

A STUDY ON THE PERFORMANCE OF WOMEN INDUSTRIAL COOPERATIVE SOCIETIES IN KANNUR DISTRICT- KERALA

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CHAPTER - I

INTRODUCTION

Ever since the publication of the 'Report on status of women in India' also called Towards Equality (Government of India, Report 1974) in the context of the International Women's year in 1975, the result of a painstaking and meticulous study, commissioned by the Govt. of India and conducted over a long period, a concerted efforts were initiated programmes and schemes, for better condition of livelihood, health and family welfare, economic opportunities, shelter and social security for felt needs of women in India. These efforts signaled the awareness of planners and policy makers to draw women into the main stream of economic and social development.

The International center for public enterprises in developing countries prepared a comprehensive report called the 'Role of Women in Developing Countries' for the World conference on women held in 1985 (Chetna, Kalbagh, 1992). According to this report the role of women in development is most intimately related to the objectives and goals of comprehensive socio - economic development and therefore, the marginal position of a large section of society particularly women, can no longer be justified

Though Indian planners adopted several programmes for the development of women during the five year plans, it was only during the 6th plan, women's employment has been recognized as the critical entry point for women's integration in the mainstream development and thereby economic independence (Prasad ,Hemalatha 1996). The endeavor to improve the status of women through several policy documents brought pressure on the government to recognize them as active participants in development such as Report of the status of women in India (1974), the Blueprint of Action points and National Plan Action for Women (1976), Integrated Rural Development

programme(IRDP), Training For Rural Youth Self Employment Programme(TRYSEM), National Rural Employment Programme(NREP), Development of Women and Children Rural Area(DWCRA), apex organization such as Khadi and Village Industries, National Cooperative Development Corporation, several subsidies, credit by NABARD, IDBI and other nationalized banks etc.

The government have come under heavy pressure because of the increasing skepticism about the ineffectiveness of most schemes (Ramaswamy, Uma 1991). Among the many special programmes, the government initiated a special programme, known as 'women Industries programme in 1980 to promote women participation in the industrial activities in the small scale and cottage industries. These units implement projects approved by

1. General Manager, District Industries Centre.
2. Small Industries Services Institute.
3. Kerala Industrial and Technical Consultancy Organisation and
4. Any consultant approved by the Department of Industries and Commerce.

The first and foremost question in organizing a small scale industry is that of ownership, which is represented by the right of an individual or a group of individuals to acquire legal title to assets for the purpose of controlling an industrial operation and enjoying the gains or profits flowing from such activities. The economic decision process that determine the technology and employment in a given economy depends on the pattern of ownership of the means of production and relation between different economic classes. Of the chief forms of ownership, cooperatives, a tool for self help and mutual help for women, provide an effective institutional set up support by providing opportunities for them status development as social and economic upgradation(Rohila B.S. 1997). The mutual cooperation ultimately develops the capacity of women to take their own decision relating to their all round development. The experience of SEWA, the grass root level cooperatives launched in Gujarat enabled several women, to participate in the cooperative movement and attain empowerment and demonstrated how the women members are systematically organized (David, M. Fetterman Ed et al 1994)

Spread of Co-operatives – Some Dimensions.

The economic significance of cooperatives can be seen by the world market shares it holds. The United Nation estimated in 1994, that the livelihood of nearly 3 billion people of half of the world's population were made secure by cooperative enterprise and nearly 800 million individuals are members of cooperatives, provides an estimated 100 million jobs(COOPAC 1999). In Burkina Faso(Bolivia), agricultural cooperatives are the largest producers of fruits and vegetables for the national market, in Uruguay. In USA, ninety percent of national milk production process by cooperatives and export seventy percent of surplus wheat production, in 1998, thirty three percent of agricultural market was comprised of cooperatives and rural electric cooperatives operated more than half of the electric lines in U.S, providing power to more than 25 million people in 46 states in the Philippines, the contribution of cooperatives to GDP was sixteen percent. Cooperatives in Denmark are still responsible for ninety percent of milk processing, sixty nine percent of farm supply and sixty six percent of cattle slaughtering. Even today Swedish insurance cooperatives, Folksam held 48.9 percent of household insurance market and fifty percent of the group life and accident insurance. In Korea, forty percent of local agriculture is marketed through cooperatives. In Canada, 60 percent of dairy products were marketed through cooperatives on 1996 and in Finland 79 percent of agricultural and 31 percent of forestry production were through cooperatives (COOPAC 1999). In Africa the cooperative movement has become the largest employer next to government (ILO 1998)

A recent report of the ILO (1999) confirms that “cooperatives continue to play an important role in employment promotion and poverty alleviation both as production enterprises mainly of the self employed and as providers of services to the members”. In India over 13.8 million jobs in India have been created by cooperatives, with 92 percent of jobs created self employment through Worker Cooperatives (Mohanani, H 1998)

In 1995, the International Cooperative Alliance (ICA), representing over 200 Cooperative Organizations (with nearly 760 million individual members) in nearly 100 countries passed a resolution on “gender equality in cooperatives” in which the members of ICA noted that gender equality is a global priority for the cooperative movement (COOPAC, 1999)

In 1999, ICA reported that India has the largest number of cooperatives with 1829 lakh members followed by China with 1403 lakh. Of the total cooperative members in

India, about 0.7 million are women spread over different types of cooperatives such as service, credit, consumer and industrial cooperatives.(COOPAC,1999) With the involvement of women in decision making and leadership position, the scope of cooperatives has broadened, their activities diversified and their social role reinforced. It is observed that women have higher scores of empathy and their whole social style is more directed to the formation of close relationship rather than to hierarchical over or to task activity (Arygle, 1991) and the movement could motivate women to participate in the income generating activities (Anula Udalagama 1981).

