Chapter 4

EVOLUTION AND GROWTH OF INDUSTRIAL CO-OPERATIVES

Limitations of Cottage Organisations
Origin of Industrial Co-operatives
Definition for Co-operatives
Classification of Co-operative Societies
Definition and Features of Industrial Co-operatives
Merits of Industrial Co-operatives
Industrial Co-operative Movement in India
Development of Industrial Co-operatives in Kerala
Handicraft Co-operatives in Kerala
Conclusion
Chapter - 4

EVOLUTION AND GROWTH OF INDUSTRIAL CO-OPERATIVES

Traditional industries such as handlooms, handicrafts, coir, pottery, cobblerly etc. had been in existence in India even from 325 B.C and they were then organised on cottage basis. The cottage basis continued until the 19th century, during which period the co-operative form of organisation was discovered.

Limitations of Cottage Organisations

Under the cottage type of organisation, the artisan used a part of his cottage for operations and he was assisted by his wife and children in his activities. The scale of operation was extremely small and there were constraints in materials, finance, technology and marketing. Likewise, his vision regarding the activity was so poor that he did not look beyond the sustenance of himself and his family.

As regards rawmaterials, the cottage craftsman procured it from nearby source. He had to be content with the quality of materials available with local suppliers. The meagre resources induced him to use
cheap and inferior materials. Besides, since he used to buy materials in small quantities, he did not have any control over price.

In the matter of finance too, the artisan was in a miserable state. He did not have access to institutional lenders like banks. The banks were reluctant to advance money to artisans because they had only land as security to offer and that was not acceptable to them. Later on, even when small loans can be raised from banking sector and government agencies, the procedure is so cumbersome that most of the artisans who are illiterate hesitate to make use of these facilities.

In order to meet financial requirements, the cottage industries depended on non-banking and non-government sectors and they usually charged exorbitant rates of interest. For financial requirements, small producers are also found depending on traders in goods. They are given small loans on the condition that finished products have to be sold to traders. In such a situation, the producers do not get any voice in the fixation of prices, as they are dictated by traders.

Poor financial position and non-availability of funds from institutional channels have their impact on the method of production of village industries also. Modern machines which work on power are introduced in the place of hand operated appliances in the sphere of rural industries. But they are very costly and beyond the reach of an
individual artisan. Further a cottage unit cannot have any profitable use of the equipment as its capacity is large and the output of the artisan small. Pug mill in grinding clay for potters is an example. The cost of a hand operated pug mill is Rs.3,000 while the cost of a pug mill working on electricity is as high as Rs.13,000. As the capital with which a cottage artisan sets up his activity is limited, he cannot afford even the manually operated pug mill.

The marketing function of a cottage unit was also defective. Because of weak financial base, the artisan could not conduct market survey and do publicity for his products. Due to his illiteracy and limited contacts with the outside world, he remained unaware of markets and marketing channels. He used to sell his products in the close-by markets. The need for cash forced him to sell it immediately after production leading to the realisation of unremunerative prices. In cases, where the artisans borrowed money from traders, the goods had to be sold to them at the prices that they dictated. For instance, Bata shoe company sells the shoes manufactured by cobblers in their cottages. As a result, the cobblers get a raw deal. The company makes handsome profit from marketing the products of cobblers by charging higher prices from customers.

Above all, the individual artisan did not possess any of the qualities of an entrepreneur like vision, drive and talent. He lacked planning in operations and he was not guided by the objective of profit
maximisation. He had an orthodox bent of mind towards changes in technology and designs. He did not apply any business skill while performing activities pertaining to his trade. The growth of cottage industries was thus affected by poor entrepreneurship also.

The above analysis proves that the cottage form of organisation hampers the growth of traditional industries as the artisans have to face constraints in various spheres such as raw materials, finance, technology, marketing and entrepreneurship.

