI

CO-OPERATIVE HANDICRAFT MARKETING AND THEIR PROBLEMS

This part of the study evaluates the measures followed by handicraft co-operatives to place their products in various markets in and outside the state. The review of previous chapters pointed out absence of a planned effort in placing handicrafts appropriately to meet the demands of customers belonging to various segments. The main reason listed out to justify this lacuna was the misconception existed among the producers/traders regarding the sale of crafts in Kerala. Being decorative in nature, it was believed that, handicrafts would be demanded only by an affluent group of consumers who could afford their price. However, today the shift in socio-economic standards and its influence in buying behavior considerably changed the market, resulting tight competition between the traders. Therefore, the term handicraft is redefined as a product catering the need and demand of customers belonging to all segments in domestic and foreign markets.

Moreover, similar to other products, handicrafts also compete in a diversified market under the ownership of private, state and co-operative units. Any failure in their approach in meeting the penchant demands, eventually pull out the traders from the growing markets. Therefore, in this context, the measures adopted by primary and apex handicraft co-operatives play significant role for the survival of this sector in various markets along with their competitors.

The main objective of any co-operative societies is to provide facilities for marketing their products. Their role in marketing is to adopt upon the deliberate measures to create demand for their crafts in sales centers. This enable the producer to dispose his product gainfully along with their competitors. However, the efficiency of the societies in achieving this objective depends on the number of business combinations they followed to get market. Therefore, this session analyses the present market measures followed by societies and the problems of limitations they have in markets.

Meanwhile, a cross examination of the functions of the societies showed that the proper marketing measures and facilities to arrange propaganda for their products were found absent in these units. To a considerable extent these drawbacks were responsible for the weak performance of these societies in Kerala. Moreover, these societies lack information on the present marketing scenario. To remove these bottlenecks and to implement marketing measures, these societies are expected to program strategies for product selection, quality assurance, price fixation and physical distribution.

At present, the handicraft societies have constraints in designing the above listed strategies. The art of selling remains complex for these units, comparing to other handicraft traders. The products of co-operatives do not posses many advantages of the products produced by other traders. For instance, the quality control, branding, trade marks and advertisements were not followed or practiced in the co-operative units in production of crafts. This questions the good will and control of the markets for co-operatives.

In the above scenario, this section makes an attempt to evaluate the existing measure followed by co-operatives to face the modern concept of handicraft marketing. Hence to gain a better insight into the whole problem, the following discussions are grouped under four heads, namely, Product, Price, Physical distribution and Promotion.

SECTION A
PRODUCT

Product is everything a purchaser gets in exchange of his money. Product is the heart of marketing mix. It epitorizes tangible and intangible attributes agglomerating total product concept. An optimal product incorporate all the attributes and qualities which in depth meets consumers' needs and expectations.[1]

The economic growth diversifies the demand for goods and among them handicrafts possess a competitive advantage. This competitive strength of the craftsmanship derives from two sources, i.e., from.

1. The inherent craft techniques with the capacity to change flexibly themselves to adjust the products to meet the specific tastes of different market segments.

2. The specialised skill, sufficiently specific, acquired through handling of tools rather than through formal instructions.

These advantages embodied in the craftsmanship help them to cater the specific demands of the customer as a class rather than a mass production policy.

Therefore, with the above described compatibility of crafts the following section examines in detail the

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[1] Philip. R. Cateora, & John. M. Henz, (1979), International Marketing, Richard. D. Irwin, Inc., House wood, (4th Edt), p. 471.

measures followed by the co-operatives in placing the product in the market. Beside, for the clarity of the analyses this section is grouped under four heads namely:-

1. Product selection
2. Product quality
3. Product modification and
4. Product branding and Labeling.

Product selection

The handicraft products of Kerala are classified into utility, utility-cum-decorative and art crafts (articles purely artistic in nature). Among these products innumerable varieties are produced mainly under the art crafts. They include, wood and metal crafts, ivory and sandal, paper mache and other artistic articles made out of stone, leather, grass, bamboo, horn, coconut shell etc. The utility and utility-cum-decorative crafts are demanded by a segment of the market, who required this crafts in volume, confirming to a specified price and quality standard. But as far as the art crafts are concerned, besides the volume and price, the buyers are also conscious about the design and beauty of product. However, irrespective of the nature of craft, the market for art crafts is growing faster in Kerala with high demand for new designs and decorative presentations.

This fact is clearly highlighted in Table (6:1) where it explains the purpose for which customers buy handicrafts. The study conducted an opinion survey on customers and traders to identify the purpose for which customer's demanded handicrafts.

Table 6 : 1

Purpose for which Crafts are Purchased by the Customers:- An Opinion Survey from Customers, Co-operative Societies, State Emporia and Private Traders.

Purpose of Purchase	Customers No : 100	Co-operative Societies No : 11	State Emporia No 11	Private Traders No: 22
1. Art crafts for own decorations	30 (30)	1(10)	3(27)	7(32)
2.Utilities for House hold	10(10)	4(35)	2(18)	4(18)
3.To Gift others	60(60)	6(55)	6(55)	11(50)

Note: 1. Figures in parenthesis are percentage to total

2. The figures by private, state and co-operative units are estimated from total movement of goods from their shops.

The survey on customers opinion for the purpose of buying handicrafts reveals that 30 persons opined that they bought the art crafts to decorate their own house.

Ten customers bought utilities to meet their own requirements. Where as 60 persons, i.e. 60 per cent of the sample, opined that they bought the product to gift others and, therefore, the purchase was from art crafts.

The institutional survey done in private shops to identify the fast moving products in Kerala reveals that 7 (32 per cent) traders ranked art crafts (for own purpose) as the main product sold, while 4 (18 per cent) shops had utilities in their major list. More than 50 per cent of the sample traders opined that art crafts bought to gift others were the main product moved from their shop. The same trend was found for state emporia also.

Meanwhile, an analysis of the fast moving items from co-operative shops reveals more or less same picture. When one society ranked art craft for home purpose as fast moving article, four societies (35 per cent) ranked utensils as main product for sale. However similar to other units art crafts for gift purpose were ranked as the highly demanded product by 6 societies i.e., 55 per cent of the sample units.

Therefore, it is clear from the analysis that in Kerala, handicrafts are mainly demanded as a product of art works, and therefore, the different attribution extended by this category of product attracts more customers in the market.

The market share for a distributor, either retailer or a society, rely upon the availability of product for sale at the time of demand. Since table 6:1 indicates high demand for crafts as gift for decorations, the supplier/ distributors should be conscious at time of selection of items for sale. Because, the selection of products for sale in their outlets highly and directly influences the share of the trader in the total handicrafts market.

The analysis in Table 6:1 highlights, the traders priority in selection of crafts in accordance to the demand they received from customers. Table 6:2 highlights the items preferred by different units at the time of selection of products for sale. For the analysis of the preference of selection and stock of products for sale, the respondents were asked to rank the parameters in their order of preference. The parameter for which the respondents ranked low is the first preferred reason for keeping stock of the particular product.

Table 6 : 2

The Computed Values of Scores Obtained for Parameters Ranked as per the Preference Listed for Selection of Products

Units/Parameters	Gift Articles	Utensi l items	Novel designed Crafts	Any items (Availability and Supply)
Co-operative Societies (including Apex)	26	28	39	17
State Emporia	15	22	30	40
Private Traders	35	60	50	73

Table 6:2 gives the computed values for ranking of the parameters for keeping stock of products for sale by different units. The table shows low score for availability of supply of items for co-operatives as the criteria for keeping stock of products for sale. The high score given by co-operatives were for novel designs, however, it had low stock in the societies. As far as private traders and state emporia were concerned the respondents preference of item for sale were gift articles (with 35 and 15 score values) followed by novel designed crafts with 60 score value for private and 30 score for state emporia. Both the organizations ranked high score for their dependence on availability of stock to meet demand.

Therefore, the above analysis elucidate that the private and state shops were more demand conscious, and so, they were very selective while storing handicrafts to meet the demand.

The primary co-operative societies and the apex federation had limited choice of selection of products for sale, irrespective of the demand from customers. The main reason pointed out by these units were their responsibility and obligation to accept the products that was produced by their members to assist them in marketing.

The heavy responsibility of the co-operatives to purchase what ever products produced by their members often ended up in product concentration without any variety in selection of stock for purchase. Therefore, one reason pointed out for the failure of co-operatives in marketing was their product concentration on certain crafts without any shift in product selection policy. Moreover, if a trader concentrates only in a few types of products, sometimes any normal shift in demand for the products would make the trader's total earnings vulnerable, resulting high risk and threat to his business. Hence, seeing the impact, the study examines the extend of product concentration of co-operatives in terms of sale of products in Table (6:3).

This Product Concentration Index in handicrafts marketing by co-operatives was examined with following formula:- [2]

$$PCI = 100\sqrt{\overset{n}{\underset{r=1}{\varepsilon}} \left(\frac{Z^r}{Z}\right)^2}$$

Here PCI = Product concentration index of the Kerala Primary and apex handicraft co-operative societies.

Z = Total sales of selected fast moving handicrafts.

Z^r,r = I, ...n, Denoting sale of crafts under study in a given year.

Note: The maximum value of index is 100 which occurs when the society concentrates production and sales in one item of crafts. If production is evenly distributed among various crafts the value of index will decline and reaches a minimum of 100 $\sqrt{n}$.

Table (6.3) explains the heavy product concentration by apex for the last five years. The wood and metal crafts themselves contributed around 80 per cent of the total sales by apex society. Therefore, the product concentration index was high with 84 in 1992-93. But over

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[2] This pattern of analyses is adopted from:- Manzoor Ahmed Shah, Export Marketing of Kashmir Handicrafts, Op.cit.

the year it was declining, and reached to 81 in 1996-97 as an indication towards product changes or modification.

Table 6 : 3

Total Sales and Product Concentration of Handicraft Apex Societies for the Selected Fast Moving Crafts.

(Rs. in lakhs)

Year	Wood & Metal	Cane	Paper	Horn	Others	Total	PCI
1991-93	102.14 (81.0)	3.1 (2.5)	2.11 (1.77)	4.3 (3.4)	14.45 (11.4)	126.10	84
1993-94	135.78 (79.11)	3.8 (2.2)	2.84 (1.7)	5.0 (3.0)	24.02 (13.99)	171.44	80
1994-95	165.92 (81.87)	3.9 (2.0)	3.6 (1.8)	4.11 (2.0)	25.12 (12.33)	202.46	83
1995-96	206.15 (82.29)	4.2 (1.7)	5.5 (2.2)	5.2 (2.1)	29.44 (11.71)	250.49	83
1996-97	184.12 (80.7)	2.28 (1.0)	4.7 (2.1)	5.6 (2.5)	31.40 (13.7)	228.1	81

Note : Figures in brackets are percentage share of each items to total sales.

Source : The sales records of showrooms of Surabhi.

The need for a product modification mainly depends on two factors, i.e., the quality level of crafts and the preference of customer. Therefore, before assessing the product modification policy followed by societies an examination of the quality of handicrafts sold by the co-operatives are relevant for the study.

Product Quality

The quality of handicrafts mainly depends on the raw materials used, the colour combination followed, the size maintained, the variety in design and finishing done to attract the product. The study observed difference of opinion on the quality standard maintained for art crafts by various selling units. Therefore, in order to examine the quality of the products of primary societies and apex co-operative a survey was conducted among the respondents to evaluate their level of satisfaction in comparison to private and state emporia.

To examine the quality satisfaction for the products of each trader a satisfaction Index (similar to Keringar, 1970) was constructed by collecting the response of each customers. Five characters were taken to measure quality satisfaction index. They were raw material, colour, size, design and finish. The responses for each character were gathered on a five point scale and scores were attributed. The inferences made from the analyses is given in Table (6:4).

Table 6 : 4

Satisfaction Index of Consumers for the Quality of the Handicrafts Sold by Co-operatives, State Emporia and Private Traders .

Sl. No	Characters	Co-operative Societies		State Emporia		Private Traders	
		Total Score	SI	Total Score	SI	Total Score	SI
1.	Raw material	56	37	80	53	97	88
2.	Color	52	35	87	58	65	59
3.	Size	87	58	89	59	39	35
4.	Design	131	87	84	56	81	73
5.	Finishing	128	85	110	73	48	43

The opinion of respondents about the quality of raw material used by co-operatives have scored 56 with a satisfaction index of 37. At the same time the satisfaction index for raw materials used by private and state emporia had scored high with 88 and 53 respectively. With regard to the low satisfaction index for raw materials used by co-operatives many of the customers pointed out that, though these societies have excellent and superb craftsmanship, the use of substandard materials often spoil its prospects in the market.

Regarding the colour used in decorating crafts, the score for co-operatives were very low i.e. 52 when compared to private with 65 and state with 87. The satisfaction index scored was only 35 by the co-operatives against 59 by private and 58 by state emporia.

However, majority of the customers opined that they gave lot of preference to the use of colour in decorating craft works. Very often they found that the colours used by societies failed to suit the heritage of the state crafts. Especially observed products in this category are crafts made out of pulp and paper mache. They pointed out that the colours used in these crafts were either too bright or garnish. Meanwhile, the selection of products based on their colour combination was found a reason for the high popularity of the crafts sold by private and state emporia.

The satisfaction index for the size of crafts produced by co-operatives was 58 compared to state emporia with 59. The customers gave high score in maintaining probable size of crafts by co-operatives because they expect those size for its convenience in handling. Similarly co-operatives enjoyed the advantage of high score for its design and finish of the products. The satisfaction index for design was highest for co-operatives with 87 against, 73 by private and 56 by state. The finish of the products by societies also scored high satisfaction index with 85 against 43 by private and 73 by state. The reason found was that due to the facilities enjoyed to use modern tools by the artisans under private and state units, they had mass scale of production with little effort for change in design and finishing. But for the craftsmen under co-operatives, since they exclusively depended on hand work, each piece of work was different from other, providing variety and novelty in designs and perfection in finish.

In order to find out the level of quality status maintained for the product by these units and to find out the position of co-operatives, the parameters were again grouped under two zones namely average quality zone and standard quality zone. For this study the characters having satisfaction index below 50 were grouped under average quality and the characters having satisfaction index above 50 were grouped as standard quality. This is clearly highlighted in Table (6:5).

Table (6:5) highlights that the main two parameters assuring quality of the handicrafts i.e., raw material and colour were under average quality for co-operative societies, where as, the study identified that all the parameters measuring the quality of products of state were above 50 and the main three parameter i.e., raw material, colour and design for private traders were above standard quality.

Table 6 : 5

Salience Determining Parameters of Respondents for the Quality of the Handicrafts Produced by Co-operatives, State Emporia and Private Traders.

Sl.No	Units	Average Quality*	Standard Quality**
1.	Co-operatives	Raw Materials, colors	Size, Design, Finishing
2.	State Emporia	-	Raw Materials, colors, design, Finishing, size
3.	Private Traders	-	Raw Materials, colors, size, design, size and finishing

* Average Quality: Satisfaction index below 50

** Standard Quality: Satisfaction index above 50

Therefore, the inferences gave a general conclusion that handicrafts of co-operatives possess an average quality while comparing to the products sold by private and government shops in the state.

As per the above conclusion, to identify the reasons for categorising the handicrafts of co-operatives as average quality, the study also conducted an opinion survey among different types of production units taken as sample. The respondents were asked to rank the reasons. The lowest score obtained will be the major reason listed by each respondent, that influences the quality of the crafts of co-operatives in Kerala.