Women cooperatives in India can be divided into three categories viz industrial cooperatives, credit cooperatives and others such as thrift, consumer and welfare cooperatives. Industrial cooperatives are further divided into (handloom, handicraft and agro-based cooperatives) traditional and modern. The structure of industrial cooperatives in India spreads from the national to primary level (given in Appendix I). Though the women cooperatives were in existence in some parts of the country during 1950s, the details about them began to publish systematically only from 1989-90 onwards by NABARD. As on 1994-95 there were 5089 women societies in India, Among them 4018 societies are active with a total membership of around seven lakhs(NABARD 1994-95). However category wise details of women cooperatives are not brought out by NABARD. The Planning Board (2000) reported that as on March 2000 there are 861 Women industrial cooperation in Kerala, of this 53 percent of them are engaged in readymade garments (Report Planning Board 1998)

The industrial cooperatives have a vital role in accelerating the development of small scale industries. In a capital scare, labor abundant country like ours, small scale industry is expected to play a crucial role in solving the chronic problems of poverty, inequality and unemployment. Comparing 1992, the SSI owned by women increased from 5.95 percent to 15.77 percent in 1997 (Koshy P Molly and Joseph Marry 2001) Since the promotion of women industries has been aimed to uplift their social and economics status and facilitate them to take part in the main stream of economic activities and thereby become economically independent, the present study is an attempt to examine the performance of women industries established on cooperative basis in Kannur district Kerala.

Literature Review

Government and other development agencies have vigorously promoted cooperative form of organisation both in industrialised and developing countries. In the earlier section we have described some quantitative dimensions of the growth of cooperatives. But the overall impact of such initiatives in particular , industrial cooperatives has been far from satisfactory. However, there are quite number of successful industrial cooperatives and therefore, this form of organisation clearly has implications not only in theory but also in practice. In the following section we may review some of the general studies which has relevance to the meaningful understanding of the cooperative endeavor as a form of organistion.

In India the first study on industrial cooperatives was done by the working group on industrial cooperatives appointed by the govt of India in 1957(Government of India, 1959). The study reported that the industrial cooperatives are lacking the adequate borrowing power and competent and trained personnel. The study also observed that to make the movement more effective, persons with skill to manage the industrial cooperatives have to be allowed to join the cooperatives.

The second working group on industrial cooperatives in 1963(Government of India, 1967) high lighted the need to organize National Federation of Industrial cooperatives whose membership might extend to All India Federations. The committee noted that the status of cooperatives have not changed and remained as supply and marketing cooperatives. The working group recommended for further govt. assistance for reviving and if they are not fit for revival, recommended for its liquidation.

Thomas and Logan(1982)) examined the historical and organizational significance of cooperatives centred in Mondragon in Spain's Basque province and analysed their economic aspects. The study found that a net work of institution formed as a supporting structure for the cooperative factories. Education and training in the Mondragon group showed their orientation towards the welfare of the society as a whole. The surplus is distributed on the basis of financial position of the cooperatives. In practice this has successfully prevented the differential between the highest and the lowest earnings from exceeding a range of three to one. The cooperatives gave much attention to create employment and safe guarded the existing jobs. The study concluded that the

cooperatives have done remarkably well with respect to employment creation, earning levels and yield on resources.

Abel and Mahoney (1988) examined the performance of small scale industrial cooperatives in developing countries. The cooperatives in four developing countries such as India, Peru, Indonesia and Senegal were studied by selecting four units from each country. The study observed that the performance was poor in cases where the skill mix of the members were inappropriate and in success cases, high levels of solidarity were observed among the members.

Chris Conforth et al. (1988) examined the performance of industrial cooperatives in UK. The study examined the role and impact of cooperative support organization at the local level and the factors affecting the development of worker cooperatives as business enterprises. It was found that being small units, the economic performance and labor process of cooperatives are strongly influenced by external conditions particularly labor, capital and product market, low skill and incompetent management. Consequently low productivity and survival mostly depends on low wages or long hours of unpaid work.

Rooney (1988) examined the correlation between employee ownership and worker participation in employee owned firms in USA on the basis of the data collected through questionnaire in the employee owned firms and non-employee owned firms of equal size. The study observed that contrary to the expectation, there existed a lower worker participation in employee owned firm.

Trivedi and Rajendra Singh (1982) made a study to identify the various operational, managerial and other related problems of handloom industrial cooperatives in UP. They measured the managerial efficiency using the relative cost formula, i.e.; cost of management in relation to capital structure. The study observed that democratic participation was lacking in handloom cooperatives and marketing was done through private traders who exploited them.

Rayudu (1986) studied the financial performance of cooperative spinning mills in AP using ratio analysis with the objectives of examining the financial positions, financial operation and nature and extent of government financial aid. The study revealed that the mills had accumulated loss, the member's share capital base was very weak and the gearing ratio was found very high in the capital structure.

Nikkam (1986) analysed the financial strength of sugar cooperatives with the help of ratio analysis, in Aurangabad district. He measured the debt equity ratio and net worth ratio to analyse the long term financial strength. His study revealed that the cooperatives had the high geared capital structure and they were relying more on external funds for development and expansion programme.

Ghuman and Anil Monga (1987) examined the performance of cooperative sugar mills in Punjab. The Financial performance evaluation of these units suggested the vulnerability of financial structure leading to loss making.

Sami Uddin and Mohfoozur Rahman (1980) observed that Industrial cooperatives in India, were not working on democratic principles. Societies were organized with the initiative of few members and the rest were only dummies. The societies were formed only to avail the concession and incentives of government..

