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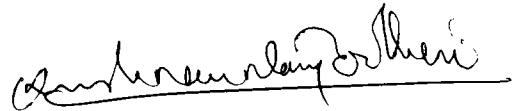
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CERTIFICATE

Certified that the thesis "**Working of women's Industrial Co-operative Societies in Kerala**" is the record of bonafide research carried out by **Smt. Vasanthakumari. P** under my supervision. The thesis is worth submitting for the degree of Doctor of Philosophy under the faculty of Social Sciences.



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1. INTRODUCTION

1.1 Women's participation in co-operative societies is as old as the co-operative movement in the state. Ownership of landed property had an important role in the co-operative credit system in Kerala because lendings were almost security oriented and landed property was considered a safe security. The greater involvement of Kerala women in co-operatives in Kerala was mainly due to the matrilineal system of family which prevailed in the state for a substantially long period. However, the concept of co-operatives exclusively for women came to limelight since 1975.

1.2 In 1975, the International Women's Year, the government of Kerala launched a Women's Industries Programme. The formation of women's co-operatives was identified as a lucrative enterprise and a feasible proposition for empowerment of women through encouraging and ensuring their active participation in the process of social and economic development. With the objectives of providing employment and source of income and stimulating the habit of thrift, a series of incentives were offered by the Government of Kerala to the women's co-operatives. A cursory reading of statistics relating to the growth of women's co-operatives reveal that a lion's share of women's co-operatives registered since 1975 were industrial co-operatives. In order to encourage women's co-operative units, the Government of Kerala has been providing them with a number of schemes of grants/subsidies.

2. STATEMENT OF THE PROBLEM

2.1 The nature and pattern of economic expansion and modernization are not conducive to provide job opportunities for the entire labour force.

The problem of unemployment of women and poverty in India can be tackled effectively only through suitable and appropriate self employment schemes including organization of women's industrial co-operatives. The formation of industrial co-operatives is derived from the idea of transforming job seekers to job creators.

- 2.2 Women's Industrial Co-operative Societies (WICS) help to supplement the income of families and thus raise the standard of living. They provide job opportunities for women including widows and the physically handicapped who have no opportunity to secure any employment elsewhere. WICS in Kerala have a large potential in this regard and therefore, the meaningful survival of WICS is one area which deserves the attention of all concerned.
- 2.3 WICS in Kerala have a significant role in the elimination of industrial backwardness and mounting unemployment. The state government has introduced various developmental schemes for WICS. Yet, the ratio of operating WICS to total number of operating women's industrial units shows a steep decline. Further, the share of WICS in the industrial co-operative sector also shows a declining trend. Besides, on 30-06-98, 48% of WICS are dormant as against the general dormancy rate of 40% in the industrial co-operative sector and 29% in the women's industrial sector.
- 2.4 Thus it can be seen that in spite of the various developmental schemes, grants and subsidies provided by the state government, present state affairs of WICS are quite disappointing. This is highlighted by the fact that 90% of the operating WICS, as on 30-06-98, are running at losses

and on an average, 5 WICS are liquidated per year (during the period of study).

2.5 Considering the basic objectives of WICS, governmental assistance and congenial atmosphere available to them, an enquiry into the present state of affairs of WICS needs no emphasis. Further, the studies conducted on WICS in Kerala have focussed their attention mainly on the socio-economic conditions of workers and general problems faced by the societies. Hence, the study is an earnest effort to identify the reasons for the present state of affairs of WICS.

3 OBJECTIVES

- 3.1 To evaluate the performance of WICS in general and financial performance in particular.
- 3.2 To ascertain the financial and operational reasons for the present state of affairs of the WICS.
- 3.3 To suggest remedial measures wherever possible.

