A Study of Cooperative Societies in the Handicrafts Sector of Tamilnadu

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Introduction to Cooperative Societies

• “An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations, through a jointly owned and democratically controlled enterprise”—International Cooperative Alliance

• The cooperative movement in India is one of the largest movements in the world
  – 610020 registered cooperative societies with a strength of 249.367 million members getting employment—Ministry of Statistics and Program Implementation
  – Yet, one of the most neglected sections of the society

• The first successful cooperative movement in the country began in 1973 in Gujarat
  – The Gujarat Cooperative Milk Marketing Federation (GCMMF), a marketing organization was established to market milk and milk products under the brand name, Amul (Anand Milk Union Ltd.)

• The success story is an inspiration to other states and this model is replicated by many other states
  – The Karnataka Cooperative Milk Producers' Federation Limited (KMF) is a successful dairy co-operative movement in Karnataka
Introduction to Handicrafts Sector

- Characterized by reliance on
  - Locally available resources and skills
  - Family ownership
  - Small scale operations
  - Labour intensive
  - Use of traditional technology
  - Skills acquired outside the formal schooling system
  - Highly unregulated having competitive markets

- Mostly handmade or by use of simple tools, these are useful and decorative objects

- NCAER reveals that the annual growth rate of employment (both direct and indirect) in the handicrafts sector could be around 2.5%.

- A report by the Development Commissioner, Handicrafts, Ministry of Textiles, government of India, states that a total of 69 lakh regional artisans are employed in the handicrafts sector with roughly, 56% females and 44% males and more than 67,000 exporters/export houses promote regional art and craftsmanship in the domestic and global markets
Exports of Handicrafts

Source: https://www.epch.in
## Exports of Handicrafts

<table>
<thead>
<tr>
<th>Items exported</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art and Metal ware</td>
<td>4011.56</td>
<td>4705.64</td>
</tr>
<tr>
<td>Woodware</td>
<td>3908.51</td>
<td>3916.01</td>
</tr>
<tr>
<td>Hand printed textiles</td>
<td>2861.3</td>
<td>3847.4</td>
</tr>
<tr>
<td>Embroidered and Crocheted goods</td>
<td>2937.21</td>
<td>3227</td>
</tr>
<tr>
<td>Shawls</td>
<td>3.67</td>
<td>3.85</td>
</tr>
<tr>
<td>Zari goods</td>
<td>86.28</td>
<td>113.62</td>
</tr>
<tr>
<td>Imitation jewelry</td>
<td>2114.33</td>
<td>1619.09</td>
</tr>
<tr>
<td>Agarbathis and Attars</td>
<td>846.28</td>
<td>912.5</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>4760.64</td>
<td>6091.89</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21529.78</strong></td>
<td><strong>24437</strong></td>
</tr>
</tbody>
</table>

**Source:** https://www.epch.in
“Indian handicrafts”, by Kamala Devi Chattopadhyaya is a celebrated work. She says Indian handicrafts have thrived through ages stimulated by a vigorous folk tradition, a gentle culture, and in the age where individualism was cherished and precision valued.


- Reported that government marketing agencies for handicrafts charge **50% to 60% more** for the handicrafts supplied by the artisans to cover their overheads leading to an increase in the price
- **High prices lead to impeding sales** and slowdown in the handicraft sector growth
- Artisans were not aware of the social schemes provided by the government
All these books highlight the issues faced by handicraft sector

- Lack of leadership
- Absence of general awareness among craftsmen
- Political interference
- Dearth of financial resources and raw materials
- Want of technology upgradation
- Mismanagement of funds
Literature Review

- Kashyap and Raut (2006)—craftsmen do not have much understanding about the local demand pattern through the year, market dynamics, marketing channels, fluctuations in prices and the possibility of value addition to the craft ware.

- Khan W. A and Amir Z (2013)—handicrafts sector in India depend on how well the artisans adapt to the tastes and preferences of consumers and produce artifacts accordingly. The market for such articles are high.
• Numerous studies have been carried out on the handicraft sector and cooperative movement in general.
• However, there is no study available, to the best of researchers’ knowledge, linking the two—cooperative societies in the handicraft sector in Tamilnadu.
• This study will fill in the gap to some extent
Objectives of the Study

• To get a comprehensive understanding of the cooperatives in the handicraft sector in the state of Tamilnadu

• To identify the issues and constraints faced by this sector

• To identify the impact of the constraints and offer suggestions to overcome the same
This is a primary study of artisans working in the handicrafts sector in the state of Tamilnadu.