Om Prakash Kajipet and Narayana Reddy Rapole (1989) analysed the potentiality of industrial cooperatives in India, as a better solution for rural unemployment. Analysing the nature of agriculture sector, the authors argued that the industrial cooperatives for rural industries and agriculture related activities are more relevant for provision of employment and ensuring regular work for rural artisans .in the presence of disguised and open unemployment in agriculture sector and the low absorption of workers in agricultural activities.

Chellappan (1989) studied 83 dormant industrial cooperatives in Tamil Nadu. The study found that the reasons for dormancy were inadequate finance, supervision, marketing, feasibility of project report, defective policy of government, inefficient management and lack of cohesiveness among board members .

Elayath (1984) analysed the ownership and worker participation in industrial cooperatives, observed that the performance depends on the nature of ownership and worker's involvement and their responsibility in the affairs of the society.

Muthu Swamy (1981) studied the democratic quality of cooperatives observed that the performance of cooperatives depends on involvement of members and only members and actual users of the society should be vested with the right to elect their officers and directors and not the government and not even any apex cooperative body.

Vasudevan (1986) examined the role of beedi cooperatives in the creation of employment opportunities to beedi workers. He observed that the effectiveness of cooperative in beedi industry enabled to prevent exploitation of workers by middle men.

Pyarelal Raghavan(1995) has undertaken a major study on the dynamics of industrial cooperatives and traced the historical evolution and growth of three main traditional industries viz beedi, handloom and coir. He observed that in the handloom sector the trade unions were weak and it was controlled and dominated by the vested interests. In coir industry the study reported that the workers took genuine interest to form industrial cooperatives. In beedi industry, the cooperatives were emerged as the outcome of the workers self defence . The study also revealed that the profitable societies were very rare and government support was very high. The study observed that the societies which have strong initiative from below, have greatly influenced by the efficiency of industrial cooperatives.

Mridul Eapen (1991) study on Hantex, apex body of organised handloom cooperatives observed that the cooperative form of organization appears to hold tremendous potential for increased production by overcoming the technical and managerial problem of horizontal integration. Further the study revealed that the cooperatives initiated by government were rather dismal because of lack of dynamic marketing strategy. The society incurred loss continuously and the cooperatives lack motivation due to high degree of bureaucratic structure with political interference.

A few studies were done on handloom industry in Kerala by Rajagopalan(1986) Mathew George(1987), Manuel(1987), Toney Joseph(1988), Kuttikrishnan(1985), Geetha Devi(1982) etc. All these studies observed low capacity utilization, marketing problem and high cost of raw materials as the major problems of the industry.

Varkey((1981) examined in detail the working of coir cooperatives based on the problems of raw material, finance, marketing and management. The study showed that even when the societies were operating on loss, the workers were paid high bonus, and the wages were 32 percent higher than that of in the private sector but the employment level was half that of the private sector.

Ratna Sen (1995) examined the cases of workers take over, forming industrial cooperatives on the verge of its closed down such as Kamani tubes co, Bombay, Kanoria

Jute mill in Calcutta, Sonali Tea Estate, Ganges printing ink, Durga bari tea estate and 15 other units in Calcutta. The study showed the role of industrial cooperatives and the initiatives of the workers to maintain employment .

Krusch P.A.(1996) examined the pros and cons of cooperatives alliance in Kannur district, through a net working centre for cooperative activities. The study revealed that political patronage and conflicts over prosperous cooperatives have given a new dimension to cooperatives activities in the district.

Velayudhan (1997) examined the constraints and potentials of worker cooperatives in Kerala in modern small scale industries. He examined the productivity and capacity utilization on the basis of primary data. The study observed that the poor performance in productivity and capacity utilization should not be termed as failure of cooperatives but to be the results of faulty steps followed by persons in position.

Women Cooperatives

A. Soejitno(1981) analysed the working of Setia Budi Wanita multi effort women's cooperative in Indonesia. The auther observed that the SBW cooperative relied on the application of mutual responsibility system, ie; system of sharing the responsibility for other's loan mutually as surety to the cooperative. This system of sharing lead the SBW cooperative into a multi function and multi effort, despite many Indonesian cooperatives failed due to mismanagement and corruption.

Pathima and Siti Rosnah Haji Ahmad(1981)) examined the general situation of Women's cooperatives in Malaysia. The authors observed that although the social barriers were steadily disappearing, women were reluctant to accept leading role in established cooperatives where men had dominated by their long experience and extensive knowledge. However the study reported that cooperatives in Malaysia offered equal opportunities to men and women even in sharing the benefits. The study revealed that the main reason that kept women away from active participation in cooperatives was their preoccupation with problems, related to home, and family responsibilities.

Lalitha Krishna Swami and Sara Ahmad(1995) examined the Gujarat state SEWA women's cooperative, their performance and problems. The study brought out that the cooperatives developed a sense of empowerment through collective action. The study

observed the lack managerial skill and access to resources particularly finance and markets for their further development.

Somorendro Singh(1999) analysed the profit motive, employment situation production and income of a women handloom cooperative in Imphal, using both primary and secondary data. The study revealed that the state government had not taken any step for the financial assistance of the society when the society was facing the liquidation problem. The study also brought out some of the problems that the society had been facing such as lack of efficient marketing facilities, raw materials, low productivity, low earnings and lack of required training facilities.

Kindo(1987) in his study on the role of women in cooperatives pointed out that the strategy to be adopted in organizing women, cooperatives are prominent in the provision of part time or full time income generating activities, creation of employment at the door step by careful planning of human and material resources in rural and urban and semi urban areas.