Table 6 : 6

Ranking of the Parameters Listed as the Reason for Influencing Quality of the Handicrafts Produced by Co-operatives.

Parameter	Co-operatives	Private Traders	State Emporia
1.Poor Quality of Raw Materials	35	25	27
2.Unskilled artisans	39	91	23
3.Non-Adherence of quality check	31	41	16
4.Defective Training by Government Centers	32	71	50
5.Policy of Societies to accept whatever supplied by member	28	180	49

The main reason ranked by the co-operatives that influences the quality of their products were the policy to accept whatever their member produced irrespective of any quality check. The score obtain was low with 28, where the private and state emporia ranked high for this reason with 180 and 49 respectively. According to them, the policy to accept what ever member produced was not a major cause influencing quality, for, the society could insist standard to their members for acceptance of their respective products.

Non-adherence of quality check was another reason scored very low for co-operatives, private traders and state with 31, 41 and 16 respectively. All of these units unanimously pointed out the inability of many co-operatives to check the quality of products supplied by members due to lack of sufficient Infrastructural facilities.

Though co-operatives ranked the poor quality of raw materials as fourth reason, private traders and state emporia together opined it as the major cause influencing the quality of the products produced by these societies.

Product Modification

On the ground of above facts related to the products of co-operatives, the study also examined the efforts for product modifications followed by these units to capture market. Out of the total procurement by co-operatives 85 per cent of the products consisted of handmade crafts. Two reasons were listed for the above statement, firstly the procurement were mainly from their members and, secondly, absence of modern equipments for production. Because normally the rural artisans produced hand carvings which cost high labour and time.

However, considering the demand by customers and identifying the limits in the present production pattern, it is time for the co-operatives to go for product modification to reduce cost and increase returns to their members. The co-operatives could improve their product policy only if they undertake initiative for quality modification in terms of it's colour, design, size and substitution for raw materials. For instance this was also supported by several studies. In the words of A.K. Sinha[3] while marketing handicrafts one has to appraise the consumers attitude carefully and try to bring modification and attraction in the process of production.

He also opined that, if the crafts could be made into an item of daily use as marketed in tune with present living standard, it certainly would fetch a better return. This elucidate the need for adopting all the marketing elements similar to other consumer goods. Similarly the study by Rathor (1988)[4] also explains that the buyer's motivation and behaviour for purchase of handicrafts were influenced by the social, cultural and economic environment differing from one segment to another. Naturally consumer expects something special either in terms of attraction or advantage motivating them to opt one preference to other.

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3 Sinha. A. K., Marketing Handicrafts, Indian Journal of Marketing.

4 Rathor, B.S., (1988) Export Marketing, Himalaya Publishing House, Bombay. p. 333.

Therefore, the product should be designed to meet the minimum overall requirements of the consumers, belonging to various markets. Thus a slightly modified product always enjoys better chance over similar products. Obviously, private traders with this advantage dominate the market.

In order to ascertain the measures adopted by co-operatives for product modification the study conducted opinion survey among societies with respect to each products they produced.

An examination of table (6.8) reveals that the societies followed a hit and trail method in modification of colour, design or size of products. For wood carving 70 per cent societies had not so far experimented changes in raw materials, 90 per cent had not changed the colour used or pattern of decoration and 70 per cent followed uniform size without change. Only for designs wood carvers often used modification of products.

Table 6 : 7

Product Modification Followed by Primary Societies in Terms of Raw Material, Colour, Design and Size

(Figures in percentages)

Product Character feature	Wood Carving A - D - N	Metal Carving A - D – N	Cane Weaving A - D - N	Paper Mache A - D - N	Horn Carving A - D - N
1. Change in raw material	10 20 70	30 10 60	- - 100	- - 100	- - 100
2.Colour and other combination	- 10 90	- 20 80	- - 100	80 20 100	- - 100
3. Design	30 50 20	40 50 10	- 20 80	80 20 -	10 20 70
4. Size	10 20 70	20 10 70	- 10 90	40 60 -	- - 100

Note: A = Always change the character of crafts as per the skill and interest of artisans.

D = Only change the character of crafts if societies get instruction from apex as per Demand.

N = Never made any change in character of craft at time of production.

Similarly metal crafts also had limited product modification except a change in design. But for cane weaving, paper mache and horn carving, society never experimented substitute for materials. Only for paper mach 80 per cent of societies had made modifications always in colour and design and change in size according to the instruction received from apex federation.

This trend highlights that the handicraft societies did not have the practice of following product modification as an integral part of comprehensive marketing. Unlike private traders the societies collected what ever the member artisans produced which were always similar in nature, failed to get market, eventually retaining heavy stock and financial block to societies. This is one reason for the failure of handicraft co-operatives of the state to meet the diversified needs of the potential buyers and thus leave the field open to private and state units who share 99 per cent of the market. The private traders were actively engaged in product development. They followed modern product development measures to meet the internal and external demands. In view of the above situation, co-operatives definitely have to innovate product modification measures to bring them in line with their competitors.

Product Branding and Labelling

Branding is an integral part of product strategy. A brand is a term, symbol or design or combination of them which intended to identify the goods or services of a seller to differentiate them from competitors. It is obvious from the definition that brand creates an identification to product so that the product is easily recognized and distinguished from the competitive offerings.[5]

In Kerala the products of private sellers and state units are familiar with their shop names as brands, For instance, the state distributors have 'Kairali' showroom which also represents the name of their products. However, though co-operatives also have a name for showrooms called 'Surabhi', they do not enjoy a brand reputation under this name.

Therefore, the study also analyses the brand name for handicrafts sold by different units in this state. The response of the customers reveals that 93.3 per cent of them were not aware of existence of brand for handicrafts in Kerala. But 6.7 per cent of them considered the name of showroom as brand for the craft. Therefore, they identified 'Kairali' as sole brand for handicrafts in the state.

Since the maintenance of brand for any product is adopted as a tool of promotion, traders approach in adopting brand for their crafts were also obtained.

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[5] Ramaswamy, V.S. Marketing Management, Macmillion Publishers

Table 6 : 8

Approach of Co-operatives, State Emporia and Private Traders for Maintaining Brand for Their Crafts.

Opinion	Co-operative				State Emporia				Private			
	Yes		No		Yes		No		Yes		No	
	Nos	%	Nos	%	Nos	%	Nos	%	Nos	%	Nos	%
Maintaining brand for crafts	1	9	10	91	3	27	8	73	12	54	10	46
Prefer to Keep brand name	4	36	7	67	43	6	7	67	13	43	9	37
Maintain label for products	3	27	8	73	6	54	5	46	16	72	6	28
Prefer to keep label	2	18	9	82	11	100			20	91	2	9

It is significant to note that 54 per cent of private traders adopted brand name for their products and 63 per cent prefer to maintain brand name for the crafts sold by them. They strongly agreed that brand identifies the seller and promote their products.

But the opinion from societies revealed that co-operatives do not follow brand name. 9 per cent considered the name of apex showroom (Surabi) as the brand name. 91 per cent of societies told that the sale by apex or societies were not branded as Surabi. The main reasons listed by the societies for not preferring brand for their handicrafts were:-

a. Wide range of items make it difficult to establish brand.
b. It does not affect the sales.
c. Repeated sale of same product is comparatively less in handicrafts.
d. Customers are not brand loyal.

Meanwhile, from the sales records and performance of the private traders it was clearly proved that branding of handicrafts widens market. It enjoyed the advantage of assuring identity of products by distinguishing from competitors which helped quick movement of their crafts. This was also supported by 67 per cent of the co-operatives who preferred maintaining brands for handicrafts. They suggested to adopt 'Surabi' as a uniform 'house brand' for all the products produced by the co-operative societies. Therefore, irrespective of the channel followed, maintenance of the brand helps the societies to keep up their identity in any distribution centres.

Similarly labelling also plays an integral part in the product modification. Since, with the peculiar features, the destination points to which the handicrafts reach are spread over the globe, labeling is essential to promote the product with its brand name.

An evaluation of customers opinion on preference of labelling shows that 53.4 per cent of customers preferred labelled products. 72 per cent of private traders followed labelling for their crafts. But only 27 per cent of societies have label for their product. The societies normally write the price on the product without any label. The reason listed to oppose labelling by the societies were:-

- Increased cost of production
- Damage beauty of crafts
- Price cannot be specifically mentioned
- Since branding is not followed no specific advantage by labelling.

Absence of labelling is one reason for pulling the co-operative from tourist centres. The foreigners are too conscious of label which is one advantage enjoyed by private over co-operatives. In addition, labelling also educates the customers regarding the ownership pattern of the production. For instance, the survey done among the customers to examine the extend of their awareness about different production units in Kerala revealed the following results.

Table 6 : 9

Awareness of the Customers Regarding the Ownership Pattern of Handicraft Production

(Figures in percentage)

Sector	Yes	No
1. State (Kairali)	67	33
2. Co-operative (Surabhi)	30	70
3. Private traders	93	7
4. Khadi and Village industry	63	37

Customers were more aware about Kairali (67 Per cent) and private traders (93 per cent). But only 30 per cent had familiarity with the term co-operatives. Many customers even didn't know the existence of such a production unit. Therefore, awareness about producers/ traders are mainly contributed through branding and labelling of products. This indicates the necessity of labelling which helps to establish products of co-operatives in domestic and overseas markets.

Thus the above discussions made it clear that, majority of handicraft co-operative societies made no endeavour to modify or improve their products to compete in the market. The reasons justified by the co-operatives were firstly, at present, what ever they produce would get market. Secondly their freedom for product selection accustomed to market demand was limited due to the prime objective of acting as an organizer, supporting the sale of their members' products.

Inspite of these limitations, as an organization set up to uplift the artisans by saving them from the clutches of private traders, the co-operatives have to create potential market for their crafts. But the slackness on the part of societies are visible in their contribution to production in terms of supply of material, direction on design, colour etc.

According to the survey results, and discussions with the societies the study observed that handicraft societies of the state lack pragmatic approach in product modification. A few societies, though made efforts to modify products, could not vary the range of production measures beyond certain limits because of lack of production facilities, central direction and financial constraints.

In short, the level of introducing improvement in existing products in respect of raw materials used, colour combinations, designs, size, finish, branding and labelling was insignificant and received very little attention from the handicraft co-operatives in Kerala. They still follow traditional pattern of designing and unable to make any significant measure in innovating new products and diversifying markets. Though a very little product modification was done, they were not in consonance with the market conditions and consumer preferences. Moreover their 'firm brand" has not been propagated to allure consumers acceptance to enhance product recognation. Thus the observation found that the co-operative societies are far behind in terms of adopting measures in placing their products in competitive markets.

SECTION B

PRICING

Price is an important ingredient of a firms marketing mix. It is one of the most 'mystry- lader' variable encounted by marketing executives in the decision making process. Price directs the trader to implement marketing measures to generate both sales and profit. Therefore, price of his products not only counter acts the competitors, but also ensures survival for his business. Where as, a buyer is concerned price is the amount of money paid by him to obtain product's need satisfying qualities[6]. Preciously stating price is a key element in marketing mix irrespective of the nature of the organisation, existing in the markets.

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[6] Gundiff, E.W.,and Still, R.R.,(1972).

Considering the characteristics of handicrafts, a uniform adoption of a standard price for all types of products is the complex marketing problem faced by the traders. Because, the cost of these products includes not only the material cost of production but also the aesthetic skill attributed to add beauty by the artisans.

Based on the three types of crafts produced in the state (utensils, utensil-cum-decorative and art crafts) traders follow different pricing for handicrafts. For instance, normally the utensils are easily priced following a common norm, either in terms of it's weight, size, material used etc., or in terms of the customary pricing fixed in the market. Similarly, the utensil-cum-decorative crafts are also priced with comparison norms adaptable and acceptable for both producer and consumer. But the major task in pricing is faced on art crafts because, the characteristic features of these crafts contribute complexity in pricing.

To examine the pricing policy of co-operatives in marketing their members' crafts, the study analyses this aspect under for heads:-

a) Pricing and buyer's behavior.
b) Criteria for fixing price.
c) Objective of pricing.
d) Existing price setting for crafts.

Pricing and buyer's behaviour

The buying habit for a product directly or indirectly is influenced by it's price in the market. But as a product of utility with beauty the significance of price for crafts at the time of purchase is highly relevant for this study on co-operatives.

Four parameters were used to analyses the importance of pricing at time of purchase of handicrafts. The respondents were asked to rank each type of crafts and influence of price, and there by the total score obtained was analysed. The parameter with lowest score was indicated as the most preferencial parameter. The sample handicrafts were grouped under utensil, utensils-cum-decorative and arts crafts.

Table 6:11 shows that the response of consumers on price, vary in accordance to the nature of handicrafts. For instance, the score for the price considered as the very important factor for purchase of utensils got low, indicating that the consumers were conscious of price of these crafts. Same response were given by both co-operatives and private traders regarding consumers approach to utensils. Since easy evaluation of the product in terms of weight, size, material used could be done for

Table 6:10

Ranking of the Parameters that Influence the Buying Decision of Customers and Openion of Cooperatives, State Emporia and Private Traders.

Parameter	Customer			Co-operative			State Emporia			Private Traders		
	A	B	C	A	B	C	A	B	C	A	B	C
1. Price very important as an main factor for purchase	520	651	418	15	16	41	30	45	43	30	42	72
2. Price important but not the main factor to purchase	660	352	292	28	17	36	18	39	32	40	32	64
3. Price some what important	840	753	258	37	38	19	33	21	21	69	66	44
4. Price not a factor influencing purchase	980	952	138	40	39	14	38	15	11	81	80	38

Note: A - Utensil Crafts

B - Utensil - cum - decorative crafts

C - Art Crafts.

utensils, customers considered price comparison also. For example utensils like uruli, chembu and villaku were sold in terms of the above norms. However, state emporia responded that- price is important but not a main factor influencing purchase. They opined that-very often customers with out being conscious of price, purchase product from their outlets.

About the purchasing of utensils-cum-decoratives, consumers responses were that, they would not consider price as the main factor at the time of purchase. Similarly co-operatives and private traders also had the same opinion on the influence of price in purchase of these types crafts. Examples are Mayil villaku, Jewell box, ornamental mirror, etc, where, customers very often sacrifice the cost due to the augmented beauty contribute to the product.

However, the ranking of the respondents for the purchase of art crafts gave different pictures in table 6:11; All the respondents uniformly opined that, since, art crafts were bought by a class of customers, with a main purpose to gift other, naturally they did not consider price in their buying habits. This was taken as a main reason to fix the criteria in pricing by private and state emporia. Hence, this analyses finds out differentiated pricing in respect to the nature of handicrafts and nature of demand.

Criteria For Fixing Prices.

Since Table 6:10 explains the reason for differentiated pricing for handicrafts by the traders, the study analysed the approach followed to fix price for their respective craft works.

Therefore, Table 6.11 shows the responses of co-operatives, private and state emporia. Different approaches were adopted by each outlets for setting the price for the three types of handicrafts. For instance, for the sale of utensils, co-operatives mainly went for market rate followed by the price fixed by competitor. Since utensils were easily comparable private and state emporia also approached the markets and competitors to fix the price.

However, in the sale of utensils-cum decorative, where the customers were not too conscious of price, private and state emporia followed market rate, to reap the benefit. But in spite of the buying behaviour of customers, co-operatives approached their member-producer for their suggestions to fix the price. The unit cost plus aesthetic beauty contributed to the cost after discussing with artisans.