The problems of cottage industries including the poor form of organisation had been an important concern to the national Government after independence. In addition to assistance in the fields of materials, technology, finance and marketing, the Government began to think about an effective form of organisation for cottage units and finally struck the idea of industrial co-operatives. The developments in other countries in the field of cottage industries stood as a guide to Government in evolving the co-operative form of organisation.

**Origin of Industrial Co-operatives**

Industrial co-operative is a form of organisation developed by small producers during the period of Industrial Revolution in Europe. Industrial Revolution and the growth of modern industries in Europe
made small industries unprofitable and uneconomic there. In order to compete with the cheap manufactured articles of big industries, small artisans understood that they had to combine and operate unitedly. This realisation resulted in the formation of industrial co-operatives in most countries of Europe.

France is considered the original home of industrial co-operatives. Even in 1884, France had 60 co-operatives. There was encouragement from both the Government and bankers for the formation of industrial co-operatives in France. The Government used to give preferential treatment to the societies for government works. Likewise, societies were provided with loans at cheaper rates by banks. Besides, to look after the problems of co-operatives functioning in different sectors, a National Federation of Co-operative known as “Chamber Consultative” was formed in France. Following the footsteps of France, countries such as Germany, Great Britain, Denmark, Sweden, France, Italy, Canada, Israel, Russia, China and Japan also began to introduce industrial co-operatives.

The inspiration for the Indian industrial co-operative movement came largely from Germany. There were rural, urban, housing, consumers industrial and insurance societies in Germany. These societies were engaged in providing credit, supplying agricultural equipments and helping the poor craftsmen by bringing them under co-operative coverage.
Definition for co-operatives

According to the International Labour Office “a co-operative is an association of persons, usually of limited means who have voluntarily joined together to achieve common economic end through the formation of a democratically controlled business organisation, making equitable contribution to capital required and accepting a fair share of risk and benefits of undertaking.” The definition brings out the features of co-operative organisation such as voluntary association of persons, democratically controlled business organisation and members making equitable capital contribution. Further, it points out the objective of the society as an economic one. Other characteristics of a co-operative society such as sharing of risk by members and members standing to gain the benefit of understanding are also covered by the definition. In fact, the definition is a very comprehensive one.

The famous Victorian social activists and the founders of British Labour Party and the London School of Economics, Sidney Webb and Beatrice Webb stated that in a co-operative society, the poorest, youngest and the humblest adult of either sex, if he has paid his minimum share allotment, is equally governor and controller of the whole enterprise, has equal vote and voice in the decision of its most momentous issue with the man who has been a member since its establishment and has accumulated in share and capital. Their explanation
stresses the basis of co-operative equality among the members. The point that each member gets an equal opportunity to participate freely in all the affairs of the society is emphasised here. Further it brings to light the characteristic features of a co-operative society such as no importance being given to the number of shares, the members’ economic position, his social status or the amount of business he does with the co-operatives in determining a member’s position in the society.

Both the definitions lay stress on importance on the equality of members regarding voting rights and management. But the definition given by I.L.O, explains more about the features of a co-operative organisation.

Classification of Co-operative Societies

The co-operative society can be classified as credit and non-credit societies. According to the sector of the economy, the co-operative societies are classified as:

1) Societies engaged in agriculture;
2) Societies engaged in small industries;
3) Societies engaged in retail trade and wholesale trade and
4) Societies engaged in service trade.

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**Definition and Features of Industrial Co-operatives**

The societies engaged in small industries and village industries are known as industrial co-operatives.

Derek C. John defines an industrial co-operative as “an autonomous enterprise in which many workers or members own stock, ownership is widely distributed among workers who own much of the voting stock, working members participate in the enterprises, manage and control and they share in the distribution of surplus usually on the basis of work.” This definition points out the features of industrial co-operatives as wide distribution of ownership among workers, working members doing management and control as well as the characteristic of surplus being distributed among the members on the basis of work done.