Bansal(1987) underlined in his study that the success of cooperative movement largely depends on the active support and involvement of women who constitute half of the countries population. The author suggested for special promotional grants to women's cooperatives and set up special cells in the cooperatives department to assist women in organizing and running women cooperatives, besides exemption of audit fee to promote their early development for the first five years.

M. Mohan Das (1982) discussed the main problems faced by women industrial cooperatives in Kerala. The major problems facing the societies according to the study are poor membership, inadequate cooperative education, poor capital base, uneconomic scale of operation, lack of diversification etc.

Hema Natarajan (1989) pointed out the major hurdles to the progress of women's cooperatives like illiteracy, lack of technical guidance, marketing problems, financial problems, lack of skilled workers etc.

Devaky Jain etal (1976) studied the women's participation in modern dairy development in Kheda district on the basis of field data of 10 villages. The study observed that the women's participation was not satisfactory, that the female membership

in dairy cooperatives ranged from 2 to 10 percent. Majority of women members were found to have little involvement in the management or money disbursement of cooperatives. None of them acquired new technology of making butter and ghee for the urban consumers.

The Indian cooperative union, N.Delhi(1980), conducted a study sponsored by UNICEF on income generating activities for women especially on Scheduled caste and Scheduled tribes, agro based industries, handicrafts and handloom. The study revealed that the success of *lijath pappad* was mainly due to managerial supervisory skill of women and men and the initiate skill of women of the region to roll fine pappad. The study pointed out that the *sikki grass handicraft* at *sursand* (Bihar) failed because of the severe weakness of production and marketing. The field procurement has not been emerged as a modern production organization.

According to Bhuria(1987) the main reasons for the failure of women industrial cooperatives are illiteracy, inadequate financial support, lack of systematic marketing facilities, inadequate education and training facilities and lack of statistical data.

V.M. Rao (1996) attempted a study on *shree Warana Sahakari Dudh utpadak prakriya Sangh* in Kolhapur, Maharashtra. The study revealed that participation of women in democratic organization supported by access to modern information and technology, helps in transforming unequal relation between women and women. Also the study observed that by encouraging women to develop the habit of thrift, it will bring economic empowerment and to accelerate the pace of empowerment, women' access to resources including credit, education, health, training facilities etc should be improved.

Mayoux, L (1995) examined 10 producer cooperatives in W. Benga, Karnataka and Tamil Nadu during the period 1984 to 92. The author argued that more discussion was needed on how ideals of cooperation and empowerment of women can occur simultaneously within the context in which cooperatives operate. The study revealed that only four cooperatives were successful, the rest failed in terms of participatory decision making and cooperative operation, lack of sufficient support and excessive bureaucratic red tape were involved in the failure. The author observed that income from cooperatives could be improved by training them in local marketing and net working ensuring adequate resources and capital and providing saving schemes.

Joseph Molly and R.N. Saradha (1988) studied the level of women participation in cooperative with a case study of Ollukkara service cooperative bank, a primary agricultural credit society in Trichur district. The study revealed that in management neither the elected members nor the nominated members of Director Board included women representatives. The study further showed that though the share of women membership was satisfactory, they were not getting their due share in benefits. The study concluded that women were not getting their due share in all fields of cooperatives in Kerala where their status is supposed to be better than their counterparts in the rest of India.

Rukmayi(1981) discussed the women industrial cooperatives in India initiated by some of the public sector undertakings to provide employment for the uneducated and over-aged women who have no opportunity to secure any employment elsewhere. The study revealed the potentiality of a further expansion of women industrial societies in India, as these units were free of problems such as raw materials, marketing, advertisement, purchase etc.

M. D'cruz(1985) examined the women industrial cooperative societies in Banglore, an ancillary unit of Indian Telephone Industries((ITI). The study revealed that the workers were covered by the factories act, so that they were entitled to state insurance act, minimum wages act, maternity benefit, provident fund, bonus act, gratuity act and industrial disputes act. The study observed that the reasons for the success were (1) patronage of management of ITI (2) the devoted services of the officers of ITI and cordial relation among members and (3) assured supply of raw materials to the society by ITI.

Lanyen Chen (1999) examined the institutional linkages between women workers cooperatives, the first women credit cooperative in China and cooperative support organization, the international committee for the promotion of Chinese industrial cooperatives. The study showed that strong institutional linkages among local officers of the all China women's Federal and ICCIC encouraged the growth of women's cooperative activities. The study pointed out two major policy issues that are central to the development of cooperatives and women's banking ie; the continued growth of their activities depends on the government legislation to define the legal frame work governing cooperative relations and management system and establishing gender inclusive policies to increase credit to women's income generating activities.

Soundra Rajan, Amritha Gowri and Renuka(1999) attempted to examine the performance of Manappad women worker's palm leaf industrial cooperative in Tamil Nadu, for a period of 1985-86 to 1994-95. The study revealed that the society was not in a good operational efficiency because the net profit decreased during the period under study. The auther claimed that due to the operation of the society, the environment does not pollute or destroy the flora and fauna of the surroundings and as an earner of foreign exchange, the industry has been doing well.

From the review of literature we have seen that several studies are available on industrial cooperatives .But most of the studies are on traditional industries and focused to list out the problem encountered by the cooperatives. The studies on the overall performance comprising product structure, wage level and employment, financial structure and performance are completely absent in the literature. Moreover the role of net work in the development of cooperatives are rarely discussed. The proposed study is an attempt to fill this gap.