The art crafts were found free from price status and were the most movable products from the shop. Therefore, private traders approached with a pricing in accordance to the desire and demand received from customers (reap the benefit especially from tourists). The state emporia, who followed a uniform approach irrespective of types of crafts, ranked government policy as the priority in their approach in fixing price. Along with the government policy market rate was also taken into account by these emporia.

But for co-operatives, though they had the opinion that the purchase of art crafts were not influenced by price, they did not enjoy the freedom to decide a price in accordance to demand. The pricing policy of co-operatives was fixed by apex federation, who is procure the major share of their products for marketing.

In brief, the analysis in Table 6:11 highlights that unlike private and state emporia, the approach of co-operatives in pricing, were directed by their federations or institution. Moreover a free pricing approach could not be operated by co-operatives, due to their obligation to meet organisational objectives and loyalty towards the members.

Table 6 : 11

Ranking of the Respondance Approach on Pricing Handicrafts.

Approaches	Co-operative			State Emporia	Private Traders		
	A	B	C	(A + B + C)**	A	B	C
Market Rate	20	40	44	23	44	47	29
Competitor	22	43	36	36	54	35	60
Government Policy	30	33	30	20	70	63	79
Suggestion of artisans	33	23	28	31	68	75	82
Institutional Direction *	31	22	29	-	-	-	-

* Institution : Apex federation

** State Emporia follows uniform approach to all types of crafts.

Note : A - Utensil Crafts

B - Utensil-Cum-Decorative Crafts

C - Art Crafts.

Table 6:11 explains that the pricing approach followed by traders were different for same product in same market. The uniqueness of the handicrafts provided flexibility and freedom to adopt various approaches in different times by private traders and to some extend by government emporia. One reason pointed out for this advantage was the success of these traders in creating their own brand prestige for the crafts sold through their outlets.

Objective of Pricing

The above statements conclude that, price is always be a consideration for the seller. Many of the traders due to absence of immediate substitute for range of handicrafts enjoyed a monopoly in their sale of handicrafts. However, adoption of a price measure by any establishment, depends on their organisational pricing objectives.

The organisational (corporate) objective directly influence the pricing objective.[7] Therefore, to analyse the pricing measures followed by co-operatives, it is essential to examine and compare the pricing objective followed by these units.

In table 6:12, the opinion of the respondents regarding the objective of pricing were analysed by using the Kendall's coefficient of concordance(w). The respondence were asked to rank the objectives in their order, and Kendall's coefficient of concordance(w) was used to assess the relevant parameter.

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[7] Rajan Nair, Marketing Oplit. P. 255.

The Kendall's coefficient of concordance is a measure of relation among several sets of ranking of N objects or parameters.

The formula is :- $W = \dfrac{\sum D}{\frac{1}{2} K^2(n^3-n)}$.

Where,

N = Number of character

K = Number. of Judges

D = Sum of the square of the deviation of R and $\bar{R}$

R = Ranks assigned by each respondent .

$\bar{R}$ = Mean of the Rank.

The parameter for which the sum of rank is minimum will be the most preferred parameter.

Table 6 : 12
Computed Values of Kendall's Coefficient of Concordance Listing the Objective of Pricing by Co-Operatives, State Emporia and Private Traders.

Parameter/ Units	Co-operatives	State Emporia	Private Traders
Cover cost	15	20	47
Maintain Market	32	19	63
Earn Profit	38	21	35
Better Share to Artisans	15	40	75

Table (6:12) explains the different objectives influencing pricing of handicrafts. The co-operative societies considered 'cover the cost' as the prime objective which would provide better share to artisans. The apex federation followed the sum of margin method where cost plus a percentage of cost as profit was fixed for price. So that the objective, to cover cost and share with artisans the benefit could be met.

As per the table the sum of rank was minimum for 'earn profit'- as far as private traders were concerned. Although, this objective could not be made operational, due to difficulty to measure the achievements, the private traders met these objective by adopting appropriate flexible price settings in the market (discussed in Table 6:12). However, the main objective of state emporia in fixing price was to get maximum market share, with a score of 19, this could be achieved frequently by extending subsides in sales by the state.

In brief, the objective of pricing for co-operatives were found different than other types of traders in the study. Though co-operatives preferred to give better share to their member producer, the above analyses shows that the pricing measure of the societies were not capable to generate maximum benefit to their members.

Existing Price Settings

Correct pricing involves finding the best possible exchange value for the products. The co-operatives, agreed that the buyers behavior is different to all types of handicrafts and therefore, high flexibility in their approach is necessary to achieve the price objective.

But to design an appropriate price technique, the co-operatives should look into the present price setting followed by them as well as by other traders. Therefore table 6:13 explains the existing price settings of co-operatives and other units. In Table 6:13 the price settings by each sample units were collected and the percentage share of each units to total of the sample was evaluated.

Table 6:13 shows that no co-operatives opined that, their price was set above competition. But 6 societies i.e., 55 per cent agreed that their price setting was close to competition. Two societies opined that their price settings were below competition and 27 per cent stated that they set price without looking into the market competition.

Table 6 : 13

The Price Settings for Handicrafts by Different Traders Including Co-operative Societies.

Price setting Level	Co-operative		State Emporia		Private Traders	
	No.11	%	No.11	%	No.22	%
Higher level Competitor	-	-	1	10	8	37
Close to Competitor	6	55	8	72	14	63
Lover than Competitor	2	18	-	-	-	-
No Relation to market Competitor	3	27	2	18	-	-

Therefore, while comparing to private and state emporia, who sets their price either above competitor or close to competitor, the co-operatives lack uniform price setting practice.

Moreover the price cutting strategy followed in this sector encourages the traders to enjoy a price setting level highly flexible based on what the customers could bear. All the organisations followed price cutting in sale on basis of geographical, seasonal or buying behaviours on purchase of crafts. The fixation of price cutting were always at the discreation of the traders with a study of demand in the market. The price cutting is mainly done in form of discount sales. Discounts on price were provided either for purchase on bulk, for seasons or occasions, for geographical locations, entry to new markets or for sale of old stocks. Therefore, the study also obtained the response of all units for the preference they gave in discount sale and time of offering price cuts.

Table 6 : 14

Ranking Respondent's Preference in Price Cut

Parameter	Co-operatives	State Emporia	Private Traders
Festival Purchase	11	11	55
Bulk Purchase	25	34	12
Geographical Location	47	43	30
Sale of Old Stock	30	22	52
New markets	52	55	21
No Price Cutting	-	-	-

Note : Lower the rank higher the preference.

All the respondents uniformly agreed that for one or other reason they provided price cutting for their products. The first preference ranked by co-operatives for offering price discounts were for festival purchases. Every co-operative societies and state emporia provided rebate sales during three times in a year. This is during Onam festivals, Gandhi Jayanthi and Christmas festivals. Very few societies ranked bulk purchase as a reason for providing price cut. But very high score were given to price cut in accordance to geographical locations for sale, or entering new markets or for sale of old stocks.

The ranks obtained from private traders were contradictory to the above findings. No private traders prefer festival discounts. But main price cuttings were for bulk purchases and to penetrate new markets.

Depends on the influence of price in purchase of crafts, nature of crafts, nature of market and consumers, the private traders and state emporia adopt incidental price cutting as a sales strategy. Therefore, to obtain market this calls the attention of co-operatives to think of modifications in their existing price measures.

SECTION C
PHYSICAL DISTRIBUTION

The handicrafts production in Kerala is concentrated in a few rural centres in each districts. But due to the wide recognition and demand for these crafts the markets for these products in the state are scattered into different segments. The production of crafts is found centralised but the consumption is decentralised. Because of this spatial gap, the artisans of the state who majority are in small units face difficulty to reach external markets, which are normally far away from these production centres. Therefore, the artisans fail to link the demand for crafts with supply due to their limited holding. However, because of the above stated limitation, to perform the function of placing their products to demand pockets, artisans hire distributors, who are capable to undertake distribution on behalf of them.

A distribution channel is a group of individuals or organisation that direct the flow of products from producers to consumers. The main function of a channel is to find out appropriate ways through which goods are made available to the markets. If a producer is able to identify proper channels of distribution for his products and is also be able to satisfactorily hire, develop and retain them, he can gain and improve his sales performance[8].

Therefore, in essence, being an organisation of artisans the co-operatives theoretically found to be the appropriate units to play unique role in distribution of handicrafts. It is indeed, noteworthy that the common objective between the artisans and the co-operatives is to

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[8] Sahaf, M.A., (1989), Marketing Principles and Practices, Arnot Publishers, New Delhi. P. 166.

increase the volume and value of trade through proper distribution of their products at right time to right place. Therefore, co-operatives have to combine their objective to their approaches in selection of a channel. The general approach in selection of a distribution channel by co-operatives, member artisans, or by a consumers will be based on the following objectives.

- For an artisan (member), the best channel is one that gives him the highest price and continues order for production.

- For the co-operatives, the best channel is one which assumes high returns to its members, low cost of marketing and continues demand for products.

- For a consumer, the best channel is the one that gives lowest price, assured quality and variety of products at his nearest market.

Therefore, while selecting a channel, the main task of a co-operative is to combine the three above objective, which are essential to meet their policy and also for their survival in the markets.

The selection of channels for handicrafts is a task for any traders due to the peculiarity it has in its marketing behaviours. The first peculiarity is that, unlike other products handicrafts do not possess an identified brand name. Therefore, the producers could not make differentiation for his product in its flow through the channels to the sales centres. Secondly handicrafts are not grouped under essential goods, which are bought frequently. Therefore, the sale of crafts highly depends on the class of buyers and nature of market segments.

Considering the above buying behaviours the study distinguishes the existing distribution channels of handicrafts as follows:

- Selective distribution and
- Exclusive distribution

From the market observations it had found that many traders of crafts follow selective distribution for handicrafts. Under this distribution strategy the seller or producer-cum seller, adopted a limited number of channels, with their close geographical network. Through these channels they would make contacts with different market segments. Here hiring other's channel was also be done. Therefore, the producer or sole trader would hardly have direct contact with the consumer. The advantage of this distribution strategy is that, this channel helps the producer/ trader to reach to those sales pockets which are not accessible by themselves alone.

But in the case of exclusive distribution, the producers/ traders selected their own channels or outlets in limited areas or particular territories for selling their products. Therefore, in these types of distribution they did not depend other external agents/ wholesalers/ retailers to market their products. The advantage is that the share of price will be fully received by maintaining direct contact with customers.

In this session, the survey done among different types of traders, including co-operatives were analysed to examine the distribution strategy followed to sell handicrafts in the state. The study observed that different approaches were being followed for the three types of products, viz., utensil, utensil cum-decorative and art crafts.

Table (6:15) shows that each unit follow different distribution channels, respective to the nature and demand of products. For instance 73 percentage of the co-operatives followed selective channels for their utensil products. Especially bell metal co-operatives distributed the products to wholesalers, retailers and apex federation. However for the sale of decorative utensils and art crafts 64 percentage and 73 percentage of societies depended apex as the exclusive distribution channel. Very few i.e., 9 per cent of the societies followed both selective and exclusive channels for the sale of all types of products.

Table 6 : 15

The Channel Preferences for Handicrafts by the Co-operatives, State Emporia and Private Traders.

Units	Selective Distribution			Exclusive distribution			Both		
	A	b	c	A	B	c	a	b	c
1. Co-operatives	8 (73)	3 (27)	2 (18)	2 (18)	7 (64)	8 (73)	1 (9)	1 (9)	1 (9)
2. State Emporia	10 (91)	8 (73)	2 (18)	-	1 (9)	9 (82)	1 (9)	1 (9)	1 (9)
3. Private Traders	12 (56)	8 (36)	4 (18)	4 (18)	12 (56)	16 (73)	6 (26)	2 (9)	2 (9)

Note : Figures in brackets are percentages to total

a - Utensil

b - Utensil cum Decorative

c - Art Crafts

However, an examination of the distribution strategy followed by private and state emporia reveals that majority of these units (more than 50 per cent) followed selective channels irrespective of the nature of product.

This trend shows that since identification of the producer is difficult for these products due to lack of branding, and the consumers are grouped as a specific class, in order to capture the market units they have to follow selective distribution. This help the seller to spread their products to every market corners through different retailers and wholesalers. Since the ultimate objective of a producer/ trader is to push his product to wherever demand arise, their strategy to depend on exclusive channels will limit their territory for sales.

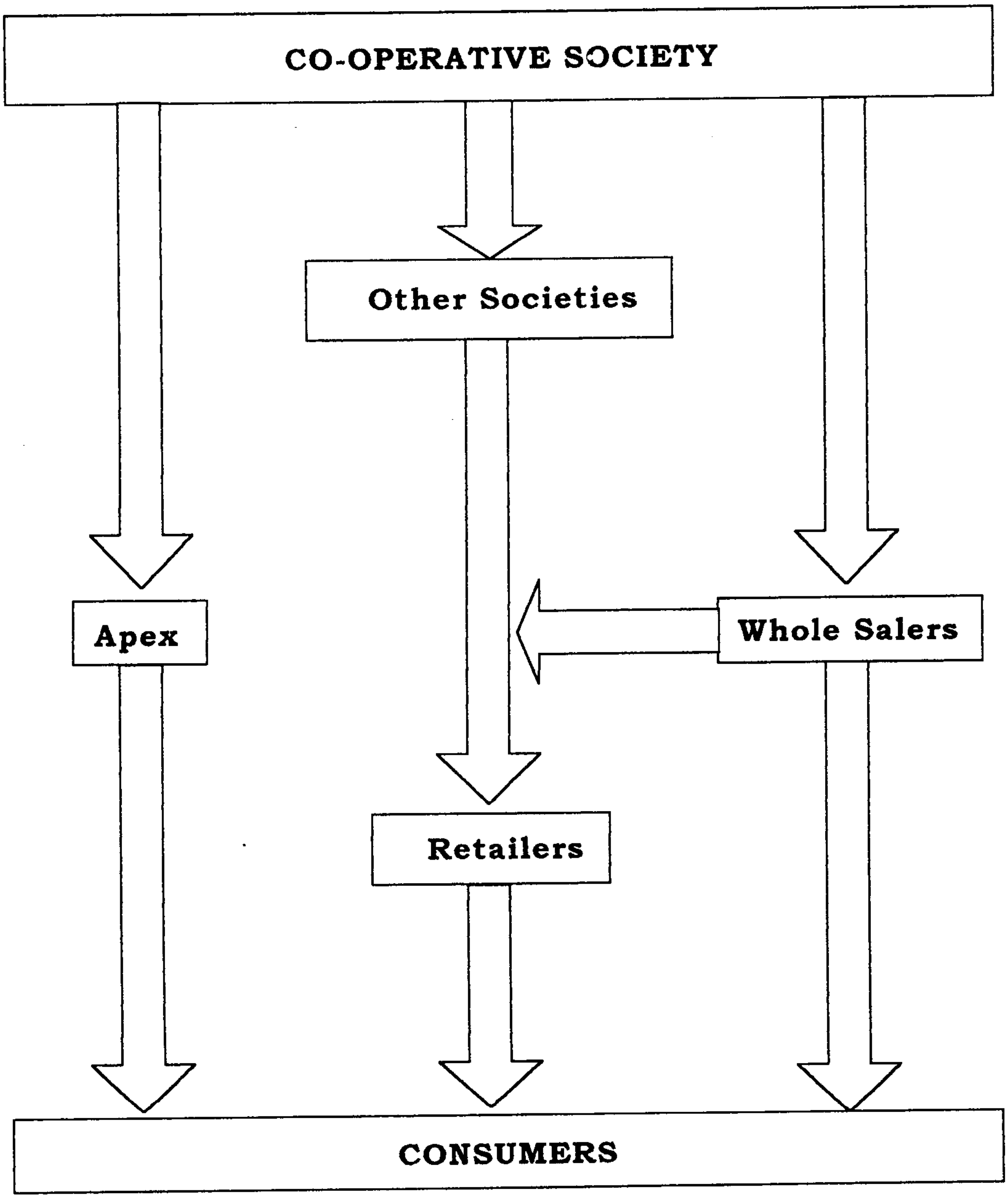
However, since majority of co-operative societies used to sell through apex, which have outlets only at limited territories, these units failed to reach the pocket centres who gave continues demand for crafts.