According to David H. Right, “an industrial co-operative redefines the workers’ job by including him in the policy making and work coordination tasks of management as well as production processes.” His expression of view about industrial co-operatives relates to workers’ entitlement of rights of top and middle managers like policy formulation, decision making and work co-ordination.

In simple words, an industrial co-operative is an undertaking of craftsmen or skilled managers engaged in the cottage or small scale industries.
to undertake production, purchases and supplies of raw-materials, marketing of products and supplying other services to the members.

Industrial co-operatives have been organised mainly with two objectives viz: social and economic. From the social point of view, they safeguard the interest of the poorer sections of the community. They will try to equalise the distribution of wealth leading to the creation of an equalitarian society. From the economic point of view, the industrial societies generate new incomes. They will increase employment opportunities and try to enhance the productive capacity of the country. These societies will also accelerate the rate of capital formation in the country.

An industrial co-operative owned and run by small producers is considered a superior form of organisation to cottage units in many respects by Governmental authorities. It makes bulk purchase of raw materials, retails them for cash or on credit basis to members, raises money for the industry by the issues of shares and by borrowing them in the form of deposits, procures finished products from the members and markets them on the most favourable terms.

There is another type of societies, which function like factories. They offer work space and tools where member artisans work for wages. Such societies also make bulk purchases of raw materials and provide for the marketing of finished goods.

**Merits of Industrial Co-operatives**

By buying in bulk, a society can enjoy economies of large scale operations and thus the cost per unit will be less than that in individual buying. The resources of a society being large, permit the acquisition of modern appliances that are beyond the reach of an individual artisan. Besides, to have economical use of these costly modern devices, large scale operation is required which will be possible only by a group of artisans under some co-operative cover. The sale through a society can liberate artisans from the clutches of middlemen in marketing. Since a society has large financial base, it can undertake advertising and efficient marketing. Thus an industrial co-operative is expected to confer many benefits on craft persons, which they cannot derive in their individual capacity.

**Industrial Co-operative Movement in India**

**Before Independence**

There were efforts even during the British period for the formation of industrial co-operatives. The British Government sent Sir Frederick
Nicholson to European countries for the purpose of studying development of co-operatives there. He submitted his report in 1899, strongly favouring formation of agricultural co-operatives as in Germany. After a gap of five years, in 1904 the first Co-operative Act was passed by the British Government.

The Act of 1904 was meant only for the registration and development of primary credit societies. There was no provision for the formation and development of non credit societies. This limitation was removed by the Government by passing the Co-operative Act of 1912, which contained the provision for recognition of non-credit societies. This Act was instrumental for the development of industrial co-operatives in the country.

Making use of the Act, many weavers, shoe-makers, carpenters, furniture makers, oil men and black smiths organised industrial co-operatives. The Indian Industrial Commission organised by the British Government in 1918 to study the strength and weakness of cottage and small scale industries stressed the need for organising them on co-operative basis.

In the early days of co-operativisation, co-operatives were formed mostly in Madras and Bombay provinces. The handloom industry being the largest one registered more co-operatives than in other industries. They were set-up with the object of overcoming difficulties in raw materials, marketing and providing loans to members. But
co-operatives could not help weavers much in this regard. The competition from mill cloth and non-availability of funds from institutional sources were the reasons.

Outbreak of Second World War in 1939 provided great impetus to the development of cottage and small scale industries and the growth of industrial co-operatives in India. But the performance of handloom co-operatives continued to be unsatisfactory as there was serious decline in the operations of weavers’ societies resulting in severe unemployment. Shortage of yarn, black marketing, heavy imports of mill-made clothes and loss of foreign markets adversely affected the functioning of handloom co-operatives.

In the early forties, the Province of Bombay set an example by taking several steps for the promotion of industrial co-operatives. It set up an Industrial Co-operative Organising Committee in 1943 with a view to accelerating the growth of co-operatives. Further, a Joint Registrar of Industrial Co-operatives was appointed with the intention of overall development of the co-operative field. Besides, a Provincial Industrial Co-operative Association was formed for organising and developing co-operatives in different industries in Bombay.