The Problem

The women industrial programme in the state was introduced in 1980 with a view to improve the status of women both socially and economically and to involve them in the mainstream of economic activities in the context of their low work participation rate.(15.9percent according to 1991 census). The promotion of cooperatives with special incentives by the government also aimed to uplift the weaker and marginalized sections. As an organization, the cooperative sector has been an attempt to move away from the exploitation of labor by capital. Needless to say the women industrial cooperatives has been mainly the product of govt. schemes and assistance.

Studies in the past (Government of Kerala, 1983) revealed that more than half of the women units are dormant. The report of the recent study conducted by the Planning Board (1998) on evaluation of Women Industries Programme in the state also supports the earlier findings. However this report was not based on the data from all the 14 districts . More over no further attempt was made by the government. for an in-depth analysis based on the reports submitted by the evaluation committee appointed by the Planning Board. The report also pointed out the regional specificity of sickness, ie; the south Kerala is more prone to sickness than the northern districts . Hence this study is an

attempt to examine the social and economic performance of women industrial cooperatives in Kannur (representing success and poor cases) where the dormancy is relatively low. This study also aimed to fill the gap in the literature on integration women in cooperatives in modern small industrial activities which is rather rare.

Theoretically, the cooperative sector has the tendency to degenerate rather than to regenerate in the long run and at the same time the workers are entitled to get a higher return than other enterprises. However no empirical study is available to support and substantiate this phenomenon of the attractive remunerative and degenerative in women industrial cooperatives. The proposed study is an exploratory one to examine the reasons why and how some units are expanding and resisting the degeneration while some others could not, and how far homogeneity and sacrifice among the members could be treated as the pre-requisites to the success of cooperatives (Kulandai Swamy,V, 1987)

Objectives of the Study

The objectives set for the study are -

1. To examine the wage employment pattern in the women industrial cooperatives.
2. To analyse the financial performance in three aspects such as capital structure (liquidity and gearing ratio), productivity (productivity of labor and capital) and profitability (sales to profit, output to inventory, and sales to inventory) and
3. To examine the main problems that the units face.

Hypothesis

1. The wages in the cooperative sector is constrained by the capital structure.
2. The inter- unit differences in economic performance is highly associated with existence of linkages and
3. The financial structure is weak.

Methods of Study

The study uses both primary and secondary data.

Source of Secondary Data

1. Data published by RBI and NABARD.
2. Records from the office of Registrar of cooperatives.
3. Journals and research publications.
4. Published and unpublished Ph.D thesis.
5. Google web site
6. Economic reviews, Government of Kerala.
7. Unpublished audit notes and reports of women industrial cooperates societies and tentative balance sheets

Primary data source

A detailed questionnaire was designed to collect the necessary details required for the study to supplement the secondary data. The questionnaire is given in the appendix.1

Area and Scope of the Study

The study area is confined to Kannur district and the analysis is limited to 10 garment making women cooperative societies registered in the District Industries Centre, Kannur

Sampling

A sample of 10 units (20%) representing the 3 taluks of Kannur district was selected mainly based on the balance sheet and audit reports consisting of successful units (continuously profitable for the last 3 years), average units (profitable in alternative years) and poor units (operating continuously under loss for the last 3 years). And also considering the age of the units ie; old (>20 years) young (≤ 20 years) and very young (≤ 10 years) representing 30%, 30% and 40% respectively.

Methods of Data Collection (Primary)

Period of data collection

The primary data was collected during 2000 and the survey took 6 months (July-December 2000)

Phases

The data for the study has been collected in different phases.

In the first phase, the list of women industrial cooperatives were collected from District Industries Centre, Kannur. The details of actually working units were collected from the four cooperative circle Union office viz Kannur, Taliparamba, Tellicherry and Koothuparambu. When verified the list at these offices, it was known that some of the units were dormant or RNA(Records Not Available).

In the second phase, the working units were identified from the audit inspectors and Taluk Industries Officer (women) of different areas from the audit department of cooperative circle office and taluk office respectively from the three taluk offices of Kannur district.

In the third phase the samples were selected on the basis of the performance according to the audit reports and balance sheet of the women cooperatives. Frequent visits in the selected units enabled to create a good rapport with them.

Since the questionnaire contains information from the inception of the society onwards, it took a lot of time to gather the data from old societies.

Tools

The study uses tools such as averages, percentage, ratios , correlation , Scaling technique trend analysis and regression. Most of the variables used in this study are worked out from audit reports and balance sheet of the concerned cooperative societies.

Concepts and Definitions

All the variables used in this study except fixed capital are converted in constant prices spliced based on 1970-71 prices. Fixed capital is given in purchase value and not in book value through out in the records and hence it is not converted into constant terms. The purchase of raw-materials were deflated with the spliced weighted material price index of textiles, based on 1970-71 prices. The inputs (purchase and electricity) were deflated with weighted index of non-food and fuel based on 1970-71 prices. The variables used in this study are average per unit.