However the argument put forward by co-operatives for direct selling was that these distribution would reduce their cost for channels. The primary societies supplied what ever their member produced to the apex, which who those products through their outlets directly to customers. So, they argued the absence of channel commissions in marketing. Therefore, lower the cost higher the efficiency, in these types of distribution.

In order to evaluate the authenticity of these arguments the study also measured channel efficiency of co-operatives. An evaluation of the efficiency of channels will help to examine the policy adopted by co-operatives in selection of their distribution strategy.

Fig 6 : 1

Distribution Channel of Societies Who Follow More Than Two Channels For Sale.



The co-operatives in the sample followed on or more than one channel. Therefore, to measure the efficiency of various channels, the study took only three societies who followed both selective and exclusive distribution. The selective distribution channels of the society included, own retail outlets, private traders and others like K&VIS. The exclusive distribution was followed through apex federation. The pattern of distribution channel by these societies are illustrated in Fig (6:1).

Table 6 : 16

Channel Profitability Analyses-Segment Controllable Margin of Each Channel.

(Figures in percentage)

Years	Apex	Retail by society	Private traders	Others
1990-91	81	84	100	-
1991-92	81	84	100	-
1992-93	80	83	100	-
1993-94	82	83	100	20
1994-95	80	84	100	21

Model I : **Channel Profitability Analyses of Donglas, M, Lambert (1975).**

	Channel A	Channel B	Channel C	Channel D
a. Net sales	-	-	-	-
b. Cost of goods sold (Variable manufacturing cost)	-	-	-	-
c. Manufacturing contribution (A-B)	-	-	-	-
d. Marketing and physical Distribution cost	-	-	-	-
e. Segment contribution margin (C-D)	-	-	-	-
f. Assignable nonvariable cost *	-	-	-	-
g. Segment contribution margin (E-F)	-	-	-	-
h. Segment controllable margin to sales (G ÷ A) x 100	%	%	%	%

Note(*) In this study, Assignable Non-variable cost cover the deduction in price and cost for marketing by Apex plus membership contribution.

Note: 1. The average sales through each channel of the societies are considered.

2. The more the channel contribution the more channel profitability or efficiency.

In order to measure the profitability of channels, the study adopted the contribution approach designed by Douglas, M., Lambert (1975)[9]. This channel profitability given in Model I, offers considerable promise for the channel performance measurement. In his approach, the channels followed by the institutions are divided into different segments and by determining the profitability of each segment, their performance are measured.

The primary handicraft societies sell their products through four channels. Their main channel is apex. Societies also have their retail outlets at their production centres. Third channel is selling to private traders, who often approach them. Societies some times also sells through other agencies including K & VIs.

From Table 6.16 it is clear that the margin of price enjoyed by societies were very high while they sell to private. Because whenever societies sell to the private traders, the sale would be on actual price of product supplied by artisans and moreover no expense on marketing or transporting was met by societies. So the segment controllable margin is 100 per cent. The retail sale also provided comparatively high margin because the assignable

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9 Douglas M, Lambert and Bernad J, La Loude (1975), The Economics of using Frozen Food Distributor, Frozen Food Fact book, p.62.

non-variable cost was less. But the margin from sales to apex was low because apex used to deduct a percentage of price to meet marketing expense and also a contribution to membership fund. Therefore, to spread the products of co-operatives, it should also adopt a channel policy to pushup their product in the market. Following more than one channel would assure effective distribution resulting consumers' recognition and profitability.

In brief the channels followed by societies play a significant role in placing products in recognized potential markets. 80 per cent of societies concentrated on selective distribution channels. But very often due to shift in the demand of handicrafts from a class of customers to all types of customers, alike private traders and public sales units societies should also think of following exclusive distribution channels. This can be achieved by adopting different channels, along with the apex societies for sale of their products.

SECTION D
PROMOTION

Decisions on product modification, price fixing or selection of channel make the product half way in its preparation to meet consumer demand. Therefore, to complete the functions of marketing, promotion as a communication process is necessary to be followed.

Promotion plays an important role in determining the competitiveness of a seller and his resulting performance. It makes marketing conspicuous to the masses. Promotion communicates to the masses by informing, reminding and persuading them to patronize a product, service or idea. It is effected through works, images, symbols, incentives, offers or people. All these are manifest to the audience through advertisement, sales promotion, personal selling and publicity. These are the ingredients in the basket of promotion tool. Promotion is thus the most obvious, tangible and prominent of all marketing activities.

However it is important, to note that despite of all the production capabilities built up by the artisans in handicrafts, most of the consumers in general, are unaware of their efforts of due to the absence of appropriate promotion measures. Once a product is developed to meet customer needs and is properly priced and placed, the prospective customer must be informed its availability through the seller. But this effort is mainly lacking in handicrafts marketing. Promotion, as a communicational effort to co-ordinate the seller or producer to the consumer by setting up a channel of information, is found absent in handicraft co-operatives.

The tradition, culture and the distribution system along with buying behaviour of customers for handicrafts are totally different from other types of consumer goods. Therefore, it is essential for the craft traders to communicate effectively to the mass in order to gain access to a highly competitive market.

The effectiveness or absence of a promotion strategy for the marketing of handicrafts can not be ascertained only from the magnitude of sales by the co-operatives. The sales effect of promotion is most of the time hard to measure. This is because sale of crafts are fashioned by several factors besides promotion, such as product features, price, quality, availability and, more over, consumers psychological aspects.

Therefore, this session, analyses the impact of promotion in marketing handicrafts by examining the response behaviour of consumers. The approach adopted for the above measure was a stage by stage analyses based on the estimation of following factors.

- Media exposure to consumers
- Awareness of advertisements and other promotional strategies for handicrafts
- Awareness of advertisement and promotional strategies of co-operatives
- Relative effectiveness of promotional measure of handicraft- co-operative societies

Media Exposure

The process of marketing communication comprises three elements viz., the marketer, the media and the audience. In selecting the media for promotion, an investigation into the respondents exposure to media was relevant for the study.

The exposure to different media denotes the total number (or percentage) of persons exposed to a given media at a point of time or during a given period. The achievement of advertiser's (co-operatives/traders) objective depends initially on the reach of the media through which he communicates, and the appeal of the message he has to communicate. Media exposure is, therefore, an important consideration, for deciding what media are to be used to launch a promotional campaign.

The present study had determined the exposure of respondents to four different media, viz., print, television, radio and display. This was done by arriving at the percentage of people who were exposed to each.

Table 6 :17

Share of Respondents Exposed to Different Media.

(Figures are in percentage)

Media	Customers	Co-opera-tives	State Empora	Private Emporia	Total
Print	83	91	82	82	85
Televison	93	82	91	91	90
Radio	60	56	56	45	54
Display	67	64	64	72	67

Table (6: 17) shows that television was the main media exposed to 90 per cent of the total respondents covered in the study. However, the share of customers exposed to television was also not different. For instance, 93 per cent of customers were exposed to television. Similarly the co-operatives, private and state emporia opined television as highly exposed media for promotion. Followed by television the total readership of print media like news papers and magagines was high in Kerala with 85 per cent respondents exposed to it. Similary the co-operatives ranked print media as the most exposive promotional tool in

Kerala due to the high literacy rate in the state. The total exposure to radio is recorded low with 54 per cent, stating that - wherever the viewership of television was high, the number of listners to radio were low. However, the media display received little bit higher exposure with 67 per cent of total respondents which was also equally accepatable by co-opeatives, private and state emporia.

The respondents awarners of an advertisement or promotion of a product could be said to be dependent on the extent of their exposure to these media. The more they were exposed the higher was their likelyhood of awarners of the products' commercialisation. The extend of exposure is known as the frequency. Frequency denotes the number of times a person is exposed to a given media during a given period of time.

Since the respondents expressed difficulty in telling how many times they were exposed to a medium, they were asked to state their frequency of exposure on a four point scale; viz., often, occassionality, rarely, and never with weights of 3, 2, 1 and 0 respectively. Index values of frequency of exposure were determined for each media category and presented in Table 6:18.

Table 6 : 18

Frequency of Exposure to Different Media.

Media	Custo-mers	Cooper-atives	State Emporia	Private Emporia	Total Frequency
Print	82.1	88.2	81.9	80.1	83
Tevevison	84.7	85.1	90.1	86.5	87
Radio	60.1	71.1	62.1	73.4	67
Display	78.1	80.1	69.1	79.1	77

From Table 6: 18 television with an index value 87 and print media with 83 evoked high exposure to the respondents. This was followed by display with 77 but radio only with an index of 67. It reveals that the frequent travelling will give high exposure and attention to displays in the outlets than listening to radio. Therefore, with this analysis, study designed a picture of the respondents exposure and frequency of exposure to media. This analyses assists the study to channelise the promotional measures to be adopted for handicraft co-operatives.

Awarenees of Advertisments and Promotions for Handicrafts

As the second step, the exposure of the respondents to the adverstisements and promotion measures for handicrafts of Kerala was also analysed. In this session, the respondents who had reported exposure to the various media were asked about the awareness of advertisements and other promotions for handicrafts in the respective media. To list out their awareness level for state crafts, major handicraft production states in India, were also be listed in Table 6 : 19.

Table 6 : 19

Awareness of the Selected State Crafts in the Respective Medias

State	Print (No.83)	Television (No.93)	Radio (No.60)	Dis-play (No.67)	Total Score of States (Percentage)
Madhya Pradesh	50(60)	89(96)	13(22)	7(10)	62
Rajasthan	60(72)	80(86)	4(6)	10(15)	45
Gujarath	46(56)	70(75)	-	3(5)	34
Karnataka	6(32)	24(96)	7(11)	7(10)	37
Kerala	13(16)	3(4)	-	60(90)	28
Average Score of Media	47 %	71 %	8 %	26 %	-

Note : Figures in brackets ae percentages to total.

The Table 6:19 analyses the awareness level for state crafts and the media which exposed the crafts of each state very high. Among the states, Madhyapradesh handicrafts got more awareness with an index of 62 among customers and that also highly exposed through television.

This was followed by Rajasthan handicrafts with an index of 45. However very low awarners level was indicated for Kerala's handicrafts, for its exposure in media's.

The main reason found for the high exposure for crafts in television media was due to the telecast of a cultural programme Surabhi in national network. However, very low profile was found for promoting Kerala's handicraft products through these media.

On the same line, the percentage of respondents who were aware of other promotional tools for handicrafts and their exposure to respective promotional measures were also examined. These analyses were done separately because due to the uniqueness in the sale of handicrafts, these tools do not have link with media and, therefore, was launched independently. The main three promotional tools considered for crafts were price cut, gift and purchase on point (POP). The opinion of co-operatives, private traders and state emporia were also obtained to know the awareness regarding the above tools for promotion.

Table 6:20 elucidates high exposure of repondents who ranked price cut with an index of 80. The customers, co-operatives and state emporia had high exposure with an index of 100. This was followed by purchase on point.High expoure for POP was ranked by private emporia (91 per cent) and state emporia (81 per cent). The customers were not at all aware of gift promotion for handicrafts. Co-operatives were also totally unaware of gift promotion measure for crafts while comparing to private and state emporia. The private and state emporia opined that their products had a move due to gift coupens and gift promotions. Besides, the purchase on point for co-operatives were very low, indicating that due to unarranged displays, this promotional measure was not much noticed by customers.

Table 6 : 20

Awarners Level of Respondents Regarding Other Promotional Medias.

Promotion Tools	Customers	Co-operatives	State Emporia	Private Emporia	Total Percentage Score
Price cut	30(100)	11(100)	11(100)	2(18)	80
Gift	-(0)	-(0)	8(73)	4(45)	30
POP	21(70)	4(36)	9(81)	10(91)	70

Note : Figures in brackets are percentage to total.

Respondents Awareness Exposure to the Advertisement or other Promotional Tools for Co-operatives

An important step involved in the present study is to know the respondents awareness on promotional measures followed by handicraft co-operative societies. For this analyses the products sold by co-operatives were grouped under utility, (P1) utility-cum- decorative (P2) and artcrafts (P3). The customers were asked whether they had come across any promotional strategies by co-operatives for the above respective handicrafts.

Table 6 : 21

The Awarners of Respondents About the Media for Advertisement for Handicraft Products of Co-operatives.

Media	P_1 (Utility)		P_2 (Utility-Cum Decorative)		P_3 (Art crafts)	
	No	%	No	%	No	%
Print	3	25	7	50	10	75
Television	0	0	0	0	0	0
Radio	0	0	0	0	0	0
Display	13	21	14	22	40	66

The analyses in Table (6:21) had done only with the observation given by those respondents who had reported their awareness on promotional measures of Kerala state handicrafts. But from Table (6:20) the study observed that very few respondents had come accross any promotional measures followed by state for handicrafts. Therefore, out of the 13 respondents who had come accross the print media for Kerala crafts 25 per cent had seen advertisement for co-operative handicrafts. But in number, only 3 respondent had seen print advertisement for utility crafts produced by co-operatives. Irrespective of crafts all the 13 respondents had once come acoross print adverisment of co-operative society.

However, in contrary to the present competive promotional measures for products, none of the respondents had any exposure to television advertisement for the products of co-operative handicraft societies. Similarly no response were given for the awareness of advertisements of co-operatives through radio. But out of 60 respondents who had exposure to displays of co-operative societies 66 per cent had relatively high awareness of displays of artcrafts by co-operative apex society at its major outlets. This was followed by 22 per cent for utility cum-decorative and 21 per cent for utility products.

Therefore, the study observed that in promoting the crafts, the co-operative societies were pulled down in the market due to low or total abscence of advertisements. Though television and radio are the two mass media for promotion, the customers opined that they had never come across any advertisements of Kerala co-operative handicraft societies. This highlight the low awareness level about the products of co-operative societies.

Though the different media for advertisements did not activate the products of co-operatives, other promotional tools like price cut (rebate) and purchase on point succeeded to expose their products in markets.

From Table 6:22 70 percentage of the respondent had experienced price cut (rebate) for the respective products they bought from handicraft societies. So the awareness of price cut by co-operatives were high for art crafts followed by utility cum decorative. But many of the utility products did not follow a price cut to promote their sales in Kerala.

Table 6 : 22

Total Awareness Level of Respondents Regarding Other Promotional Tools of Handicraft Co-operative Societies.

Media	Utility	Utility-Cum Decorative	Art crafts	Total Per cent
Price cut	12(40)	21(70)	30(100)	70
Gift	-(0)	-	-	-
Pop	8(38)	11(52)	20(95)	61

Note : Total Number of customers is 100

Figures in brackets are percentages to total

No respondents were aware of gift promotions and this type of promotion was found absent in co-operatives. The percentage of respondents who had come across purchase on point were high for art crafts i.e., 95 per cent. Due to the display, or sometimes the casual visits to showrooms attracted POP sales. Majority of the respondents stated that POP highly evoked exhibitions and trade fairs.