**Growth After independence**

Measures taken by the National Government immediately after independence such as announcement of Industrial Policy Resolution
emphasising the significance of cottage and small scale industries, formation of Cottage Industries Board, setting up of Central Cottage Industries Emporium, collection of data relating to cottage industries of the country etc have brought about some development in the field of industrial co-operatives. Taking all the states in India together, the number of industrial co-operatives rose from 3758 in 1949 to 5305 in 1950 showing 41 per cent of increase.³

In the First Five Year Plan, there was special emphasis on industrial co-operatives. The Planning Commission recognised co-operatives as “an instrument of planned economic action in democracy.”⁴ For the promotion of co-operatives in handlooms, the Government through the Handloom Board provided assistance to weavers by way of share capital. The Government contributed seventy five to eighty five and a half percent of share value as loan and weavers had to contribute only the rest. Similar assistance was provided to artisans in other industries also. As a result of these efforts, the number of handlooms in the co-operative fold increased from 6,26,119 in 1950-51 to 8,78,984 in 1954-55.⁵ In the Coir Industry, a total of 145 co-operatives had been formed during this period.⁶

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⁴ Draft Outline, First Five Year Plan, Planning Commission, Government of India, New Delhi, p. no. 328.
⁶ Ibid.
The Second Five Year Plan emphasised the building up of a strong co-operative sector as an important part of national policy. During the Second Plan period, the Planning Commission appointed a village and small scale industries committee commonly known as “Karve Committee” to study the problems pertaining to village and small scale industries. The committee strongly recommended for the expansion of the co-operative sector for the growth of village and small scale industries.

During the Second Plan period, both the Central and State Governments offered different kinds of assistance to induce artisans to form industrial co-operatives. The incentives comprised exemption from tax, stamp duty and registration charges, loans at low rate of interest, share capital assistance, grant towards recurring expenses and training of personnel.

In addition to the above, there was specific assistance for handlooms. As per the instructions from the Central Government, a fund titled as “Cess Fund” was constituted by the Handloom Board with contributions from the mill sector and assistance began to be given to handloom co-operatives. Other All India institutions like Handicraft Board,

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7 Draft Outline, Second Five Year Plan, Planning Commission, Government of India, New Delhi, p. no. 187.
K.V.I.C, Coir Board and Central Silk Board also adopted a policy of encouraging artisans to form co-operatives and then to seek assistance. The encouragement and promise of assistance by All India Boards resulted in a spurt in the number of industrial co-operatives. The number of societies which stood at 13,272 in 1955-56 had been enhanced to 31,100 in 1960-61 registering a growth of 134 per cent.\(^8\) Sales through industrial co-operatives which was a meagre 11.25 lakhs in 1955-56 had increased to Rs.68.03 lakhs in 1960-61, thus showing more than six fold rise.\(^9\)

During the Third Plan period, although the number of industrial co-operatives increased, the rate of increase was less than that during the Second Plan period. The number of societies which stood at 31,100 in 1960-61 has been increased to 47,898 in 1965-66 indicating a percentage of increase of 54 per cent approximately.\(^{10}\) This was to the extent of 134 per cent in the Second Plan period. During the Second Plan period, the societies got registered with high expectations of financial and marketing assistance from the Government. These expectations from the Government regarding Cess Fund, low rates of

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\(^9\) Ibid.

