

Marketing Of Handicrafts - A Case Study Of Brass Items Manufacturing Units In Srikakulam District Of Andhra Pradesh

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INTRODUCTION

Handicrafts constitute an important segment of the decentralized sector, which provides employment to nearly three million artisans scattered all over the country. Hardly, there is a village or a city of any importance without artisans and craftsmen. The Industry is both rural and urban. It transcends sectarian, linguistic and communal barriers. Thus, the problems of the Handicrafts Industry are that of the premier home industry, national in its significance, cosmopolitan in its range and heterogeneous in its character. Marketing is a vital function for every commercial organization. In fact, marketing forms the basis to establish and operate the activities in the right direction. The end objective of any commercial organization is to ensure maximum sales of its products at reasonable profit. The large scale industries which have abundant financial and other resources may be able to establish an efficient marketing organization of their own, but to the small scale and cottage industries, it is not possible to have such an organization due to resource limitations.

Handicraft units, which are mostly run by individuals with sole-proprietary type of organization, cannot afford to have a separate and well-organized marketing system. The artisan-cum-proprietor of the unit devotes his entire time on production. He possesses very little knowledge and information relating to marketing of his products. Unfortunately, the artisans of handicrafts industry never give much importance to the marketing function. Hence, the artisans mostly depend upon the Master craftsmen, Lepakshi Emporium and private outlets for disposal of their finished products. The Brass artisans are one of the most traditional handicraft makers of the Srikakulam District, which are catering to need of the people of Srikakulam District and its neighbouring districts and to some other states by supplying brass utensils. Against this background, the researcher has chosen this topic with the following objectives.

OBJECTIVES

- ✿ To study the present channels of distribution for marketing the Brass items.
- ✿ To study the pricing practices followed by the household units making brass items.
- ✿ To study the problems faced by the manufactures in the realm of marketing and to give appropriate suggestions to overcome these problems.

METHODOLOGY

Srikakulam District comprises of three divisions viz., Srikakulam, Palakonda and Tekkali. The total mandals in the District are 38. Tekkali and Srikakulam divisions comprise of 12 mandals each, while Palakonda division has 14 mandals. There are different types of rural artisans living in the district viz., blacksmiths, carpentry, pottery, goldsmiths, coir, tailors, tanners, welders and brass and bell metal artisans.

No specific data regarding the brass artisans are available in the records of the District Administration. There are 60 brass units in the District of which 18 artisans are in Narasannapeta Mandal, 6 are in Sarubujjili, 8 are in Srikakulam, 3 are in Ponduru, 16 are in Saravakota, 2 in Hiramandalam and 7 in Palasa Mandals. It is proposed to cover all the 60 units for the purpose of the present study.

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SOURCES OF DATA

Data for this study have been collected from both primary and secondary sources. The primary data have been collected through field investigation in the villages. Schedules have been prepared and administered to elicit the information from the units; the Head of the unit (owner) being the respondent. The secondary data for this study have been collected from the records and published reports of the District Industrial Centre (DIC), State Bank of India and Chief Planning Officer, District Rural Development Agency (DRDA) of Srikakulam. In addition to the above, relevant information has also been collected from the concerned offices.

ANALYSIS

A channel is a path or a route through which the product reaches the consumer from the manufacturer. In the case of Brass items manufactured by the respondents in the District, they are six different channels which are shown in Chart 1. There are some Brass items, which are sold by the artisans directly to the consumers, Brass items such as Pots, Glasses, Plates, Buckets, Big Plates, Small water containers, Gift items etc., belong to this category. In some cases, artisans sell the items to the consumers through private retail outlets. Items such as Pots, Glasses, small water containers, Gift items etc., come under this category. Sometimes, consumers get the Brass products from Lepakshi Emporium, which buys the brass items from the producers directly. Gift items and mementoes come under this category. The lengthiest channel is the fourth and the fifth channels in which, the artisan sells the Brass products to the master craftsmen who in turn sells to the Lepakshi/ Private retail outlets which in turn sells to the consumers. All the gift items, decorative items and mementoes fall under this category. The consumer price naturally is the least in the case of first one while it is the highest in the fourth and the fifth cases.