4. METHODOLOGY

4.1 An exploratory research design is followed in the present study. Therefore, the methods used for the study include the survey of literature concerned, the experience survey and the analysis of insight stimulating examples. Even though several studies are available on industrial co-operatives in general, the literature on WICS is scanty and concentrates only on the problem of WICS and socio-economic conditions of workers. The present study focuses its attention on the performance aspects of

WICS on which literature is not available. The pilot study conducted by the researcher and discussions with officials of Directorate of Industries and District Industries Centres has revealed that only 10% of the WICS are operating on profits. So a comparative study has been done taking one unit from the non co-operative sector engaged in the same line of activity and owned and operated by women, to identify the reasons for the present state of affairs of WICS.

4.2 The Working Women's Industrial Co-operatives registered with District Industries Centres in Kerala constitute the sphere of the study. There are 170 operating WICS in Kerala as on 30-06-1998. The contents of the object clause in the bye-laws of all WICS are almost identical. The objectives, inter-alia, include undertaking of jobs, manufacturing/ assembling and marketing of various products. However, it was observed that all WICS are concentrating on one particular product or job or line of activity.

4.3 For the purpose of the study, the WICS are divided into five categories. The first category includes WICS engaged in manufacturing readymade garments, woollen knitted articles and tailoring. Nylon nets, candles and plastic articles come under the second category. The third category consists of units which are involved in assembling of electronic goods and umbrellas. Fourth category consists of food processing, oil manufacturing, baked/bakery items, confectionery items, pickles and catering. The fifth category includes units engaged in manufacturing of soaps, leather chappals, latex dipped goods, bamboo and cane articles, sculpture painting units, handicraft units, printing and book binding units.

4.4 From each group a sample of 20% is selected at random. The table given below shows the category-wise distribution of WICS and samples selected for the study. For each category of WICS, one unit is taken from the comparison group after ensuring that it is one of the best of each category. The unit is so selected that they are identical with the WICS with respect to the age of the unit, area of activity and location (district).

Table Showing Category-wise Distribution of WICS and Samples

<i>Sl. No.</i>		<i>No. of WICS</i>	<i>No. of Samples</i>
1	Tailoring and Garment manufacturing	72	15
2	Assembling Units	15	03
3	Petroleum byproducts	16	03
4	Food Items	17	04
5	Miscellaneous	50	10
TOTAL		170	35

4.5 Both primary and secondary data are used for the study. The primary data are collected using a pre-tested interview schedule and from the annual accounts of the units. Secondary data are collected from various published and unpublished sources including administrative reports of the Co-operative Department. Primary data are collected for a period of 6

years ending 30-06-'99. The period of study is fixed at 6 years because this period covers the consecutive rules of both the UDF and the LDF ministries in Kerala for 3 years each. For the purpose of this study, the co-operative year, i.e., July 1st to June 30, is taken as accounting year.

5. SCHEME OF THE REPORT

5.1 The report of the study is presented in five chapters.

5.2 First chapter contains an introduction to the co-operative movement and women's industrial co-operative societies.

5.3 Second chapter comprises of a review of literature on industrial co-operatives in general and women's industrial co-operatives in particular.

5.4 Third chapter is on the research design of the study, covering statement of the research problem, objectives, methodology, scope and limitations etc.

5.5 Fourth chapter deals with the performance analysis of Women's Industrial Co-operatives in Kerala.

5.6 The emerging trends, major findings and suggestions are incorporated in to the last chapter.

6. MAJOR FINDINGS

6.1 Though WICS are in a more advantageous position than the women's industrial units as far as the financial resources are concerned, the study has revealed that the WICS were not able to avail the various development schemes introduced by the state government at the optimum level.

6.2 No WICS was able to avail the full eligible government participation in the share capital. For all the WICS studied, the government participation in the share capital availed, on an average, was 72%. Non fulfilment of the conditions by WICS and insufficiency of funds appropriated by the government in the budget were identified as the major reasons in this regard. The norms specified for Government participation in the share capital of WICS, inter-alia, include that 90% of the members must be workers of the WICS. Though all the WICS had 90% of members as employees at the commencement of the society, the ratio could not be maintained due to reasons such as workers leaving the society on account of personal reasons and non viability of the unit. But even after quitting the job, they continued to be members just for the sake of exercising voting right. To overcome this situation, it shall be made mandatory for all WICS to incorporate provisions in the bye laws restricting voting rights only to worker members or members holding a fixed percentage of the paid up capital of the WICS.