Qualitative research or the primary exploratory research method is used to elicit information from the artisans.

In-depth interviews were conducted to collect data about their work, finances required, return on investment, raw materials, labour availability, marketing strategies adopted and availability of government support.

31 manufacturers and 12 exporters were personally interviewed and their responses recorded through a structured questionnaire.

Understanding the nature of their business, skills required to stay in the business, issues and constraints faced by them, support received from the government and the authorities and future prospects were the main focus of the discussions.
Convenience sampling was adopted to gather the data.

The people interviewed were mainly from 10 locations where handicrafts clusters are available.

Places include Chennai, Kumbakonam, Nachiarkoil, Swamimalai, Kallakuruchi, Virudachalam, villianur, Mamallapuram, Tanjavur and Tiruvarur.
Craftsmen interviewed have expertise in the following areas of handicrafts:

- Wooden handicrafts—animal figurines, jewelry boxes, statues, table ware, wall hangings
- Pottery and terracotta handicrafts—kitchen ware, statues, lamps, flower vase
- Leather handicrafts—clothes, footwear, bags and purses, etc
- Cane and bamboo—baskets, bags, furniture, mats
- Paintings—glass, Madhubani, Mysore, Tanjavur
- Stone and marble—animal figurines, table ware, furniture, lampshades, sculptures, wall hangings, etc
- Shell—art ware, carvings, sculptures, decoration items, etc
- Metal—wind chimes, boxes, kitchenware, wall hangings
- Glass—show pieces, kitchenware
- Paper mache—bags, dolls, artistic items
- Jewelry—beaded, metal
## List of issues and constraints faced by artisans and their impact

<table>
<thead>
<tr>
<th>Sl no.</th>
<th>Issues</th>
<th>Constraints</th>
<th>Impact</th>
</tr>
</thead>
</table>
| 1      | Labour      | • Acute shortage of skilled artisans                                          | • Skilled manpower shortage leads to high cost of labour  
• Affects quality and leads to a delay in the execution of orders  
• Absence of training, both in technical and commercial aspects  
• Lack of commercial knowledge, dependency on intermediaries’ increase |
| 2      | Marketing   | • Manufacturers lack the ability to identify the link with buyers and this is seen across all market segments | • High dependency on intermediaries resulting in low margins to the producer  
• Traders make bulk profits and end consumer cost increases which may affect future demand |
| 3      | Finance     | • Difficulties in getting adequate finances from banks and financial institutions.  
• Working capital requirements are not constant throughout the year—seasonal demand  
• Receivables settlement is not even through the year, a delay in collections leads to an increased demand in working capital needs | • Affects the funds flow and in turn the supply of artefacts  
• Craftsmen may lose orders and incur losses because of the long period of wait between receipt of orders and delayed execution of the same  
• Leads to poor customer experience  
• Artisans resort to procedurally easy funding sources and artisans pay exorbitant interest rates |
## List of issues and constraints faced by artisans and their impact