Relative Effectiveness of Promotional Measures by Handicraft Co-operative Societies.

From the above analyses, it is obviously clear that like other durable products demand for handicrafts is developed based on the dissemination of information about the quality, design, availability and popularity of the seller of the product. The communication gap between the producers under co-operatives and consumers at the potential market was very wide for this product. This lacuna could be removed by the sellers only by competing in markets through appropriate promotional strategies. Hence, it is time for co-operatives also to look into this aspect seriously.

Therefore, in this session a survey was done among the respondents to know the relative effectiveness of the promotional measures in marketing handicrafts. This relative effectiveness indicate aggevate impact of promotional tools if implemented for the three categories of the crafts. This would guide the co-operative societies to adopt appropriate promotional measures to compete in the markets.

The relative effectiveness of different tools was arrived at by constructing an index with the response score. It is determined by arriving at the level of influence of each promotional strategy for all types of handicrafts. The following formula was used to measure the relative efficiency.

$$REj = \frac{\sum_{i=1}^{K} \sum_{x=1}^{N} Pij}{K \sum_{x=1}^{n} Pij \ Max} X\ 100$$

Where,

REj = The relative effectiveness index of promotional strategy 'j' for all product categories (x1.....xn)

$\sum_{x=1}^{n} Pij$ = The influence score of individual i for promotional strategy 'j' for all product categories (x1......xn).

$\sum_{x=1}^{n} Pij\ Max$ = The maximum influence score obtained by promotional strategy for all product categories (x1..xn).

K = Sample size

The index values in Table 6:23 recapitulate earlier findings. With an index value of 87.8 for print media and 86.6 for television, these two media had reinforced their appeal than any other promotional tools. When for utility and utility-cum-decoratives print media was found appealing, for art crafts the relatively effective promotion was advertisement through television (index value 100).

Table 6 : 23

Relative Effectiveness Indices of Promotional Measure for Handicraft Co-operatives

Media	Utility	Utility-Cum Decorative	Art crafts	Total
Print	92.8	84.8	85.7	87.8
Television	90.4	69.5	100.0	86.6
Radio	28.6	15.2	25.6	23.1
Display	47.1	40.0	71.4	52.8
Price cut	69.6	69.5	57.1	65.4
Gift	66.1	59.1	28.6	51.3
Purchase on point	50.2	48.8	42.8	47.3

Price cut (65.4) and displays (52.8) had been judged second and third in terms of relative effectiveness. Among this promotional tools, display was judged highly effective for promoting art crafts while price cut was found effective for utensils and utensils-cum decorative. Similarly gift and purchase on point found more effective for promoting utility and utility cum-decoratives. However, radio had an index value of 23.1 where respondents opined that promotion through radio would not create worthy impact especially due to the nature of the product.

In brief, this session analysed the awareness of consumers on different media for promotion of handicraft and the role of co-operatives on promotion. Obviously the response indicated that co-operative societies follow only a single tool in price cut as its main promotional measure. This price cut is being given during rebate seasons i.e., for Onam (One week before Onam), X'Mas (December 21st to 28th) and for handicrafts week (December 7th to 14th). The study revealed that customers were not aware of the products of co-operatives and therefore, to promote the crafts, they suggested relatively effective promotion tools like advertisement through television, newspaper, magazines, posters and also wide display of products with the identity of the society in tourist centres, transport centres and in main market pockets. These media would help consumers' to become more aware of co-operative handicrafts with to their frequent exposure to these kinds of promotions.

Moreover, the determinants of future demand for the products of these co-operatives rely exclusively upon their competitiveness with other leaders in the market. A demand forecast given in Table (6:24) shows the possible market penetrations by co-operatives in handicraft pockets inside and outside the state.

Table 6 : 24

Demand Forecast for Handicrafts of the Kerala State Handicrafts Co-operatives Societies.

Year	Domestic sale	Export
1994-95	243.0	4.8
1995-96	269.7	5.4
1996-97	286.6	6.5
1997-98	295.9	8.1
1998-99	305.4	9.6
1999-00	327.8	10.6
2000-01	351.1	12.1

Source : Estimated figures from KSHCS

The forecast indicates an estimated increase in domestic sales from Rs. 295.9 lakhs in 97-98 to Rs. 351.1 lakhs in 2001, with a growth of 19 per cent from the base year. Similarly export also shows an increase from

Rs.9.6 lakhs to 13.2 lakhs for the same period with a growth of 38 per cent from the base year 1997-98. This trend indicates a potential domestic market and a bright export possibility for the co-operatives in near future. However, to undertake this task, the societies have to think for a revitalisation of the market measure to come up along with their rivalries.

Conclusion

This chapter analysed the reasons for the retardness of co-operative handicraft societies in Kerala. On the ground of liberalisation and competitions the markets for handicrafts have widened various markets in the country. Obviously this invites measures to shape suitable market for the co-operatives to ensure their existence among other traders.

However, this analysis revealed that the co-operative societies miss lots of avenues for their crafts due to their handicapped approaches. This resulted in their drop out from main craft markets in the state. Lack of adaptability to modern marketing measures was found a major bottleneck for the set back of these units from markets.

The study found out that when compared to state and private handicraft traders the co-operatives failed to keep abreast with the changes and challenges in the markets. This was mainly due to their improper measures towards product selection and product modification assuring competent quality for handicrafts. No endeavours were made by these societies for branding or labelling of their products. Lack of pragmatic approach in pricing was also seen among the societies due to their suggestions to stick on institutional pricing. Moreover, artisans' decision limits the freedom of the units to adopt a pricing strategy competent to market.

Moreover, exclusive dependence on apex for distribution of their products reduces the channel profitability as well as approachability to customers. To reach the markets along with other traders co-operatives have to go for selective distribution with the existing channels. The major problem pointed out in this chapter was the total absence of promotional measures and its implication on customers. The customers awareness regarding co-operative handicrafts were very low, with low promotional awareness through media. To compete with other traders, the study also found the need to adopt promotion through the three relative media viz, T.V, Print and Display for co-operatives. In brief, the forgoing analyses listed out the existing lacuna of the co-operatives in marketing handicrafts in and outside the state. These are the main problems that hinders the growth of the co-operative handicraft societies in competent to state handicraft board and private craft traders in Kerala.

Summary of Findings and Suggestions

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CHAPTER - VII

SUMMARY OF FINDINGS AND SUGGESTIONS

Handicrafts play a significant role in the economy of Kerala. Among the traditional industries this sector promises more opportunities for employment, major share in total export and increase in production. By the end of 1996-97, the total value of items produced in this sector reached to Rs.1200 lakhs in the state.

There are two types of production units organized under this industry. They are industrial handicraft workshop units and house hold units. Among these units the industrial workshop units are running efficiently comparing to house hold, due to the direct facilities they enjoyed from the Directorate of Industries of Kerala.

Number of agencies are engaged in the promotion of handicrafts in the state. They include Handicraft Co-operative Apex Society, Artisans Development Corporation, Bamboo Corporation and Handicraft Development Corporation. Besides these agencies, the Directorate of Industries, District Industrial Centres and Handicraft Development Board also assist in the functioning of this industry in the state.

However, the co-operative movement to this sector was introduced with a view to get an eligible share to the vulnerable artisans engaged in craft works. As a result 102 handicraft primary societies were organized in the state to meet the above objective. These societies undertake marketing of the products and in certain cases supply of raw materials to their members. These societies are federated to an apex handicraft co-operative society registered under the name of 'Surabi'. The main activity of this federation is to channelise the products of it s member societies through a number of sales emporia opened in and outside the state.

However, an evaluation of the performance of co-operatives in promoting craft highlights that the functioning of these units were not recorded as competent to meet the above objectives. For instance, the high rate of dormancy among these co-operatives indicated the lop sided progress of this movement in Kerala.

On the above scenario, major objectives of this study were designed with a view to assess the present market situation of handicrafts. The study examines the organizational set up and present functioning of the co-operatives, and the role of primary handicraft co-operatives in production and marketing. Moreover, it also looks into the assistance provided by apex to its member societies along with the problems and constraints in handicraft marketing.

The study was primarily designed as an empirical one based on survey method. The study covers 10 primary co-operative societies and the State Handicraft Apex Co-operative Federation. Besides, 11 state emporia and 22 private traders were also selected from three districts of Kerala namely Thiruvananthapuram, Ernakulam and Thrissur. A consumer survey on 100 consumers, 25 from primary societies, 25 from state emporia and 50 from private traders was also incorporated in the study.

FINDINGS

Co-operative organizations play a major role in implementing development programmes in every state. These units generate employment by easily setting up in rural and backward areas. Through the decentralised pattern of ownership, these units stimulate growth of enterprenership among their member artisans.

However, in recent years, the records of handicraft co-operatives show weak performance in Kerala. The rate of growth of these units were found very low, comparing to the private and state handicraft units. The main reason pointed out for the progress of the said units were the strong infrastructural support they enjoy with several services extended by national and state industrial institutions. Keeping this in view the state government has also built up strong institutional framework to support handicraft co-operatives in Kerala.

The development of handicraft co-operatives is a state affair and, therefore, the progress of this sector and it s institutionalisation were expected to be planned and developed by the state government. However, the central government has also interfered in the functions of these units by implementing programmes through national agencies. The major agencies involved in this sector are National Small Industries Corporation, All India Handicraft Board and Small Industries Development Organization. Though a comprehensive network of institutions are set up at central and state level, at many instances the dual influences of these organizations adversely affected the functioning of handicraft co-operatives in Kerala.

Majority of handicraft units face challenges in the market and handicraft co-operatives are not an exception from the above. Because of the high competition, many of these societies depend on their apex federation for sale of product due to their limited experience in the market. It is a fact that the societies could help their members only if they assure a sustainable market for the products of their members. But in many instances, the societies fail to achieve this objective. To fulfill this commitment these units have to adopt relevant changes in their market out look.

In this background the foregoing study throws light to the existing pattern of organizational support and market measures followed by handicraft co-operatives in Kerala.

The analysis of the study was designed under two sections. The first part of the analysis evaluate the organizational structure and present functioning of handicraft co-operatives in Kerala. This section also examines the share of co-operatives in domestic and export marketing of handicrafts of the state.

- The study identified two levels of organisational structure for handicraft co-operatives. At one side these societies are registered to District Industrial Centers and are monitored by Department of Industries at state and central level. On the other, these societies are affiliated to apex federation, where there exists two tier structure in the state.

- This organizational structure impose dual control over the functions of handicraft co-operatives in the state.

- The subsidy for raw materials are extended by Industrial centres, which are channelised through apex societies. This calls undue delay in sanctioning subsidy resulting failure of the co-operatives to meet the timely requirement of materials by the members.

- Similarly delay also occur in sanctioning credit to meet working capital requirements of the society. This was due to the number of procedures followed by District Industrial Centre and credit institutions in sanctioning finance.

- An analysis of the performance of primary handicraft societies in terms of production and marketing reveals that in many instances their functions were hampered due to the dual control.

- More over these handicraft societies were labouring under serious handicaps in production (like lack of finance, material, training etc.) due to the absence of appropriate coordination in activities at different organizational levels, set up to extend services.

Role of Co-operative in Production

In order to analyse the role of primary handicraft co-operatives in assisting production, the study looked into major three factors influencing production. They are the nature of product members produce, type of production followed and the availability of infrastructure used for production. Since the above factors highlight the cost of production, it helps to find out the extend of assistance required by members for production of crafts.

- The production cost for handicrafts in respect to the nature of craft produced highlights that, no uniform measurement was followed by societies while providing finance. While some crafts enjoyed low cost of production due to nature of raw materials utilised, their handling charges were recorded very high. Therefore, no artisans enjoyed a production advantage for any crafts because either the production cost was high or handling charge was high irrespective of the craft produced. Therefore, every members are facing dearth of finance.

- The nature or type of production followed by societies/members also indicated their high production cost. The low labour efficiency indicates the existence of traditional technology and absence of specialised training for production. This also increased the cost of production for handicrafts. This calls the need for research and development and training for members in production.

- The major infrastructures required for production, i.e., finance and materials were found insufficient for these societies. This was indicated by the low working capital turnover ratio of units which shows high financial requirements for assisting their members in production.

- A major problem faced by the household units were their low inventory turnover ratio, which was due to the slow movement of their stock. This resulted in delay in return of money, ultimately giving shortage of finance to undertake production.

- Similarly, the low inventory turnover results in delay in payments to members, who also suffers lack of production assistance from societies. Therefore, the inability of the household societies in providing timely finance, questions the efficiency of these societies.

- The societies were found unable to provide any provisions on land or equipments to assist their members in production, more than 70 per cent of finance for production was met by artisans themselves through external sources, resulting heavy burden to then. Therefore, they were forced to sell their products to these creditors at a low price.

- Similarly no raw materials were provided by primary societies except 10 per cent subsidy extended by District Industrial Centers for the purchase of materials by artisans themselves.

The findings reveal that lack of finance and inadequate supply of materials increased the production cost of primary societies and members. This heavy burden on the shoulders questions the effective functioning of present organizational set up of handicraft Co-operatives at the state.

The primary societies argued that, their inefficiency to support the members were mainly due to the lack of timely and appropriate support they received from apex. An evaluation of the institutional support provided by apex reveals that no financial assistance was provided by the apex to its member primaries.

- Moreover, the only support provided by apex was extend of raw materials to members. Though an increase was recorded in supply of raw materials the quantity was found very low and insufficient to meet production.

- Till 1993-94, there were no technical training programmes arranged by apex. However, the first attempt for training was launched in 1995 through Craft Development Centers.

- The reason pointed out by apex for its incapability in assisting primaries, was its weak financial worthiness. Absence of government support and low member contribution were the main reasons pointed out for the above deficiency.

- While analysing the internal source of finance, study found very low contribution by the member primary co-operatives towards the working capital of the apex. The norm to be followed in the ratio of working capital to members' contribution is that, at least 20 per cent of the working capital of apex should be contributed by member primaries. However, the analysis found that so far the norm was not met by the societies. This was listed out as a reason for shortage of finance for apex to assist member primaries.

- However, the primary societies opined that, it was not the incapability of apex but lack of their initiative was the reason for poor assistance provided by apex.

- The procurement records of apex reveals that the procurement of crafts from primary societies constituted only 45 per cent and remaining 55 per cent was from non members.

- The only market assistance extended by apex to the members was sale of procured crafts through their emporia.

- Despite the demand for crafts, the sales emporia of apex were set up mainly at town centers while private and state emporia were more concentrated at tourist centers. It shows the absence of a proper market segmentation by co-operatives.

In brief the findings of the study highlight absence of a steady assistance by the apex to their primary handicraft co-operative societies.

The second section of the analysis looked into the measures followed by handicraft co-operatives in promoting the products in the state. In this view, the existing market measures followed by societies were analysed under four major heads namely, product, price, physical distribution and promotion. The existing problems and constraints in marketing by co-operatives were examined with a comparison to the present marketing measures followed by private and state emporia.

- The survey revealed that high demand was existing for art crafts. These crafts were brought mainly as gift items in Kerala. Recognising these scenario, private and state concentrate their stock on art crafts to meet demand. However, the product selection strategy of co-operatives were not found matching with the existing customers demand. For instance, 45 per cent of the procurements by societies were based on availability of goods offered by members, and therefore, they stand behind in selection of crafts and fail to meet the market demand in Kerala.