\(^{10}\) *Draft Outline*, Fourth Five Year Plan, Planning Commission, Government of India, New Delhi, p. no. 436.
interest, capital assistance and exemption from tax did not materialise during the Third Plan period. These factors slowed down the growth of industrial co-operatives. However Sales during the Third Plan period went up to 73.23 lakhs from 68.03 lakhs of 1960-61 period.11

During the Fourth Plan there was no considerable increase in the number of co-operative societies. In 1972 the number of co-operative societies stood at 47898 as against 45761 of 1965-66 period.12 But the membership declined from 29.13 lakhs in 1965-66 to 28.73 lakhs in 1972-75.13 However, the sales through industrial co-operatives increased tremendously during this period. Sales which was as 73.23 lakhs in 1965-66 increased to 126.50 lakhs in 1972-75 indicating a percentage rise of 72.4 per cent.14

During the Fifth Five Year Plan, there was a major tilt in the industrial policy. The change of the national government in 1977 in the form of Janata party’s ascent to power made a basic change in the industrial policy matters. The Government gave more importance to village and small scale industries than large industries. The Government

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12 Draft Outline, Fifth Five Year Plan, Planning Commission, Government of India, New Delhi, p. no. 220.


14 Draft Outline, Fifth Five Year Plan, Planning Commission, Government of India, New Delhi, p. no. 227.
was very much enthusiastic about the promotion of village and small scale industries and they included 800 items in the list of items reserved for small scale sector. During the Fourth Plan period it was only 180 items. Further, it tried to limit the expansion of urban industrialisation. It organised District Industries Centres to look after all aspects of rural industrialisation.

During the Fifth Plan period, the industrial co-operatives flourished very well. Through the co-operatives, the Government succeeded in providing fuller employment to existing artisans, creating new employment in rural areas and minimising poverty in villages.\(^\text{15}\)

During the Sixth Plan period, 16 to 17 lakh weavers have been brought within the co-operative field. Importance was given to revitalising the societies by providing raw materials, managerial assistance and make available finance on regular basis. The generation of employment in the handicrafts sector has considerably increased during the Sixth Plan period from 20.30 lakh persons in the Fifth Plan to 27.40 lakh persons.

Despite all the efforts made by the governments to promote the village industries through industrial co-operatives, the Seventh Five

\(^{15}\) Draft Outline, Sixth Five Year Plan, Planning Commission, Government of India, New Delhi, p.no. 232.
Year Draft Outline reports that more than 50 per cent of the Indian industrial co-operatives are dormant.  

Many experts in the field of small industries have expressed their views on the causes for dormancy of industrial co-operatives.

Mr. Vasant Desai points out factors like organisation of society without conducting a proper feasibility study, lack of attention by management to planning and failure on the part of Government to give loans and subsidies as promised at the time of formation of society, responsible for the industrial co-operatives becoming defunct. 

Mr. R.V. Rao in his book titled “Small Industries and its Developing Economy of India” states low volume of operations causing difficulty in covering overhead costs, lack of proper staff and improper audit resulting in mismanagement of funds as reasons for failure among industrial co-operatives.

According to Mr. Pandikar and Mr. Arunsud, lack of quality raw materials, non-availability of cheap and adequate finance and defective marketing will increase the dormancy rate of industrial co-operatives.

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16 Draft Outline, Seventh Five Year Plan, Planning Commission, Govt. of India, New Delhi, p.no. 468.
Mr. R.D. Bedi is of the view that factors like traditional methods of production, competition from organised sectors, seasonal demand, lack of co-ordination between Government Departments, absence of loyalty among members, lack of co-operative education and training and political interference are the major obstacles to the growth of industrial co-operatives.  

The above experts have, thus exposed the various problems confronting the industrial co-operative sector of Indian economy.

From Seventh Five year Plan onwards, the Planning Commission stopped publishing data on the progress of industrial co-operatives in plan documents. Organisation of small business on micro-form was observed as the emerging trend in the cottage industry sector from Seventh Five Year Plan onwards. Banking institutions also came forward to provide financial assistance to such units.