Chart 1 : Classification of Distribution Channels And Intermediaries

A. MANUFACTURER → CONSUMER
B. MANUFACTURER → RETAILERS → CONSUMERS
C. MANUFACTURER → LEPAKSHI EMPORIUM → CONSUMERS
D. MANUFACTURER → MASTER CRAFTSMEN → LEPAKSHI EMPORIUM → CONSUMERS
E. MANUFACTURER → MASTER CRAFTSMEN → RETAILERS → CONSUMERS
F. MANUFACTURER → ALPHA HANDICRAFTS → CONSUMERS (OWN BRANCH)

Table 1 shows the persons to whom the artisans generally sell the finished brass articles. It can be seen from the table that as many as 55.00 per cent of respondents sell directly to the consumers. The items generally sold by the respondents to the consumers (directly) consist of gift items, pots, big plates, small water containers, plates, bowls, glasses, big water containers, idols, bells in temples etc. This is followed by 45.00 per cent of the respondents who sell to the master craftsmen. 30.00 per cent of the respondents generally sell to the retailers while 25.00 per cent of the respondents sell to the Lepakshi Emporium. The respondents generally sell to more than one category depending upon the demand for their products. Thus, it can be concluded that majority of the respondents sell directly to the consumers.

Table 1 : To Whom Do You Sell In General?

S. No.	Category	No Of Respondents	Percentage
1.	Consumers	33	55
2.	Master Craftsmen	27	45
3.	Retailers	18	30
4.	Lepakshi Emporium	15	25
	Total	60	100
Source : Primary Source			

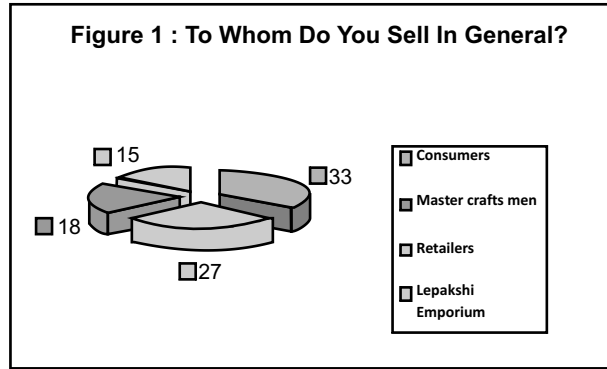
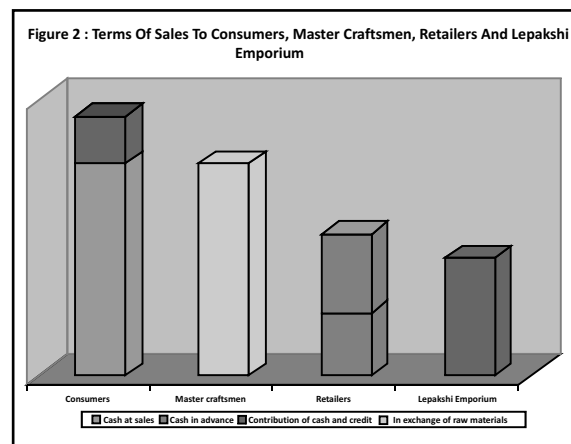


Table 2 : Terms Of Sales To Consumers, Master Craftsmen, Retailers And Lepakshi Emporium

S.No.	Category	Cash at Sales	Cash in advance	Contribution of cash and credit	In exchange of raw material	Total
1.	Consumers	27 (81.81)	6 (18.19)	-	-	33 (100.00)
2.	Master craftsmen	-	- 8	-	27 (100.00)	27 (100.00)
3.	Retailers	-	(44.44)	10 (55.56)	-	18 (100.00)
4.	Lepakshi	-	-	15 (100.00)	-	15 (100.00)

Figures in brackets are percentage to respective horizontal totals. Source: Primary Source.

Table 2 shows the terms and conditions of sale to consumer, master craftsmen, retailers and Lepakshi Emporium. Among the 33 artisans who sell directly to the consumers, 81.81 per cent sell for immediate cash and the remaining 18.19 per cent sell on the basis of cash in advance. All the 27 artisans who were under master craftsmen sell the items in exchange of raw materials. The master craftsmen give advances, raw material to the artisans under their fold and pay wages on the receipt of finished goods. Thus, the master craftsmen provide assured employment to the artisans whenever the market conditions are favorable. As can be seen, the artisans' freedom gets considerably impaired by the fact that he is not financially competent to purchase his own material. In other words, it is mainly lack of working capital, which compels him to depend upon the Master craftsmen for credit, raw materials and market of the products. Lack of sound financial position of artisans is the root cause of this situation. Thus, the status of the artisan is not an 'entrepreneur' but a 'wage earner'. Similarly, among the 18 artisans who sell to the retailers, 44.44 per cent sell on the basis of cash in advance, while the remaining 55.56 per cent sell on the basis of both "cash and credit". All the 15 artisans who sell to the Lepakshi Emporium sell on the basis of both "cash and credit".