Concepts

1. *Output*:- Sales plus Opening Balance minus Closing Balance.(this variable is converted in constant terms with the wholesale price index of 1970-71 prices))
2. *Sales*:- Income of the unit from the sales which is credited in the revenue side of the account in the balance sheet.
3. *Equity (net worth)*:- (Share Capital + Reserves + Surplus) minus(Deficit Stock + Deficit Loss)
4. *Working Capital*:- (Share Capital + Deposits + Borrowing + Statutory Reserves) minus (Fixed Capital)
5. *Fixed Capital*:- Net Fixed Cost(purchase value of fixed asset minus depreciation)
6. *Current Asset*:- Cash in Hand + Cash at Bank + Advance due to society + Closing trade balance
7. *Current Liabilities*:- Advance due from society + interest payable +Other liabilities
8. *Quick Asset*:- Cash in Hand and Cash at Bank
9. *Gross Profit*:- Difference between revenue and expenditure of the trading account(deflated with wholesale price index based on 1970-71 prices)
10. *Operating Profit*:- (Gross profit) minus (interest + depreciation)
11. *Total Cost*:- Purchase + Wages + Depreciation + Establishment and Contingency
12. *Value Addition*:- Gross Profit + Wages + Interest

13. *Closing Stock*:- Value of raw materials + Semi finished goods + finished goods
14. *Productive Capital*:- Fixed Capital + Working Capital
15. *Political Net work*:- Linkage with political parties either directly or indirectly promoted by party members or workers as members of politically affiliated union and partly workers.
16. *Successful units*:- Continuously profitable for the last three years according to the audit report.
17. *Average units*:- Running in profit in alternative years as per the audit report.
18. *Poor units*:- Operating continuously under loss for the last three years according to the audit report.
19. *Capacity*:- As given in the Project proposal of the unit.
20. *Capacity utilization*:- Output divided by capacity and this is multiplied with 100 to obtain the percentage.
21. *Employment*:- number of workers employed.
22. *Charts*:- drawn on the best fit trend equation which are 'rank-1' in the soft ware package which shows least error.
23. In the trend equation the variable 'y, denotes year or time

Scheme of Study

Chapter I gives introduction, review of past studies, and design of study.

Chapter II gives the district profile Kannur.

Chapter III The nature and characteristics of Women Industrial Cooperatives in the district.

Chapter IV gives case study of 10 units and its performance analysis.

Chapter V gives major findings and conclusion.

CHAPTER - II

DISTRICT PROFILE – KANNUR

This chapter gives a brief account of the profile of Kannur district with special focus on cooperative movement.

Kannur district, the nerve center of the east while Malabar district of the former Madras state have an area of 2968 sq. k.m, account for 7.6percent of states geographical area with a population of 7.58 percent of state population ranks 8th in descending order. Kannur one of the beautiful miniatures of the picturesque state of Kerala with 49 tourist centers, is considered as the district with largest number of tourist centers in the state.(Census of India, 2001). The term ‘Cannanore’ is the anglicised form of the Malayalam word Kannur – the compound of two words viz ‘Kannan’ (Lord Krishna) and Ur (Place) make Kannur the place of Lord Krishna(Sreedhara Menon,1972).

The census report (1961) shows that the broad categories of workers in Kannur constitute 48percent male workers out of total male population of 8.75 lakhs and 23.6percent of total population, while women workers were 2.3 percent of total female population which represent 11.7 percent of total population. Further in Kerala the female workers were mainly cultivator (29.15%) and agricultural labourers (30.04%). The workers in these categories were higher in Kannur than that of Kerala figures. However, the participation of women workers were lower even in 1960s than male workers. In manufacturing and household industries, the proportion of workers were comparatively small(Sreedhara Menon, 1972). Centre for Monitoring Indian Economy(CMIE-2000) reported that in Kannur, more than 11000 small and medium size industries are working, as on 2000, of which majority are SSI in the traditional sector, concentrated on textile based.

However the number of women SSI in the district declined from 8.3 percent to 3.2 percent while general category increased from 4 percent to 5.1 percent over the period 1985-2000. (table.1). The changes in the number of SSI units have not much affected the

employment situation. This shows that the newly registered unit provided either more or equal employment that had lost by closed or sick units.

Table - 1

Growth of SSI in Kannur district (1985-2000) (Percentage to the State total)

Year	SSI (%) (general)	Women SSI (%)	Employment (%)	Investment (lakhs)	Production (lakhs)	Sick (%)	Closed (%)
1985	4	8.3	8.9	5.4	-	2.3	20
1990	4.9	3.8	13.6	5.7	-	5.3	8.2
1995	5.4	3.3	9.7	5	-	3	1.2
1997	5.8	3.5	8.8	4.7	8.9	-	-
1998	5.7	3.4	8.5	4.4	7.6	-	-
1999	5.6	3.4	8.2	4.4	7.6	-	-
2000	5.1	3.2	8	4.8	7.7	3.2	-

Source: Worked out from Economic Review, Govt. of Kerala , Various Issues

The table.1 also reveals that changes in employment have been caused by changes in investment and consequently on production. When investment declined from 5.4 to 4.8 percent employment fell from 8.9 percent to 8 percent during the period 1985 to 2000, which indicates that the fall in employment was less proportionate to the fall in the investment. The table further shows that the growth of SSI especially after 1997 have a set back from 5.8% to 5.1%. This phenomena could be observed in other districts except some of the southern districts such a Trivandrum, Kollam, Pattanamthitta, Alaphey, and Kottayam. (Govt.of Kerala, Economic Review, 2000)

However CMIE (2000) reported the percentage share of industrial activity in some of the districts in Kerala. Comparing Cochin, Trivandrum, Kozhikode, Kannur seen to be far ahead in industrial activities (table 2). Moreover during 1980-1995 in Kannur, (table-3) the employment in industrial units increased from 33 per unit in 1980 to 462 in 1995.

Table - 2

Percentage share of Industrial Activities –Sector-wise (2000) Kerala (Some Districts)

District	Sector wise		
	Primary Sector(%)	Industrial Sector(%)	Service Sector(%)
Kochi	10	32	58
Trivandrum	21	18	61
Kozhikode	16	28	56
Kannur	12	36	52

Source: CMIE, October-2000, District Profile.