**Development of Industrial Co-operatives in Kerala**

The co-operative movement in Kerala began in the second half of the 20th century. The Travancore Co-operative Regulation Act was passed in 1914 for Travancore area with the object of facilitating the formation of societies for promoting thrift and self-help among agriculturalists, artisans

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and persons of limited means. The bill also aimed at regulating the activities of societies already existing in the state. In 1915 a Co-operative Department was established with a view to helping the smooth functioning of societies. Following the collapse of many co-operatives all over India because of Great Depression in 1930, the Government of Travancore, appointed an Enquiry Committee in 1932. The Committee submitted its recommendations in 1934 for the improvement of co-operative movement in the state. Accepting the recommendations of the Committee, the Government enacted a new Co-operative Act in 1937. Despite all such steps, the co-operative movement languished till the end of the Second World War. 21

The Cochin Co-operative Societies Act was passed in 1938 for the Cochin area. When the states of Travancore and Cochin were integrated in 1949, a common Co-operative Act was passed in the year 1951. Malabar which was part of Madras State was governed by the Madras co-operative Societies Act, 1932. Although the formation of Kerala State took place in 1956 integrating Malabar region with it, the state had to wait till 1969 for the enactment of Common Law of Co-operatives for all the regions. 22 The Common Co-operative Societies Act was at first meant for co-operative credit societies and later it was extended to industrial sector also.

21 Velupillai.T.K, Co-operative Societies, 1940, p.no.303.
The trade unions and workers supported co-operativisation of traditional crafts as they were under the impression that the co-operatives could give better employment and more wages to workers. From Second Five Year Plan onwards, the Government of Kerala also began to extend liberal financial assistance, subsidies and other facilities to artisans’ co-operatives. These factors resulted in an increase in the number of co-operatives of traditional industries of Kerala such as coir, handloom, cashew etc.

The growth of industrial co-operatives in Kerala from 1980-81 to 2000-01 is presented in the form of table given below:

**Table 4.1**

**Growth of Industrial Co-operatives in Kerala**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of co-operatives</th>
<th>Change as number of items based on 1980-81</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>528</td>
<td>—</td>
</tr>
<tr>
<td>1985-86</td>
<td>1515</td>
<td>186.97</td>
</tr>
<tr>
<td>1990-91</td>
<td>1520</td>
<td>.33</td>
</tr>
<tr>
<td>1995-96</td>
<td>2193</td>
<td>44.27</td>
</tr>
<tr>
<td>2000-01</td>
<td>2506</td>
<td>14.27</td>
</tr>
</tbody>
</table>

*Source: Economic Review Issues, State Planning Board, Trivandrum, 1981 to 2001*
In the year 1980-81, there were only 528 industrial societies registered in Kerala. In 1985-86, the number stood at 1515. Thus the period from 1980-91 to 1985-86 recorded maximum growth. For the period 85-86 to 90-91, the growth is only marginal. There is remarkable growth in the number of societies for the other periods shown in the table such as 90-91 to 95-96 and 95-96 to 2000-01.

High dormancy rate existing among the industrial co-operatives in Kerala is a dismal feature witnessed along with the growth of industrial co-operatives. The following table makes a comparative study on working and defunct societies during the periods 1999-00 and 2004-05.

Table 4.2

Table Showing the Number of Societies Working, Sick and Closed During 1999-00 and 2004-05 Periods

<table>
<thead>
<tr>
<th>Details</th>
<th>1999-00</th>
<th>2004-05</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total number</td>
<td>Percentage to total</td>
</tr>
<tr>
<td>Societies working</td>
<td>1022</td>
<td>40.7</td>
</tr>
<tr>
<td>Co-operative sick</td>
<td>771</td>
<td>30.8</td>
</tr>
<tr>
<td>Societies closed</td>
<td>713</td>
<td>28.5</td>
</tr>
<tr>
<td>Total</td>
<td>2506</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Compiled from the Official Records of Directorate of Industries and Commerce, Government of Kerala.
As shown in the table, the percentage of societies working is not even half in 2004-05 i.e. just 44.5 per cent. However the position is slightly better than that of 1999-2000 during which the percentage of societies working was only 40.7 per cent of the total number. Similarly, the percentage of sick and closed societies which was 59.3 per cent during 1999-00 is decreased to 55.57 per cent in 2004-05. But in terms of number, the position of sick and closed societies was worse in 2004-05 than in 1999-00.