The artisans were asked about their preferences for the sale of their products. As it can be seen from the Table 3, as

many as 63.33 per cent expressed that they prefer to sell the products directly to the consumers, while the remaining 36.67 per cent prefer to sell the products to the retailers. Surprisingly, none of the respondents prefer to sell to the Master craftsmen, the reason being inadequate wages being paid by the master craftsmen. However, some of the artisans are working under the Master craftsmen not because they like them, but because there is no other alternative. By selling to the consumer directly, the artisans not only get the wage component but also the profit component from the selling price whereas, if he works under the Master craftsman, he gets only the wage component -that is why majority of the artisans prefer to sell directly to the consumers rather than to middlemen.

Table 3 : To Whom Do You Prefer To Sell?

S.No.	Category	No. of Respondents	Percentage
1.	Consumers	38	63.33
2.	Retailers	22	36.67
3.	Master Craftsmen	--	—
	Total	60	100.00

Source : Primary Source

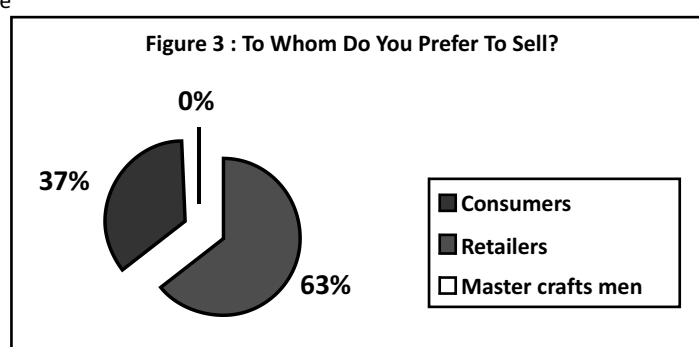


Table 4 shows the persons who fix the prices for the finished items. As it can be seen from the table 4, in the case of a little over 36 per cent of the respondents, the Master craftsmen fixes the price, while a little over 26 per cent of the respondents fix the price by themselves. In the case of 18.33 per cent of the respondents, the retailers fix the price along with the Lepakshi Emporium respectively. Thus, it is clear that the Master craftsmen are playing a dominant role in the price fixation.

Table 4: Who Will Fix The Price?

S.No.	Category	No. of Respondents	Percentage
1.	Self	16	26.67
2.	Master craftsmen	22	36.67
3.	Retailers	11	18.33
4.	Lepakshi Emporium	11	18.33
	Total	60	100.00

Source : Primary Source

Table 5 shows the time lag between production and sale of finished Brass items. Among the 46 respondents, in the case of 20 respondents, accounting for 33.33 per cent, the time lag is one month followed by 11 respondents accounting for 18.33 per cent where the time lag is fortnight. However, in the case of 10.00 per cent of the respondents, the time lag varied between one and two months. (**Note :** The percentages in the table are calculated for the total of 60 respondents).

Table 5: Time Lag Between Production & Sale Of Goods

S. No.	Period of Time	No. of Respondents	Percentage
1.	One week	09	15.00
2.	Fortnight	11	18.33
3.	One month	20	33.33
4.	One month and above	06	10.00

Source : Primary Source

Table 6 : Place Of Making Of Finished Goods

S.No	Places	No. of Respondents	Percentage
1.	Within District	60	100.00
2.	Outside the District	27	45.00
3.	Outside the State	09	15.00
4.	Outside the Country	03	5.00

Note: - The percentages are calculated for the total of 60 respondents. Source: Primary Source.

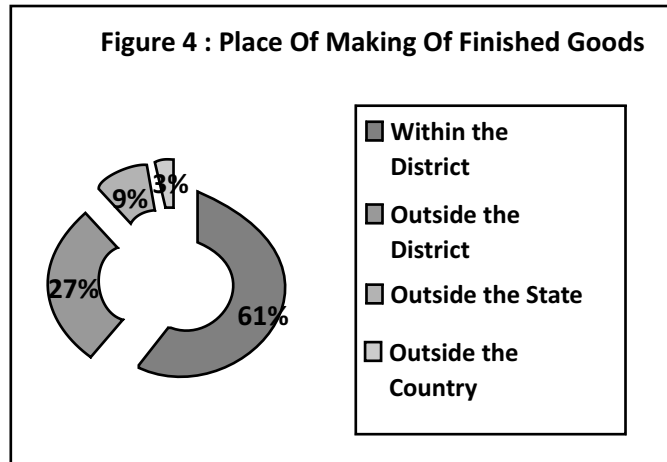
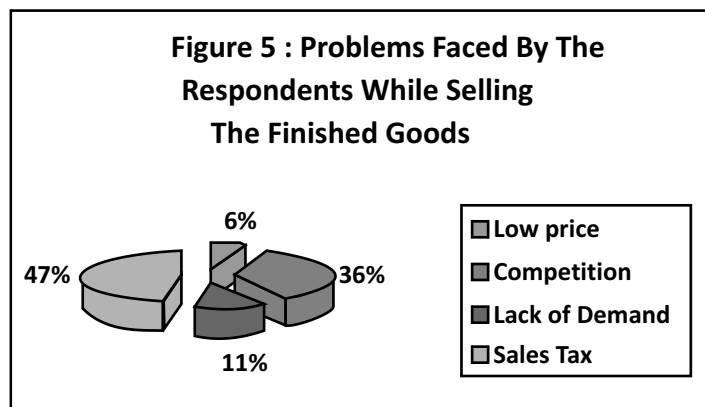
Figure 4 : Place Of Making Of Finished Goods