Table-3

Industrial Units and Employment- 1980-95-Kannur

Year	Industrial unit	Employment (Persons)	Employment per unit
1980	8830	291308	33
1985	10927	297679	27
1990	11407	5267482	462
1995	11407	5267482	462

Source: CMIE, October-2000

Cooperative Movement in Kannur

Historically in the reign of Chirakkal Rajan during 8th-18th century, people were organized under a Cherry (local self help group) and were given training in martial arts. With the advent of nationalist movement, many of these local groups took the form of cooperation (Krusch,P.A). The early initiators of cooperative movement were mainly freedom fighters like K. Kelappan, T.P. Raghava Menon, Krishna Pillai, A.K. Gopalan etc. Though the first cooperative institution was formed at Kasargod and at Tellecherry on May 31st 1912 the movement made a headway after 1940 .(Sreedhara Menon,1972) The poverty of agriculturists and the great depression resulted in slump prices in early 30's prevented the progress. After the IInd w. war, prices began to rise, consumer cooperatives and production cum consumer cooperatives came into existence. The production cum

consumer cooperatives in Malabar area had the monopoly of procurement and distribution of food grains and were able to earn substantial share capital and reserves. After independence, the movement got impetus from national govt. by starting up of special societies and conversion of agricultural credit societies with unlimited liability into multi purpose and then into service societies with limited liabilities.

During the post independence period, the left saw the cooperatives movement as an effective vehicle for radical transformation, so the history and development of many of cooperatives is associated with political activism. In 1936, Chirakkal Taluk Karshaka Sangham was formed, to protect the interests of poor peasants from landlords. This ultimately led to the Kayyur incident which witnessed the hanging of four of its members(Krusch,P.A). In 1946 under the Madras cooperative societies act, the Kannur producer's and consumer's cooperative society was started, primarily for distributing food items at a reasonable price. Later it was converted into Kannur spinning mill in 1956 and started production in 1964. However the rise of labour movement as cooperatives was a real threat to the capitalist in Kannur, at the same time it was an effective organization for political parties. The militant political parties saw the cooperative society as a dual weapon as workers in industry and as members (societies) cum dedicated party workers.

By 1974, the number of cooperatives in the district rose to 598 covering all types of societies such as credit and non credit as well as in agriculture and non-agriculture type (table-4). From 1974 onwards Kannur came to be known as the center of cooperative culture with a firm footing, formed all types of societies.

Of the total societies started in 1974-75, 26 percent were school cooperatives, 23 percent labour contract and 9.8 percent employee credit societies, and the remaining 41.2 percent consist of other societies such as rural bank, Harijan societies, marketing and processing, poultry, farming, irrigation, autoriksha, hospital, transport, housing etc (table.5).

Table - 4
Progress of Cooperative Movement in Kannur (1964)

Type of Society	No.	No. of members	Share capital Rs	Total reserve Rs	Deposit Rs	Loan issued Rs.	Value of goods Rs
Service societies	89	72067	1740213	724030	2419675	8324521	1540864
Multipurpose societies	66	11415	166310	57021	770	286891	123370
Other Agricultural credit societies	50	7625	118990	50953	11801	217216	67256
Total	205	91107	202255	832004	2432246	8828628	1731490
Average/society		444	98601	4058.6	11864.6	43066.5	8446.3

Source: A Sreedhara Menon, History of Kannur gazetteer – Kerala 1972, Trivandrum.

From table-5 it was found that the marketing societies have greatest number of members per society (3593), followed by housing societies (1184). Among the Cooperative Banks, the largest membership have been in the Urban Bank with 6317 members per society.

Table - 5
Number and membership in cooperative societies registered in 1974-75
(Kannur District)

Type of cooperative	No. of societies	Membership	Average mem/society
Rural bank	9	35964	396
Harijan	4	614	154
Urban bank	6	37900	6317
Marketing	5	17964	3593
Processing	11	1345	122
Poultry	3	391	130
Farming	1	543	543
Irrigation	6	199	33
Printing	1	387	387
Autoriksha	5	1846	369
Hospitals	5	543	136
Transport	10	11843	1184
Housing	2	569	285
Canteen	8	1023	128
Unions	6	346	58
Agri.Welfare	1	248	248
Employee credit	20	3800	190
Labor contract	53	51624	974
School	48	19878	414
Total	203	175063	862

Source:- Sudhakara Rao and Sambasiva Rao(1979)', New Industrial Possibilities'
Kannur Distict, Small Industrial Extension Training Institute, Hyderabad

Categorising the societies into credit and non-credit of agricultural and non-agricultural Kannur district had 38 percent agricultural credit societies, 9.4 percent agricultural non-credit societies, 17.6 percent non agricultural non credit societies, only 1 percent non agricultural credit societies and 34 percent other types of cooperatives (table 6).

Table - 6
Number and Type of Societies as on 1974-75 (Kannur)