**Handicraft Co-operatives of Kerala**

The handicraft industry in Kerala has been undergoing the same miseries as the sector suffered in other parts of the country during the British rule. The idea of organising handicraft co-operatives in Kerala developed in the mind of social workers and freedom fighters even before independence. This is clear from the fact that the first handicraft society was registered in 1939 in Thrissur and in the next year the Trivandrum Ivory Carving Handicraft Society was also registered.  


Efforts of the State Government as in the case of Central Government under the Five Year Plans in regard to co-operatives were directed towards bringing handicraft artisans under co-operative coverage. The formation of the Handicraft Apex Society in 1964 by the Government of
Kerala was an important step for the development of handicraft sector. The promises of assistance from Apex Society by way of raw materials, tools, training, technical guidance and marketing induced artisans to form co-operatives.

Before independence, there were only two major handicraft co-operatives in Kerala. In 2005, the number stood at 150. The district wise classification of primary handicraft societies of Kerala is presented in the form of a table given below:-
Table 4.3

District wise Classification of Primary Handicraft Societies of Kerala

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Districts</th>
<th>Number of Primary Handicraft Societies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Trivandrum</td>
<td>22</td>
</tr>
<tr>
<td>2</td>
<td>Kollam</td>
<td>18</td>
</tr>
<tr>
<td>3</td>
<td>Alapuzha</td>
<td>13</td>
</tr>
<tr>
<td>4</td>
<td>Pathanamthitta</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Kottayam</td>
<td>22</td>
</tr>
<tr>
<td>6</td>
<td>Idukki</td>
<td>8</td>
</tr>
<tr>
<td>7</td>
<td>Ernakulam</td>
<td>8</td>
</tr>
<tr>
<td>8</td>
<td>Thrissur</td>
<td>18</td>
</tr>
<tr>
<td>9</td>
<td>Palakkad</td>
<td>15</td>
</tr>
<tr>
<td>10</td>
<td>Malappuram</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>Kozikode</td>
<td>3</td>
</tr>
<tr>
<td>12</td>
<td>Wayanad</td>
<td>2</td>
</tr>
<tr>
<td>13</td>
<td>Kannur</td>
<td>5</td>
</tr>
<tr>
<td>14</td>
<td>Kasargode</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>150</td>
</tr>
</tbody>
</table>

Source: Compiled from the Official Records of Directorate of Industries and Commerce, Government of Kerala
As per the table the handicraft societies are mainly concentrated in the districts of Trivandrum, Kottayam, Kollam, Ernakulam, Thrissur and Palakkad. Mainly woodcrafts are concentrated in these districts.

Out of the 150 handicraft societies, 103 are affiliated to Apex Society and the rest are working independently. According to the officials of the Apex Society out of 103, only 30 are working and the rest are defunct. Thus dormancy of co-operatives is a dismal characteristic in the handicraft sector like other traditional industries such as coir, handloom, cashew etc.

**Conclusion**

In India, growth of industrial co-operatives started from Second Five Year Plan onwards. The Central and the State Governments offered them various assistance in the form of finance, materials, marketing and technology. Along with the growth, a large percentage of them have started becoming defunct. In the Seventh Plan, the planners report a high dormancy rate of fifty percent among industrial co-operatives. From Eighth Plan onwards, the plan documents do not contain any data about industrial co-operatives. Thereafter, organisation of artisan units in the form of micro units and extension of liberal financial assistance by commercial banks to them were observed as trends. As in other parts of the country, dormancy rate of industrial co-operatives in Kerala is also very high. The dormancy rate among industrial co-operatives in the handicraft sector stands at a very high percentage of 70 per cent.