Table 6 shows the places of selling the finished goods. It is clear from the table that all the respondents sell the finished items within the District. They are 45.00 per cent of the respondents who also sell outside the District while 15.00 per cent sell outside the State. It is surprising to note that three respondents accounting for 5.00 per cent of the total, sell outside the country. These respondents receive orders from Belgium and Netherlands for different brass items. These three respondents are found in Buditi village of Saravakota Mandal, and L.N. Peta village of Sarubujjili Mandal.

Table 7: Problems Faced By The Respondents While Selling The Finished Goods

S.No.	Category	No. of Respondents	Percentage
1.	Low Price	06	10.00
2.	Competition	38	63.33
3.	Lack of demand	12	20.00
4.	Sales Tax	50	83.33

Note: - The percentages are calculated for the total of 60 respondents. Source: Primary Source.

Figure 5 : Problems Faced By The Respondents While Selling The Finished Goods

The problems faced by the respondents are presented in Table 7. It is clear from the table that as many as 63.33 per cent are facing the competition within the producers of Brass items. A little over 83.33 per cent of the respondents expressed problem of sales tax imposed by the Government on the finished products. There are other respondents who have been facing inadequate price for their items in the market.

Data regarding monthly sales of all the respondents is collected and the information is presented in Table 8. As stated already, January to June constitutes the brisk season while July to December constitutes the dull season. The value of sales during the brisk season varies from below ₹ 10,000 to ₹ 1,00,000 per month. It is clear from the table 8 that the sales of nearly 41.60 per cent of the total respondents are between ₹30,000 and ₹50,000. There are only five per cent of the respondents who sell below ₹ 10,000 per month while there are only 10.00 per cent of the respondents who sell between ₹ 70,000 and ₹ 1,00,000. The respondents whose sales are below 10,000 are found in Makivalasa village, while the respondents whose sales are between ₹ 70,000 and ₹ 100,000 are found in Buditi and Ponduru villages. It can be concluded that the monthly value of the sales of majority of the respondents are between ₹ 30,000 and ₹ 40,000.

Table 8 : Range-wise Total Volume Of Sales In A Month

Sales — Range (In ₹)	No. o f Respondents	Percentage
Below - 10,000	03	5.00
10,000 - 20,000	08	13.33
20,000 - 30,000	10	16.67
30,000 - 40,000	18	30.00
40,000 - 50,000	07	11.37
50,000 - 60,000	05	8.33
60,000 - 70,000	03	5.00
70,000 - 80,000	03	5.00
80,000 - 90,000	02	3.33
90,000 - 1,00,000	01	1.67
Total	60	100.00

Source: Primary Source.

CONCLUSION

The performance of the existing institutional infrastructure, both for financing and marketing of handicrafts is far from satisfactory. Cooperative movement has also not been developed on sound lines. A majority of the cooperative societies, which are founded primarily for marketing the handicraft products, are found to be almost in doldrums throughout the District. Under these circumstances, the craftsmen have no other alternative except to dispose their entire output to the local master craftsmen, and/or dealer who, in turn, sells at exorbitant prices. Poor craftsmen are also sometimes forced to effect distress sales of their output to keep the wolf from the door. Owing to their ignorance and helplessness, the craftsmen could not exercise their power in price fixation. The indebted craftsmen are quite often placed under an obligation to sell their output to the local moneylenders at prices invariably favorable to the latter. Thus, taking the advantage of their ignorance, illiteracy and poor financial status, the dealers enrich themselves at the cost of the craftsmen. Though the State Government has established Lepakshi Emporium to purchase different varieties of handicrafts produced in the State, it is not purchasing directly from the artisans. Since most of the cooperative societies in the State are almost in defunct state, the emporiums face handicaps in procuring the items of handicrafts regularly from the former. Eventually, instead of procuring the items from the societies, the Lepakshi Emporium has been compelled to purchase from the middlemen. Viewed from all these angles, we can summarize that the Industry right now is confronting many jerks and jolts. Lest they should become chronic, drastic measures to prevent them are indeed imperative. If the metamorphosis of craftsmen, the Hamlet of the Handicrafts Industry is brought about successfully, its economic consequences will be an unmixed blessing to them.

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