- The product concentration index of societies was very high with wood and metal crafts, by limiting their collection for varieties of stock for sales.

- High product concentration questions the competency of co-operative societies in handicraft markets.

- The customer's satisfaction index was high for the quality of crafts in terms of size, design and finish, where as the satisfaction index for raw material and colour used was very low.

- The reason opined for poor quality of crafts produced by societies were the non-adherence of quality check by leaving the production to the taste of artisans.

- Customers preferred product modification to get novel designs with traditional touch. This was considered by private and state emporia. Where as, the variety and novelty in production found limited for co-operatives.

- The efforts taken by co-operatives to make product modification in terms of raw material, colour, design and size were not found remarkable. Majority of societies do not make change in raw materials used and colour combinations followed.

- Similar to other products, to get recognition in market branding is admitted as essential by majority of traders and consumers. But co-operatives do not prefer branding and only 10 per cent follow branding at local names. But 60 per cent of private traders follow branding and use it as main promotional tool for sale.

- Seventy percent of societies were against labelling. They believe that it damages beauty of craft and increases cost. However, many of the private traders and state emporia use label stating that it is a major tool for promotion.

- An awareness survey among customers about the ownership pattern of handicrafts revealed that customers awareness level about public emporia, private and khadi & village were high comparing to co-operatives. This indicated the relevance of branding and labelling.

- An analysis of respondents opinion on the importance of price for purchase of crafts reveals that price was considered important at time of purchase but did not influence purchase of certain crafts especially art crafts bought for gift purpose.

- Since price is a flexible factor in purchase the private traders enjoy a price higher than their competitors. However, for co-operatives the freedom to fix price is limited because apex fix price based on what the artisan ask for his craft.

- The objective for fixing price but the traders were analysed by using Kendall's Coefficient of Concordance. The analyses explained that the private trader fixes price to earn profit, state to maintain market but co-operatives to give better share to the artisans. Since, the societies do not have the right to change price in accordance to change made by private traders, the artisans fail to receive reasonable share of the price for their products.

- The flexibility in fixing price helps the private traders to make occasional price cut to boost sales. They provide price discounts for bulk purchase, new entry to market, on basis of geographic locations, sale of old stocks etc. But co-operatives have the flexibility in price discounts only at festival seasons and very often for sale of old stocks.

- Since the price was not found a main factor for purchase of handicrafts, the flexibility enjoyed by private traders in pricing helped them to dominate the market.

- An examination of the distribution system followed for crafts reveals that, the private and state units follow exclusive, intensive and selective distribution in accordance to geographical demands. But due to limited holdings the co-operatives follow only exclusive distribution channel by selling only through their own show rooms.

- The distribution system followed by private traders gives them the advantage of 100 per cent direct customer contact and 70 per cent contact with other trade organisation. But for co-operatives even though they have channel contacts the study found them weak.

- An examination of different channels followed by primary societies explains that the societies who have retail shops of their own, enjoy high channel profitability than their sales through apex. Because while selling through apex, they deduct a share of the price to the membership fund.

- The analysis of physical distribution reveals that the number of distribution channels followed by co-operatives to sell their product are limited. As a result the market accessibility for these units is very less which also affects their promotion strategies.

- The survey on exposure of respondents to different media revealed that majority of respondents were exposed to television and print media. The frequency of viewing media by the customer were also recorded high for the above media.

- Awareness regarding the promotion of certain state crafts among these media were recorded high for handicrafts of Madhya Pradesh and Karnataka through televisions and Rajasthan through journals and other print media.

- Awareness regarding crafts of Kerala through the above media were recorded very low. One reason pointed out was promotion of other state crafts through the television programme called 'Surabhi'. No propaganda were found for Kerala co-operative crafts through this programme at national level.

- All the customers, co-operatives and state emporia were aware of the price cut followed for sales in the state.

- The promotion through television was recorded as the highly effective promotional measure for co-operative products by the customer.

- The second promotional measure suggested by respondents were print media followed by price cuts for utility and utility cum decorative and window displays for art crafts.

The forgoing discussions explained that co-operatives could not explore the market with their present limited market measures. Identifying a potential demand for handicrafts in and outside the state the private and state emporia change their market strategies to compete with other traders. Product diversification and modification, branding, labelling etc. were the positive measures adopted by these traders for meeting the future demands. Moreover, these units have become competent through adopting appropriate promotional measures. However, the co-operatives still stand behind and, therefore, to widen their markets or to gain a share for their crafts, societies have to go for feasible modifications in their production and marketing strategies.

On the basis of the analysis and findings the study lists out following suggestions.

SUGGESTIONS

The two tier structure of handicraft co-operatives at one side and different Departments at state and national level for promoting handicrafts at the other side, bring dual control over the societies. Repetition of formalities and procedures often cause undue delay in sanctioning finance, materials and technical assistance to members. Therefore, to over come these difficulties the organizational structure should be clearly defined in terms of providing assistance and imparting control.

The registration of societies under District Industrial Centres and affiliation to apex brings dilemma in enforcement of rules and regulations. Therefore, these two functions, i.e., registration and affiliation of these societies should be done under a single organisation, i.e., under the apex as similar to other co-operatives.

To improve the management of these societies, there should be unity in direction and control. The societies should be answerable only to a single organization, i.e., to the apex to improve its functions with quick decisions and timely services.

The Industrial Centres should stand as coordinating agencies supporting apex in imparting services to the primaries. The services of Industrial Centres like organizing training, dissemination of market demands, arranging exhibitions etc. should be channelised through apex. For this purpose periodical programmes should be designed by these organizations.

The District Industrial Centres should act as nodal agency in undertaking projects of Handicrafts

Development Corporations, Ministry of Industry and Development Commission of Handicrafts for promoting crafts in each state.

The house hold units are found weak in their performance. Special packages should be designed with a joint effort by apex and industrial centres to promote these units. This could be done by inviting consultancy services of professionals in launching new programmes to uplift these units.

Those household societies which could not be rehabilitated through this packages should be reformed into industrial sheds. This could be done in two ways. In one way this could be done by amalgamating or handing over the house hold units to neighbouring successful industrial co-operatives. Or in other way, training local youths under the guidance of the major craftsman of the household units and there by organize industrial sheds under the direction of apex and industrial centres

To avoid delay in sanctioning subsides and to provide timely finance the present organizational structure should be changed. Since the apex is unable to offer loan, this unit should arrange a triangular association with Industrial Centres and Primary Service Co-operative banks to provide credit to the primary handicraft societies. The former two organizations should stand as guarantors to primary bank by pledging the properties of artisans or society in issuing loan. The repayment of loan should be made through apex, by selling the products. This ensure proper channelisation of finance avoid delay in issue of loan and also helps societies to make timely repayment of loan.

All the subsidies provided at time of lending loan and materials should be deployed through apex. The small scale industrial office should keep a liaisons with apex in providing these services.

In order to ensure an efficient and sincere service to the member primary handicraft societies, the apex co-operatives has to reform certain policies and procedures related to procurement and marketing.

The first measure expected to be taken by the apex is to reduce the share of its procurement from external agencies and concentrate more (if possible 100 per cent procurement) from primaries. This would encourage the primaries to increase production to meet ready demand.

To avoid delay in production by primaries the apex should give periodical guidance and supervision, in all their activities like issue of finance and materials procurement of products from members, promotion and sale of crafts etc.

Majority of primary handicraft societies produce only one or two crafts. Due to this product concentration, apex could not maintain variety of products to meet the heterogeneous groups. Therefore, to reduce product concentration, apex with the help of industrial centres should arrange training on production of novel designs. Regular meetings and briefings by officials of Development Commission of Handicrafts should also be arranged to encourage artisans to shift into new models.

In order to encourage artisans to produce novel designs with quality, due recognation should be given to them by declaring awards. 'Craftsman' of the year should be selected from the member artisans by the apex.

Similarly the society which functions efficiently in terms of production of crafts with variety of designs, maintenance of quality and quantity should also be recoganised by giving awards.

Measures should be taken by apex to assure the quality of products produced by their members. For inspection and regular checking of the quality, the apex in association with industrial centres should establish a quality inspection cell. Officials of apex, industrial centres, Development Commission of Handicrafts and master craftsmen should be included in the cell. Periodical meetings, seminars and classes should be arranged to educate artisans about the requirement of maintaining quality for the crafts. Training should also be given to those members who are back in maintaining quality in design, finish and colour of crafts.

The quality inspection cell should also disseminate market information regarding the present design, colour and finish demanded by customer. In association with research organizations, the fast moving products could be notified by the cell.

To compete along with Kairali and Private traders co-operatives should also introduce brand for their crafts. Since SURABHI is the accepted name for co-operatives this can be used as the brand for their products. The word SURABHI should be encarved on their crafts to identify their brand in the market.

Labelling of the products should be introduced by co-operatives. To identify their products label should be pasted without hiding the beauty of work. Label should specify the brand, weight of craft, description of material used (for example teak wood, rose wood, brass metal etc.) etc. The name of primary handicraft society should also be shown on the label. This will help to promote direct sales by the societies.

Since art crafts were found as the fast moving products with potential market societies should encourage production of art crafts by their members.

The Development Commission of Handicrafts in association with Ministry of industry should organise a research and development cell at national level with branches in each states. This cell should carry research on changing taste of customer and develop designs of crafts and utensil crafts to meet the market. This will also promote export.

The pricing policy of the co-operatives should be changed in accordance to the market for their crafts. Marginal difference in price should be maintained by the co-operatives for their products to compete with private traders.

Similarly, instead of fixing three periods for price cuts societies should follow a price discount period in accordance to the local festivals of the area. This will also facilitate foreigners to buy from these units. For instance, apex should give discounts at the time of Thrissur Pooram at Thrissur town.

Instead of limiting their distribution channels through apex, societies should follow symbiotic channels appropriate to the market segment. Especially in tourist centres societies can sell through different channels, which help apex to reduce the cost of opening new showrooms.

Public relation with government offices are essential for co-operatives to develop handicraft culture. Usually offices buy handicrafts to give gift, mementos or awards. By personal and intimate contact with offices (by sending cards, brochures etc.) societies could turn them into regular customers.

Intensive promotional techniques are to be introduced by co-operatives to promote their products. Since, their finance is limited joint effort should be taken with special programmes by Industrial Centres and Ministry of Industries to promote the co-operatives. Advertisements through journals and papers frequently with displays in tourist centres, railway stations and airports should be done to promote the products.

Since the awareness level of the customers regarding co-operatives are very low, special programmes should be telecasted on them. Products of handicrafts co-operatives should also be included in offering gifts through television programmes.

In all modes of advertisements the brand SURABHI should be used. This will make promotion for co-operatives easy.

The customers of handicrafts especially foreign tourists expect professional practice in marketing. Therefore, it is time for the co-operatives to examine the present market measures followed by them in domestic sale and export. To place the products in different market segments societies should adopt modern market techniques. To some extent co-operatives have to follow the market strategies of the state and private traders to compete in the market.

The high rate of dormancy among the handicraft co-operatives are mainly due to weak financial position. The boost in sales ultimately brings down this constraint and will improve the share of co-operatives in export.

The projected figures on export of handicrafts shows the challenges and opportunities for co-operatives in this sector. In order to meet these challenges and opportunities, the co-operatives have to chalk out appropriate plan of action to play rightful role in the future development of handicrafts . Therefore, in the coming years co-operatives have to blossom and spread entrepreneurial culture among their artisans to win the market. A right type of vision in production and marketing is to be adopted to meet the above objective. This calls innovations, new technology, finance, skill and sound management.

In brief, this study looks into the production and marketing measures, policies and problems of handicraft co-operatives. There are more areas where these co-operatives face problems, which this study could not reach due to the constraints. However, this study would help to explore these areas in deep and throws light for further research to reorient this sector.

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Appendices

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APPENDIX – I

THE LIST OF MAJOR HANDICRAFTS PRODUCED IN KERALA

Sl.No	Raw Materials used	List of handicrafts produced
1	Sandal wood	1. God and goddesses
		2. Animals
		3. Pen, Pencil stand
2	Rose wood	4. Decorative doors,
		5. Wooden wall panel
		6. Temple carvings
		7. Kathakali figures
		8. Elephants & Wild animals
		9. Figures of God & goddesses
3	Bell metal	10. Traditional Lamp
		11. Pooja sets
		12. Utensils-Uruli, Varpu, Kindi etc.,
		13. Deepasthampam
		14. Gajalakshmi & Mahalakshmi Villakku.
		15. Bell metal Kolambies
		16. Church bells and cross
4	Laminated wood	17. Wall panels
		18. Kathakali heads
		19. Anjali
		20. Dancing lady
		21. Candle stand
		22. Key holders

		23. Wheel of fortune 24. Wall clock 25. Wood table mat
5	Coconut shell/coconut Stem/coconut fibre	26. Pen holders 27. Candle stand 28. Ashtray & bowl 29. Flowervase 30. Powder pot 31. Wine cup 32. Serving dish 33. Pin tray 34. nut dish 35. Agarbathi stand 36. Huka 37. Spoon and plates etc.
6	Coconut stem	38. Door fittings 39. Paper weight 40. Table lamp & fancy lamp 41. Walking stick 42. Jar with lid
7	Coconut fibre	43. Fibre mala 44. Earrings 45. Bangles 46. Marketing bags
8	Horn	47. Wild animals 48. Birds 49. Fancy items 50. Combs
9	Hand embroidery	51. Pillow cover & bed cover

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		52. T.V cover 53. Sofa cover 54. Dressing set 55. Other embroidery works
10	Straw Picture	56. Scenery 57. Figure work 58. Greeting cards 59. Calendar 60. Peepal leaf craft
11	Screw pine	61. Mats 62. Boxes 63. Embroidered hand bags 64. Tea cosies 65. Bed room slippers 66. Purse and other family items
12	Fibre	67. Different types of bags 68. Pot hanger 69. Coasters 70. Dinning mats
13	Cane	71. Furniture
14	Bamboo utility	72. Lamp shads 73. Curtain chains 74. Fancy utilities
15	Bamboo crafts and mat painting	75. Paintings in calendar 76. Table mats 77. Wall hangings
16	Kora gross mat	78. Dinning mats in vegetable dyes

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		79. Kora rush tile mats
17	Papies mache	80. Kathakali heads
		81. Toys
		82. Dolls
		83. Birds and animals
		84. God and goddesses figures
18	Miscellaneous	85. Wooden dolls & toys
		86. Cotton stuffed toys and dolls
		87. Cigarette picker
		88. Sun hat, fan, dinning mat and baskets in palm leaf.
		89. Nettur boxes
		90. Teracotta items of flower pot, pen stand etc.
		91. Theyam figure
		92. Leather puppet
		93. Aramula mirror
		94. Coffee root craft
		95. Hand knotted woollen pile carpet
		96. Ramacham products (Khas-Khas)
		97. Stone ornaments

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APPENDIX - II

QUESTIONERS FOR THE PRIMARY HANDICRAFT CO-OPERATIVE SOCIETIES

1. Name of the Society :
2. Address of the society :
3. Year of Establishment :
4. Number of total members :
   a. No of working members :
   b. No. of non working member :
5. Type of production :
   Industrial shed/ House hold :
6. List of major products produced or procured by the society :

Sl. No	Type of Crafts	Composition in percentage to total procurement

7. Indicates the criteria for procuring /producing the above listed crafts.
   1. Customers preference. 2. Availability of raw material
   3. Skill and interest of artisans 4. Any other (Specify)

8. Please rank the preference or demand from customers for the following crafts.
   1. Art crafts for own purpose
   2. Utilities crafts for house hold purpose.
   3. Gift crafts to gift others.

