Review of Literature
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. Kamaladevi Chatopadhay 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. Moreover the great epic Mahabaratha mentions the

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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 its 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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⁵ First Five Year Plan, Planning Commission, Government of India, 1951, p. 327.
⁶ Karve, Committee Report, 1955, p. 60.
⁹ Aruna Chandra Gupta, Khadi Gramodyog, Vol. 6, No. 1, 1959, p. 64.
(1959)\textsuperscript{10} observe social value, aesthetic trends and currents of rural life expressed in Indian crafts. Munshi (1970)\textsuperscript{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)\textsuperscript{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)\textsuperscript{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)\textsuperscript{14} defines small scale industry as a processing

\begin{itemize}
  \item \textsuperscript{10}Khosla, D.N., Co-operation in Cottage Industries in Rajasthan, Khadi Gramodyog, Vol. 6, No. 2, 1959, p. 60.
  \item \textsuperscript{13}Report on Committee on Finance for the Private Sector, RBI, Bombay, 1954, p.80.
  \item \textsuperscript{14}Everett. E. Hagen, 1995 Handbook for Industrial Studies, (MIT), p. 74.
\end{itemize}
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

\(^{15}\) 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.


Kilby (1971)\textsuperscript{20}, Jaya Prakash Narayan (1972)\textsuperscript{21}, Deshpande (1984)\textsuperscript{22}, Streefkerk (1985)\textsuperscript{23} and Rao.V.C (1986)\textsuperscript{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)\textsuperscript{25} by stating that “there is a feeling everywhere that in today’s 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

\begin{itemize}
\item \textsuperscript{21} Jayaprakash Narayan, Basic Issues article quoted by Prabin Baishya, 1989, \textit{Small and Cottage Industries, A study in Assam}, Manas Publication.
\item \textsuperscript{22} Deshpande, M.U, (1984), \textit{Entrepreneurship and Small Scale Industries Concept and Growth and Management}, Deep & Deep, New Delhi.
\item \textsuperscript{23} Streefkerk, (1985), \textit{Industrial Transition in Rural India, Artisans, Traders and Tribes in South Gujarat}, Popular Publication, Bombay.
\item \textsuperscript{24} Rao, V.C, \textit{Industrial Entrepreneurship in India}, Chuga Publication, Allahabad, 1986.
\item \textsuperscript{25} Ram.k. Vepa, (1988), \textit{Modern Small Industries in India, Problems and Prospectus}, Saga Publication, New Delhi, p. 18.
\end{itemize}
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\textsuperscript{26}. Luckose (1992)\textsuperscript{27} and Vijay (1992)\textsuperscript{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)\textsuperscript{29} who supported co-operativisation of crafts industry. In his words, he opined that by establishing co-operatives,

\textsuperscript{26} The Seventh Five Year Plan, Planning Commission, Government of India.


\textsuperscript{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) 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) by listing out the economic and social advantages of organizing these sectors under co-operatives.

Uma Maheswara Rao (1965) 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 Roster (1966) 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 neighbours with in the village itself. Another reason found for the

stagnation of these units by A.D.H. Kaplen \textsuperscript{34} is the low productivity, which also varies 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) \textsuperscript{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) \textsuperscript{36}. This was supported by B.S Mathur (1965) \textsuperscript{37} who suggested industrial co-operativisation of cottage and village industries. Metha (1965) \textsuperscript{38} justified organizing co-operative, for they are non exploitative and is intended to promote social objective. Moreover, David. A. Morse (1965) \textsuperscript{39} list out


\textsuperscript{36} Kale. B.D. (1963), \textit{A Survey of handicrafts in South Mysore}, Institute of Economic Research, Darvar, p.27.

\textsuperscript{37} Mathur. B.S. (1985), \textit{Co-operation in India}, Sultan Chand

\textsuperscript{38} Metha.V.C (1965), \textit{Fundamental Co-operative Principle, 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)\textsuperscript{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)\textsuperscript{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)\textsuperscript{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.

\textsuperscript{40} Gunnar Myrdal, (1968), *Asian Drama* opcite.
\textsuperscript{41} Lewis.W. Arthur, Opctie.
The term market is defined by different authors in different ways. The committee on definitions (1933) 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 as "a human activity satisfying the needs and wants through exchange process". Similarly Evan. J. R 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). 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) identifies the term exchange as the main term. This is also supported by Clark and Clark stating that market is an area where exchange of products take place.

46 B: askar and Aushen, Modern Marketing, p. 6.
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). 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 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) 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 Theodore recommends the firms to think of itself not of producing for itself but of selling to customer.

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


51 Rajan Nair (1993) Marketing, Suthan Chand P.9

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 Kumar54 opined that marketing can be termed as a counter circular to arrest this motion. This was also mentioned by Benjamin Higgins55 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 plays a vital role in the dynamic process of making goods and needs in the

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


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 extent, 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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s selling remains complex to these organizations. Manzoor Ahmed Shah (1975)\textsuperscript{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)\textsuperscript{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)\textsuperscript{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


\textsuperscript{61} Bedi, R.D.,(1958), \textit{Theory History and Practice of Co-operation}, Loyal Book Depot, p. 329-333

\textsuperscript{62} Rava. J.M., (1965), \textit{Co-operation and Small Industries in South East Asia}, Series-2, ICA.
Digbey Margret\textsuperscript{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)\textsuperscript{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)\textsuperscript{65} and Sanjay. K. Jain (1988)\textsuperscript{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

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


\textsuperscript{65} Mane. (1987). Opcite.

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

Meanwhile, examining the future of handicraft markets Dak (1989) 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) identifies eager markets for the astonishing range of handicrafts among all sections of people in India and abroad. Kebsglull, the chief of the Indo-German Export Promotion Project, also observes high profile for Indian crafts in export. Similarly Ray believes that the volume of exports of Indian crafts will be doubled or even thrbled 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.


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.\textsuperscript{72} stated co-operatives feel marketing as an intangible and difficult concept to quantify, compared to production. Ram.K. Vepa\textsuperscript{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)\textsuperscript{74} and Narendra Kumar \textsuperscript{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 inherent pattern of widespread 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)\textsuperscript{76} identifies linkage of


\textsuperscript{73} Ram K. Vepa, Opcite, pp. 250 -251.


\textsuperscript{75} Narendra Kumar (1986), Opcite, pp -22.

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) 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 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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aspects of handicraft industry. However, barring 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 findings 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-operatives 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.