6.3 All the units studied had availed the building grant/rent, machinery grant, management grant and sales tax benefits. No units in the WICS has availed the stipend to the promoter co-operators for undergoing training prior to the commencement of WICS for a period of 6 months. But all the comparison units had availed this benefit. To overcome the aforesaid problem in WICS, sufficient and successful training to promoter co-operators prior to the commencement of the business shall be made mandatory to avail various schemes of grants/subsidies. Manager/Secretary of only 3 WICS has availed the stipend for undergoing EDP training. It was observed that this was mainly due^{to} frequent changes

of manager/secretary. In order to overcome the above mentioned problem, the terms and conditions of appointment of chief executive of the WICS shall include, provision for a minimum period of service of the secretary in the WICS.

- 6.4 Though the objectives contained in the bye-laws, inter alia, include undertaking of jobs, manufacturing/assembling and marketing of various products, it was found that all WICS are concentrating on one particular product or line of activity.
- 6.5 None of the WICS studied had advertised their products and was therefore not eligible for reimbursement of advertisement expenses. One unit of the comparison cases had advertised its product.
- 6.6 When all the comparison units showed a profit throughout the period of study, only 12 WICS, i.e., 34.3%, showed profits for the year ended 30-06-99.
- 6.7 Among the five categories of WICS, petroleum by-products manufacturing category was the least profitable and assembling category was the most profitable.
- 6.8 The ratio of non-operating income to total income, on an average, was found to be higher for the WICS. Grants and subsidies from the government constituted the major source of non-operating income for the WICS. For the comparison cases in three categories, 100% of total income were derived as operating income.

- 6.9 The ratio of non operating expenses to total expenses was higher for the comparison cases because their rate of interest on borrowings was high compared to WICS.
- 6.10 Operating ratios for the year ended 30-06-99 and average of operating ratio for the entire period of study in respect of 27 WICS were observed to be more than 100%. As against this, for all the comparison units, the ratio was less than 100%.
- 6.11 High incidence of material and wages and salaries for the units in the co-operative sector were proved to be the main reasons for operational inefficiency.
- 6.12 Ineffective purchasing practices and improper human resources management had resulted in high material and labour costs respectively. To reduce the material costs, it will be desirable, if possible, for those WICS that are located in the same area and have engaged in the same line of activity to adopt the practice of collective purchasing. Formulation and implementation of an effective human resources management policy is found necessary to reduce the labour costs.
- 6.13 Analysis of balance sheets of the WICS has revealed that their solvency position is under threat and getting worse year after year. The debt-equity ratio of 14 units was negative as on 30-6-99 due to erosion of funds by way of losses. Equity base of WICS at any rate, has to be strengthened through the generation of internal fund. But for the comparison cases, net worth was observed to be on the increase due to the internally generated funds. Short-term solvency of the WICS was found reasonable only in the case of 14 units as on 30-06-99. But for the

comparison cases, this ratio was found reasonable for 3 units and found high for two units which implies that there is no threat on their solvency aspect.

6.14 The study has revealed that no WICS is familiar with measures of sales promotion and marketing strategies. None of the WICS spent any amount on achieving sales effectiveness. But comparison units had succeeded in framing suitable marketing strategies thus achieving sales effectiveness.

6.15 Unlike the comparison cases, the performance of the Board of Directors and manager/secretary was found to be ineffective for the WICS.

7. CONCLUSION

7.1 The study has satisfied all the objectives, viz., evaluating the performance of WICS, ascertaining the major reasons for the present state of affairs and suggesting remedial measures wherever found necessary and possible. In addition to contributing to the available literature in the area, the researcher is cautiously confident that the study can be an eye opener for the respondents as well as the government.