9. Rank your preference in procurement of crafts for sale
   1. Gift articles 2. Utensil crafts
   2. Novel designs 4. Any item supplied by member

10. Are you able to meet the order/ demand of
   1. Less than 50% 2. 50 % 3. 75% 4 100%

11. Do you give instructions/ directions on

a. Quality of raw materials used	Yes ☐	No ☐
b. Design adopted	Yes ☐	No ☐
c. Colour of crafts	Yes ☐	No ☐
d. Size of crafts	Yes ☐	No ☐
e. Finishing of work	Yes ☐	No ☐

12. Are you satisfied with the quality of products procured/ produced by your members for :-

a. Raw Material	Yes ☐	No ☐
b. Colour	Yes ☐	No ☐
c. Design	Yes ☐	No ☐
d. Size	Yes ☐	No ☐
e. Finish	Yes ☐	No ☐

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13. If no, please rank the followings reasons in accordance to its influence on the quality of your crafts
    a. Poor quality of raw material
    b. Unskilled artisans
    c. Non- adherence of quality check
    d. Defective training by government
    e. Policy of the society to accept any product produced by members
    f. Any other (Specify)

14. Have your ever adopted product modification
    a. Never
    b. Often depends on demand
    c. As per instruction of apex
    d. Left to artisans
    e. Any other.

15. Please specify the product modification adopted by you for the last 5 years in terms of following :- Please indicate 'A' for Always, D= only on demanded, N= Never

Character	Wood carving	Metal carving	Cane weaving	Paper mache	Horn carving
1. Change in material 2. Colour 3. Design 4. Size 5. Finish					

39

16. Do you maintain brand name for
    your crafts Yes [ ] No [ ]

17. Do you prefer brand name for
    your crafts Yes [ ] No [ ]

18. Please list out reasons for preferring/ not preferring brand name for your crafts.

1	4
2	5
3	6

19. Do you maintain label for
    your crafts Yes [ ] No [ ]

20. Please indicates reasons for preferring/ not preferring labelling for your crafts

1	4
2	5
3	6

21. Do you get any direction form apex regarding branding and labelling of crafts Yes [ ] No [ ]

40

22. Do you enjoy/receive any assistance from apex for following

Items	If yes, Percentage of contribution to total
1. Raw materials (Yes/No) 2. Finance (Yes/No) 3. Technical (Yes/No) 4. Guidance on Marketing (Yes/No)	

23. Rank your opinion on the influence of pricing in purchase of crafts

Parameters	Utensil crafts	Utensil cum decorative crafts	Arts crafts
1. Price is very important as a main factor for purchase			
2. Price is important but not a main factor for purchase.			
3. Price some what important			
4. Price not a factor influencing purchase of craft			

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24. Rank the pricing approach you prefer for your craft

Approach	Utensil	Utensil cum decorative	arts crafts
1. Market rate 2. Competitor's pricing 3. Government policy 4. Suggestion by artisans 5. Direction by apex			

25. Rank your preference for the purpose of pricing for crafts

a. To cover cost of production

b. To maintain market

c. To earn profit

d. To give better share to artisans

26. Indicate the price realisation you have for your crafts

a. Higher than competitors

b. Closer to competitors

c. Lower than competitors

d. No relation to market competition

27. Rank the criteria on which you prefer to offer price cut for crafts

a. Festival purchase

b. Bulk purchase

c. Geographical location

d. Sale of old stock

e. Entry to new market

42

28. Indicates the channel you prefer for sale of yours crafts

Types of channel	Utensil crafts	Utensil cum decorative	arts crafts
1. Selective distribution 2. Exclusive distribution 3. Both			

29. Are you able to supply regularly through this channel

Yes ☐ No ☐

If No : Please specify reasons :

1

2

3

30. Indicate the most efficient channel for your crafts

Crafts	Channel	Reasons

31. Have you ever exposed to any of the following media

a. Print (Paper. Journal, Magazines) Yes ☐ No ☐

b. Television Yes ☐ No ☐

c. Radio Yes ☐ No ☐

d. Display Yes ☐ No ☐

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32. Please indicate the frequency of your exposure to these media.

Media	Often	Occasionally	Rarely	Never
Print				
Television				
Radio				
Displays				

33. Indicates whether you have ever seen the crafts of the following states

a. Madhya Pradesh Yes ☐ No ☐
b. Rajasthan Yes ☐ No ☐
c. Gujarath Yes ☐ No ☐
d. Karnataka Yes ☐ No ☐
e. Kerala Yes ☐ No ☐

34. Are you aware of the following promotion measures for crafts

a. Price cut Yes ☐ No ☐
b. Gift coupons Yes ☐ No ☐
c. Purchase on Point Yes ☐ No ☐

44

35. Please rank in accordance to your preference for the effective promotional measures for your craft.

Media	Utility crafts	Utility cum decorative crafts	arts crafts
Print			
Television			
Radio			
Display			
Price cut			
Gift coupons			
Purchase on Point			

36. Do you avail any government / apex assistance for boosting market

Yes ☐ No ☐

Please specify :-

37. Do you have any problems in promoting your crafts in market

Yes ☐ No ☐

Specify why
1
2
3

Specify why
1
2
3

45

38. Give your suggestions to improve/ expand market for your crafts

1

2

3

4

39. Indicate any specific observations you have about co-operative marketing for crafts of Kerala.

40. Any other suggestions

1

2

3

4

Thank you

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APPENDIX - III

QUESTIONERS FOR THE STATE HANDICRAFT EMPORIA

1. Name of the Unit :
2. Address of the unit :
3. Year of Establishment :
4. List of major products produced or procured by the society :

Sl. No	Type of Crafts	Composition in percentage to total procurement

5. Indicates the criteria for procuring /producing the above listed crafts.
   1. Customers preference. 2. Availability of raw material
   3. Skill and interest of artisans 4. Any other (Specify)

6. Please rank the preference or demand from customers for the following crafts.
   1. Art crafts for own purpose
   2. Utilities crafts for house hold purpose.
   3. Gift crafts to gift others.

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7. Rank your preference in procurement of crafts for sale
   1. Gift articles   2. Utensil crafts
   3. Novel designs   4. Any item supplied by member

8. Are you able to meet the order/ demand of
   1. Less than 50%   2. 50 %   3. 75%   4 100%

9. Do you give instructions/ directions on

a. Quality of raw materials used	Yes ☐	No ☐
b. Design adopted	Yes ☐	No ☐
c. Colour of crafts	Yes ☐	No ☐
d. Size of crafts	Yes ☐	No ☐
e. Finishing of work	Yes ☐	No ☐

10. Are you satisfied with the quality of products procured/ produced by your members for :-

a. Raw Material	Yes ☐	No ☐
b. Colour	Yes ☐	No ☐
c. Design	Yes ☐	No ☐
d. Size	Yes ☐	No ☐
e. Finish	Yes ☐	No ☐

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11. If no, please rank the followings reasons in accordance to its influence on the quality of your crafts
    a. Poor quality of raw material
    b. Unskilled artisans
    c. Non- adherence of quality check
    d. Defective training by government
    e. Policy of the society to accept any product produced by members
    f. Any other (Specify)

12. Have your ever adopted product modification
    a. Never
    b. Often depends on demand
    c. As per instruction of apex
    d. Left to artisans
    e. Any other.

13. Please specify the product modification adopted by you for the last 5 years in terms of following :- Please indicate 'A' for Always, D= only on demanded, N= Never

Character	Wood carving	Metal carving	Cane weaving	Paper mache	Horn carving
1. Change in material					
2. Colour					
3. Design					
4. Size					
5. Finish					

5

14. Do you maintain brand name for your crafts Yes ☐ No ☐

15. Do you prefer brand name for your crafts Yes ☐ No ☐

16. Please list out reasons for preferring/ not preferring brand name for your crafts.

1	4
2	5
3	6

17. Do you maintain label for your crafts Yes ☐ No ☐

18. Please indicates reasons for preferring/ not preferring labelling for your crafts

1	4
2	5
3	6

19. Do you get any direction form government regarding branding and labelling of crafts Yes ☐ No ☐

20. Do you enjoy/receive any assistance from government for following

Items		If yes, Percentage of contribution to total
1. Raw materials	(Yes/No)	
2. Finance	(Yes/No)	
3. Technical	(Yes/No)	
4. Guidance on Marketing	(Yes/No)	

21. Rank your opinion on the influence of pricing in purchase of crafts

Parameters	Utensil crafts	Utensil cum decorative crafts	Arts crafts
1. Price is very important as a main factor for purchase			
2. Price is important but not a main factor for purchase.			
3. Price some what important			
4. Price not a factor influencing purchase of craft			

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22. Rank the pricing approach you prefer for your craft

Approach	Utensil	Utensil cum decorative	arts crafts
1. Market rate 2. Competitor's pricing 3. Government policy 4. Suggestion by artisans 5. Direction by others (specify)			

23. Rank your preference for the purpose of pricing for crafts
    a. To cover cost of production
    b. To maintain market
    c. To earn profit
    d. To give better share to artisans

24. Indicate the price realisation you have for your crafts
    a. Higher than competitors
    b. Closer to competitors
    c. Lower than competitors
    d. No relation to market competition

25. Rank the criteria on which you prefer to offer price cut for crafts
    a. Festival purchase
    b. Bulk purchase
    c. Geographical location
    d. Sale of old stock
    e. Entry to new market

√

26. Indicates the channel you prefer for sale of yours crafts

Types of channel	Utensil crafts	Utensil cum decorative	arts crafts
1. Selective distribution 2. Exclusive distribution 3. Both			

27. Are you able to supply regularly through this channel

Yes ☐ No ☐

If No : Please specify reasons :

1

2

3

28. Indicate the most efficient channel for your crafts

Crafts	Channel	Reasons

29. Have you ever exposed to any of the following media

a. Print (Paper. Journal, Magazines) Yes ☐ No ☐

b. Television Yes ☐ No ☐

c. Radio Yes ☐ No ☐

d. Display Yes ☐ No ☐

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30. Please indicate the frequency of your exposure to these media.

Media	Often	Occasionally	Rarely	Never
Print				
Television				
Radio				
Displays				

31. Indicates whether you have ever seen the crafts of the following states

a. Madhya Pradesh Yes ☐ No ☐
b. Rajasthan Yes ☐ No ☐
c. Gujarath Yes ☐ No ☐
d. Karnataka Yes ☐ No ☐
e. Kerala Yes ☐ No ☐

32. Are you aware of the following promotion measures for crafts

a. Price cut Yes ☐ No ☐
b. Gift coupons Yes ☐ No ☐
c. Purchase on Point Yes ☐ No ☐

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33. Please rank in accordance to your preference for the effective promotional measures for your craft.

Media	Utility crafts	Utility cum decorative crafts	arts crafts
Print			
Television			
Radio			
Display			
Price cut			
Gift coupons			
Purchase on Point			

34. Do you avail any government/KVI assistance for boosting market

Yes ☐ No ☐

Please specify :-

35. Do you have any problems in promoting your crafts in market

Yes ☐ No ☐

Specify why	Specify why
1	1
2	2
3	3

36. Give your suggestions to improve/ expand market for your crafts

    1
    2
    3
    4

37. Indicate any specific observations you have about co-operative marketing for crafts of Kerala.

38. Any other suggestions

    1
    2
    3
    4

Thank you

APPENDIX - IV

QUESTIONERS FOR THE PRIVATE HANDICRAFT TRADERS

1. Name of the Unit :
2. Address of the unit :
3. Year of Establishment :
4. List of major products produced or procured by the society :

Sl. No	Type of Crafts	Composition in percentage to total procurement

5. Indicates the criteria for procuring /producing the above listed crafts.

   1. Customers preference. 2. Availability of raw material
   3. Skill and interest of artisans 4. Any other (Specify)

6. Please rank the preference or demand from customers for the following crafts.

   1. Art crafts for own purpose
   2. Utilities crafts for house hold purpose.
   3. Gift crafts to gift others.

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7. Rank your preference in procurement of crafts for sale

   1.Gift articles 2. Utensil crafts

   3. Novel designs 4. Any item supplied by member

8. Are you able to meet the order/ demand of

   1. Less than 50% 2. 50 % 3. 75% 4 100%

9. Do you give instructions/ directions on

   a. Quality of raw materials used Yes ☐ No ☐

   b. Design adopted Yes ☐ No ☐

   c. Colour of crafts Yes ☐ No ☐

   d. Size of crafts Yes ☐ No ☐

   e. Finishing of work Yes ☐ No ☐

10. Are you satisfied with the quality of products procured/ produced by your members for :-

   a. Raw Material Yes ☐ No ☐

   b. Colour Yes ☐ No ☐

   c. Design Yes ☐ No ☐

   d. Size Yes ☐ No ☐

   e. Finish Yes ☐ No ☐

11. If no, please rank the followings reasons in accordance to its influence on the quality of your crafts
    a. Poor quality of raw material
    b. Unskilled artisans
    c. Non- adherence of quality check
    d. Defective training by government
    e. Policy of the society to accept any product produced by members (if brought from societies)
    f. Any other (Specify)

12. Have your ever adopted product modification
    a. Never
    b. Often depends on demand
    c. As per instruction of apex
    d. Left to artisans
    e. Any other.