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<tr>
<td>4</td>
<td>Product</td>
<td>No access to product design services</td>
<td>• Increases the dependency of intermediaries</td>
</tr>
</tbody>
</table>
| 5      | Intermediaries | Artisans not able to sell goods directly to customers                        | • Manufacturers lack the ability to identify the link with buyers and this is seen across all market segments  
          |               |                                                                             | • High dependency on middlemen takes away bulk of their margins resulting in low margins to the producers |
| 6      | Flow of information | Artisans do not get timely market information about the nature of demand and which product is in high demand | • Many artisans switch jobs and become job seekers due to poor monetary returns  
          |               |                                                                             | • Affects the availability of skilled workmen—skills have been passed on to these craftsmen from generations. Over the next few years, this talent may be lost  
          |               |                                                                             | • If addressed properly, this may enable a link between the producer and the end user leading to improved margins to manufacturers |
| 7      | Materials    | Not enough access to regular supply of affordable raw materials              | • Affects the business                                                                             |
| 8      | Infrastructure | Power shortage                                                             | • Cost overruns  
<pre><code>      |               |                                                                             | • Production overruns                                                                              |
</code></pre>
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<tbody>
<tr>
<td>9</td>
<td>Government initiatives—duty drawbacks, export certificates and Incentives</td>
<td>• <em>Procedural formalities</em> in duty drawback schemes</td>
<td>• <strong>Manufacturing delay</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• <em>Delay in getting export incentives</em></td>
<td>• <strong>Delays in executing orders</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• <em>Delay in getting certificates</em> required for export, like the antique certificate, forest certificate, etc</td>
<td>• Loss of interest</td>
</tr>
<tr>
<td>10</td>
<td>Cooperative societies</td>
<td><strong>Negligible presence or non-existence</strong> of workers’ cooperative societies</td>
<td>• <strong>Loss of collective bargaining</strong></td>
</tr>
<tr>
<td>11</td>
<td>Technology</td>
<td><strong>Use of obsolete technology and tools</strong></td>
<td>• <strong>Low efficiency</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• <strong>Low output</strong></td>
</tr>
</tbody>
</table>
The people who were interviewed were *not a part of any worker cooperative*

→ *Setting up of workers’ cooperatives should be encouraged*
  - Working together will encourage artisans to share their difficulties
  - These interactions provide solutions to many problems, specially to members who are new to the industry and face many teething issues.

The initial support and guidance should be provided by the regulatory authorities.

→ After an *initial hand-holding period of say, 3 years*, the cooperative society will become independent enough to manage their activities.

*Continuous supply of raw materials is very important for the survival* of this sector

*Flow of information and communication* amongst craftsmen, marketing and nodal agencies should be encouraged.

→ This can be *achieved with a good network* of the societies and the various agencies
Recommendations

- The **role of market intermediaries is very vital** for the growth of this sector
  - They pass on a lot of information relating to the **trends in product demand, trends, regions where the products are sought, product preferences, artistic changes required**, etc.
  - **Identification of existing and potential agents** is essential
- **Lack of adequate finance restricts the growth** of a business
  - Better **financial support on attractive terms** from banks and financial institutions is required.
- **Large volumes of production lead to economies of scale** advantages and in bringing down the cost
  - This helps the artisans become more competitive in the export market.
  - With mass production, they become more confident and have better bargaining power.
- **Simplified systems and procedures by government** will help the artisans take the benefit of various incentives offered
  - One exporter put forward a very valid point that for getting the ‘Shilp Guru’ award, he had to send 5 specimens to the authorities which blocks his meeting the export orders.
  - The amount offered as the **reward is uniform** across all items and is also very meagre and not adequate for expensive items.
  - **Reward should be based on value**
- **Tie-ups with tourism sector** will help in better visibility of products
Recommendations

• 5 activities at the local level for the development of the sector
  • Setting up of Cooperatives
    – Formal employment
    – Self-management and self-ownership leading to higher self-esteem amongst workers
    – Advantages of collective bargaining
    – Compliance of labour laws
  • Finance
    – Availability of funds at reasonable interest rates
  • Training
    – Creation and promotion of training centres
    – Educational programs like introduction of imparting of a minimum of 1 skill in schools in places where handicraft clusters are prominent
    – Design training workshops to train craftsmen in designing new products
    – Development of training centres where master trainers train interested people and facilitate the craft development process
  • Marketing
    – Promotion of craft markets and exhibitions
    – Expanding the reach of the handicraft industry—associations with cluster or sub-contracting arrangements with large industries should be developed in order to promoting craft wares, raising cultural awareness, and building confidence of the craftsmen on the marketability of their products
  • Monitoring by governmental agencies by providing information about the trends and places where the artifacts are in demand.
Conclusion

• Handicrafts is a state subject in India, its development, encouragement, expansion and promotion primarily rests on the concerned state government.

• Each state has its own handicrafts policy, the role of the central government limited to providing consultancy services on issues relating to funding, grants and loans.

• The government should introspect and re-position of cooperatives as socio-economic entities.
References

Thank you