13. Please specify the product modification adopted by you for the last 5 years in terms of following :- Please indicate 'A' for Always, D= only on demanded, N= Never

Character	Wood carving	Metal carving	Cane weaving	Paper mache	Horn carving
1. Change in material					
2. Colour					
3. Design					
4. Size					
5. Finish					

P3

14. Do you maintain brand name for your crafts   Yes ☐   No ☐

15. Do you prefer brand name for your crafts   Yes ☐   No ☐

16. Please list out reasons for preferring/ not preferring brand name for your crafts.

1	4
2	5
3	6

17. Do you maintain label for your crafts   Yes ☐   No ☐

18. Please indicates reasons for preferring/ not preferring labelling for your crafts

1	4
2	5
3	6

19. Do you get any direction form government regarding branding and labelling of crafts   Yes ☐   No ☐

60

20. Do you enjoy/receive any assistance from government for following

Items		If yes, Percentage of contribution to total
1. Raw materials	(Yes/No)	
2. Finance	(Yes/No)	
3. Technical	(Yes/No)	
4. Guidance on Marketing	(Yes/No)	

21. Rank your opinion on the influence of pricing in purchase of crafts

Parameters	Utensil crafts	Utensil cum decorative crafts	Arts crafts
1. Price is very important as a main factor for purchase			
2. Price is important but not a main factor for purchase.			
3. Price some what important			
4. Price not a factor influencing purchase of craft			

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22. Rank the pricing approach you prefer for your craft

Approach	Utensil	Utensil cum decorative	arts crafts
1. Market rate 2. Competitor's pricing 3. Government policy 4. Suggestion by artisans 5. Direction by others (specify)			

23. Rank your preference for the purpose of pricing for crafts
    a. To cover cost of production
    b. To maintain market
    c. To earn profit
    d. To give better share to artisans

24. Indicate the price realisation you have for your crafts
    a. Higher than competitors
    b. Closer to competitors
    c. Lower than competitors
    d. No relation to market competition

25. Rank the criteria on which you prefer to offer price cut for crafts
    a. Festival purchase
    b. Bulk purchase
    c. Geographical location
    d. Sale of old stock
    e. Entry to new market

26. Indicates the channel you prefer for sale of yours crafts

Types of channel	Utensil crafts	Utensil cum decorative	arts crafts
1. Selective distribution 2. Exclusive distribution 3. Both			

27. Are you able to supply regularly through this channel

Yes ☐ No ☐

If No : Please specify reasons :

1

2

3

28. Indicate the most efficient channel for your crafts

Crafts	Channel	Reasons

29. Have you ever exposed to any of the following media

a. Print (Paper. Journal, Magazines) Yes ☐ No ☐

b. Television Yes ☐ No ☐

c. Radio Yes ☐ No ☐

d. Display Yes ☐ No ☐

63

30. Please indicate the frequency of your exposure to these media.

Media	Often	Occasionally	Rarely	Never
Print				
Television				
Radio				
Displays				

31. Indicates whether you have ever seen the crafts of the following states

a. Madhya Pradesh Yes ☐ No ☐

b. Rajasthan Yes ☐ No ☐

c. Gujarath Yes ☐ No ☐

d. Karnataka Yes ☐ No ☐

e. Kerala Yes ☐ No ☐

32. Are you aware of the following promotion measures for crafts

a. Price cut Yes ☐ No ☐

b. Gift coupons Yes ☐ No ☐

c. Purchase on Point Yes ☐ No ☐

33. Please rank in accordance to your preference for the effective promotional measures for your craft.

Media	Utility crafts	Utility cum decorative crafts	arts crafts
Print			
Television			
Radio			
Display			
Price cut			
Gift coupons			
Purchase on Point			

34. Do you avail any government/KVI assistance for boosting market

Yes ☐ No ☐

Please specify :-

35. Do you have any problems in promoting your crafts in market

Yes ☐ No ☐

Specify why	Specify why
1	1
2	2
3	3

36. Give your suggestions to improve/ expand market for your crafts

   1

   2

   3

   4

37. Indicate any specific observations you have about co-operative marketing for crafts of Kerala.

38. Any other suggestions

   1

   2

   3

   4

Thank you

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APPENDIX - V

QUESTIONNAIRES FOR THE CUSTOMERS OF HANDICRAFT PRODUCTS

1. Name :
2. Occupation :
3. The product brought by you

Product	Material	Price	Size	Colour

4. Purpose for buying the product
   a. Art crafts for own purpose
   b. Utility crafts for house hold purpose
   c. Gift crafts to gift others
   d. Any other (specify)

5. The shop from where you bought the crafts
   1. Kairali 2. Surabhi 3. Private trader

6. Reason for buying from the above particular shop :
   a. Convenience b. Reputation c. Fair rice
   d. Better choice e Good service f. No specific reason
   g. Any other (specify)

67

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7. The source of information for buying the product from the particular shop

   a. Advertisement b. Friends & Relatives

   c. Regular customers d. Accidentally (No specific source)

   e. Any other (specify)

8. Do you know the ownership pattern of the handicrafts production

   Yes ☐ No ☐

9. If yes, please tick those of which you have heard of :

   a. Kairali ☐ b. Surabhi ☐

   c. Khadi & Village Industries ☐

   d. Private Traders ☐

10. Please rank you openion regarding the quality of products for the above units according to the below features.

Characters	Co-operatives Societies	State Emporia	Private Traders
Raw Material			
Colour			
Size			
Design			
Finishing			

11. Whether the products you brought have any brand name

Yes ☐ No ☐

12. If yes, please specify the brand name

13. If No, do you prefer brand name :

Yes ☐	No ☐
Specify why ?	Specify why?
1	1
2	2
3	3

14. Whether the product you bought have label

Yes ☐ No ☐

15. If No, Do you prefer labelling

Yes ☐	No ☐
Specify why ?	Specify why?
1	1
2	2
3	3

16. Please rank your openion on the influence of pricing in purchase of crafts.

Parameter	Utensil crafts	Utensil cum decorative crafts	Arts crafts
Price very important as a main factor for purchase			
Price is important but not a main factor for purchase			
Price some what important			
Price not a factor influencing purchase			

17. Do you know about rebate sales on handicrafts

Yes ☐ No ☐

If yes, how do rebate sale influence your purchase

a. Purchase only at rebate sale
b. Purchase more on rebate time
c. Not influencing purchase
d. Any other (Specify)

18. Please indicates whether you are exposed to any of the following media

a. Print (Paper, Journal, magazine) Yes ☐ No ☐
b. Television Yes ☐ No ☐
c. Radio Yes ☐ No ☐
d. Display Yes ☐ No ☐

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19. Please indicate the frequency of yours exposure to these media

Media	Often	Occasionally	Rarely	Never
Print				
Television				
Radio				
Display				

20. Indicates whether your have ever seen the crafts of the following states.

a. Madhya Pradesh Yes ☐ No ☐

b. Rajasthan Yes ☐ No ☐

c. Gujarath Yes ☐ No ☐

d. Karnataka Yes ☐ No ☐

e. Kerala Yes ☐ No ☐

21. Are you aware of the following promotion measures for crafts

a. Price cut Yes ☐ No ☐

b. Gift coupons Yes ☐ No ☐

c. Purchase on print Yes ☐ No ☐

22. Please rank in accordance to your preference for the effective promotion measures for crafts

Media	Utility crafts	Utility cum decorative crafts	Arts crafts
Print			
Television			
Radio			
Display			
Price cut			
Gift coupons			
Purchase on print			

23. Give your suggestions to improve/ expand market for crafts

1

2

3

4

24. Indicate any specific observations you have about co-operative marketing for crafts in Kerala.

1

2

3

Thank you

APPENDIX - VI
Employment, Production and Export in Small Scale Industries in India from 1973 - 74 to 1996 -97

Years	Total No. of Units (lakhs)	Emp-loy-ment	Inves-tment (Rs. Crore)	Produ-ction (Rs. Crore) at current prices	Export	
					Rs. Crores are	% share to Total exports
1973-74	4.16	39.7	2,296	7,200	393	15.6
1974-75	4.98	40.4	2,697	9,200	541	16.3
1975-76	5.46	45.9	3,604	11,000	532	13.2
1976-77	5.92	49.8	3,553	12,400	766	14.9
1977-78	6.70	54.0	3,959	14,300	845	15.6
1978-79	7.34	63.8	4,431	15,790	1,069	18.7
1979-80	8.05	67.0	5,540	21,635	1,226	19.1
1980-81	8.74	71.0	5,850	28,060	1,643	24.5
1981-82	9.62	75.0	6.280	32,600	2,071	26.5
1982-83	10.59	79.0	6,800	35,000	2,045	23.2
1983-84	11.55	84.2	7,360	41,620	2,164	22.1
1984-85	12.40	90.0	8,380	50,520	2,553	21.7
1985-86	13.53	96.0	9,585	61,228	2,785	25.6
1986-87	14.62	101.4	10,881	72,250	3,631	29.2
1987-88	15.83	107.0	12,610	87,300	4,370	27.9
1988-89	17.12	113.0	15,229	106,400	5,490	27.1
1989-90	18.23	119.6	18,196	132,320	7,626	27.5
1990-91	19.48	125.3	-	155,340	9,664	29.7
1991-92	20.82	129.8	-	178,699	13,883	31.5
1992-93	22.35	134.1	-	209,300	17,785	33.1
1993-94	23.84	139.4	-	241,648	25,301	36.3
1994-95	25.71	146.6	-	293,031	29,068	-
1996-97	-	152.6	-	356,213	36,470	-
CARG(%)						
1973-74-1980-81	11.2	8.7	14.3	21.4	22.7	-
1980-81-1990-91	8.3	5.8	-	18.7	19.4	-
1990-91-1994-95	7.2	4.0	-	17.2	37.8	-

Source: Center for Monitoring Indian Economy, January 1997

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APPENDIX – VII

Major 25 Importers for Indian Handicrafts for the period 1990-91 to 1996-97

(Figures are percentage to total export handicrafts from India)

Countries	1990-91	1994-95	1996-97
U.S.A	36.18	38.17	44.05
Germany	8.98	13.67	11.03
U.K	11.21	10.69	10.33
France	5.06	4.37	4.05
Japan	3.39	3.24	2.23
Netherlands	1.79	2.91	3.58
Italy	4.32	2.77	2.86
Spain	5.30	2.61	1.75
Canada	2.53	1.84	1.88
U.A.E	0.95	1.64	1.43
Saudi Arabia	2.18	1.59	2.16
Denmark	0.51	1.52	1.23
Australia	1.35	1.51	1.74
Sweden	1.92	1.48	1.14
Belgium	1.21	1.45	1.36
South Africa	-	1.19	0.89
Singapore	1.79	0.84	0.77
Greece	0.47	0.77	0.91
Hong Kong	0.56	0.77	0.48
Switzerland	0.55	0.67	0.50
Norway	0.52	0.60	0.72
Austria	0.35	0.42	0.30
Malaysia	0.34	0.38	0.46
Portugal	0.42	0.36	0.31
New Zealand	0.40	0.36	0.40
Total of the above	92.28	95.80	95.52
Others	7.72	4.20	4.48
Total Exports	100.00	100.00	100.00

Source : CMIE, Foreign Trade Statistics, 1996.

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APPENDIX-VIII

Indicative Target for Eighth Plan on Small Industries (1991-92 to 1996-97)

Sl. No		Production		Employment (Lakh person)		Export (Rs in crore)	
		1991-92	1996-97	1991-92	1996-97	1991-92	1996-97
1	Modern Small Scale Industries (Rs. in crore)	1,74,378	2,53,343	179.00	225.50	12658	20200
2	Small Scale Industries (Rs. in crore)	1,60,000	2,33,436	126.00	150.50	12658	20200
3	Power cloth (Milli meters)	11,036	15,280	53.00	75.00		
4	Traditional Industry (Rs. in crore)	20,916	41,432	264.32	328.24	10331	30015
5	Kadhi cloth (Rs. in crore)	278	560	14.61	16.50		
6	Village industry (Rs. in crore)	2150	3760	35.40	46.25		
7	Handloom (Rs. in crore)	4064	5690	106.00	115.00	450	1000
8	Seri culture (Rs. in crore)	996	1590	54.60	654.00	600	1000
9	Handicrafts (Rs. in crore)	13260	29620	48.25	77.65	9215	27915
10	Coir fibre (Rs. in crore)	168	212	5.96	5.84	66	100
	Total	195294	294775	443.32	553.74	22989	50215

Source : Compiled from planning commission (1992 - 97)

APPENDIX - IX
Eight Plan State Sector Outlay on Co-operation (1991-92 - 1996-97)

(Rs. in Crores)

Sl. No	States/Union Territories	8th Plan Outlay (1992-97)	Percent age share to total outlay	Achieve ments (1994-95)	Percen-tage to total Achiev-ement
1.	Andhrapradesh	36.19	2.5	2.95	1.0
2.	Arunachal Pradesh	7.82	0.5	2.00	0.3
3.	Assam	51.18	3.5	12.50	4.5
4.	Bihar	173.49	11.9	14.00	5.6
5.	Goa	5.05	0.4	1.01	0.4
6.	Gujarat	4.00	0.3	1.39	0.5
7.	Haryana	14.00	1.0	4.88	1.8
8.	Himachal Pradesh	14.00	1.0	3.41	1.2
9.	Jammu & Kashmir	10.00	0.7	2.59	0.9
10	Karnataka	147.85	10.1	30.87	11.2
11	Kerala	53.50	3.7	12.00	4.3
12	Madhya Pradesh	132.33	9.1	23.85	8.6
13	Maharashtra	259.00	17.7	82.43	29.8
14	Manipur	5.00	0.4	1.10	0.4
15	Meghalaya	10.55	0.7	2.50	0.9
16	Mizoram	6.50	0.5	1.70	0.6
17	Nagaland	4.50	0.3	0.78	0.3
18	Orissa	130.00	8.9	16.50	5.9
19	Punjab	48.19	3.3	7.17	2.6
20	Rajasthan	120.00	8.2	19.20	6.9
21	Sikkim	3.50	0.2	0.70	0.3
22	Tamil Nadu	36.00	2.5	3.28	1.18
23	Tripura	19.00	1.3	3.58	1.3
24	Uttar Pradesh	101.90	6.8	18.91	6.8
25	West Bengal	67.11	4.5	7.41	2.72
	Total	**1460.66**	**100**	**276.71**	**100**

Source : GOI, Co-operative Movement in India - A Statistical Profile (1994). Department of Agriculture and Cooperation, Ministry of Agriculture, New Delhi.

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APPENDIX – X

Structure of Industrial Co-operatives in Kerala

National Federation of Industrial Co-operatives	• Promote and develop industrial Co-operatives, • Assist in Marketing in India and Abroad, • Purchase and sale of raw materials, equipment's, • Publication and Liaisons with other agencies and Government.
State Federation of Industrial Co-operatives	• Promote and develop industrial co-operatives • Procure and supply raw materials and equipments. • Training • Marketing products • Leisons with government and agencies.
District Federation of Industrial Co-operation	• Guide and assist primaries in their working. • Procure and supply raw materials and equipments. • Training. • Marketing products.
Primary Industrial Co-operative Societies	• Procure and supply raw materials, tools and equipments. • Arrange marketing • Technical training to members

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APPENDIX-XI

List of Capable Handicraft Manufactures of Kerala and Number of Co-operative Handicraft Societies for different Craft Production for the year 1996-97.

Sl. No.	Name of Crafts	No. of private production units	No. of Co-operative production units	Total No. of units
1.	Sandal wood carving	16	1 (6.0)	17
2.	Rose wood carving	31	4 (11.4)	35
3.	Bell metal crafts	18	3 (14.3)	21
4.	Laminated wood items	9	1 (1.0)	10
5.	Joint wood table mats	5	1 (16.7)	6
6.	Coconut shell / stem and fibre mala	15	3 (14.7)	18
7.	Horn carving	6	1 (14.2)	7
8.	Hand embroidery	7	1 (12.5)	8
9.	Straw picture	12	- (0.0)	12
10.	Screw pin craft	4	3 (42.19)	7
11.	Fibre craft	8	5 (38.5)	13
12.	Cane craft	4	3 (42.9)	7
13.	Bamboo utility item	1	6 (85.7)	7
14.	Bamboo craft mat	5	1 (16.7)	6
15.	Cora grass mat	3	5 (62.5)	8
16.	Cora rush mat	9	2 (18.18)	11
17.	Paper mache	5	2 (28.6)	7
18.	Imitation diamond	-	13 (100.0)	13
19.	Miscellouneous craft	21	4 (16.0)	25
	Total	179	59 (24.7)	238

Source : Office of the Development Commissioner (handicraft), Government of India, Marketing and Extension Center, Thrissur, Kerala.

Note : Figures in brackets are percentage to total number of units.

APPENDIX - XII

Structure of Handicraft Industry in India as on 1997

Level	Structure	Primary role
I	Government of India ↓ Reserve Bank of India ↓ Ministry of Industry ↓ Development Commission of Handicrafts ↓	1. National policy finance 2. Planning Commission
II	State Government ↓ State Ministry ↓	1. Regional policy Developmental goal 2. Regulatory inputs
III	Development Corporation ↓ Intensive handicrafts development projects ↓	Organisational structure
IV	Apex federation ↓ Primary co-operatives	Operational details