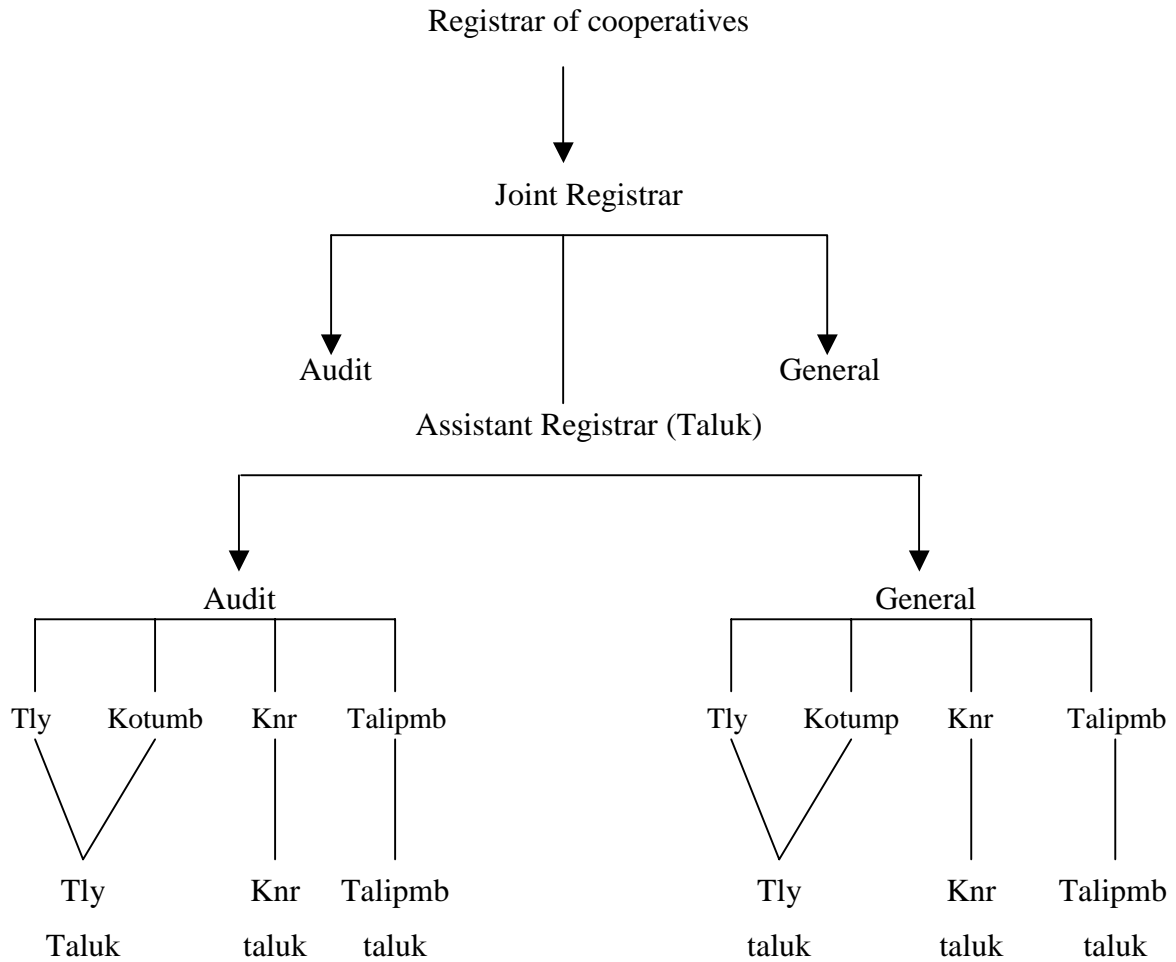
Type of society	No.	Percentage
Agricultural credit	228	38
Non agricultural credit	6	1
Agricultural non credit	56	9.4
Non agricultural non credit	105	17.6
Other cooperatives	203	34
Total	598	100

*Source: Sudhakar Rao and Sambasiva Rao (1979) 'New Industrial possibilities
Kannur district, opcit.*

Administrative Structure

The administrative structure of cooperative sector in Kerala is distinct from the rest of the state. As against the usual system of one cooperative union for each taluk, Kannur district alone has 4 circle union offices in three taluks viz Tellecherry, Koothuparambu, Taliparambu and Kannur, in the three taluks of Tellicherry, Taliparambu and Kannur under the separate administration of general and audit each under one Assistant Registrar. At the district level, the administration rests with the Joint Registrar and the Registrar of Cooperative Societies at the state level (chart 1). The present structure of cooperatives in Kannur was partly due to the political pressure to retain the cooperative circle in Koothuparambu when another at Tellecherry was formed.

Chart - 1
Structure of cooperative administration



However the registration and administration of various types of societies depends on the nature of its activities. Eg; the industrial cooperatives are registered with industries department, milk cooperatives with dairy cooperatives department, fishery cooperatives with fisheries department, service cooperatives with cooperative department. But the audit is done by the cooperative department, audit section irrespective of the administration.

Prior to the implementation of cooperative act of 1969, the societies were attached to block office under each inspector, and the controlling officer was at the district level only. Since there was not much societies in these times, no circle union was needed to administer. But after the enactment of 1969 act, the cooperative movement diversified its activities to various fields. As on March 2000, Kannur district had 1654 cooperative

societies spread in 4 cooperative circle areas covering all types of societies (table 7). Kannur circle have more cooperatives societies with 38 percent of the total, followed by Taliparambu with 31 percent and Koothuparambu with 18.5 percent and Tellicherry ,12.6 percent..

Table - 7

Distribution of cooperative societies–Cooperative circle wise (Kannur) as on March 2000

Type of Society	Cooperative Circle				Total
	Kannur	Taliparambu	Tellicherry	Koothuparambu	
Urban bank	2	2	15	5	24
Service bank	33	41	-	36	110
Employees credit	31	13	5	6	55
Harijan's	10	3	4	6	23
Whole sale stores	1	-	-	-	1
Other credit	3	2	-	-	5
Marketing	10	22	1	10	43
Joint farm	1	-	-	-	1
Consumer Cooperative	65	31	9	7	112
School and college	98	81	58	84	321
Housing	15	6	4	4	29
Labor contract	8	9	2	2	21
Exservice	1	-	-	-	1
Printing	8	5	1	1	15
Autorikshaw	2	2	1	-	5
Other societies	87	118	27	50	282
Handloom	31	12	10	4	57
Coir	25	13	8	6	52
Khadi & village	69	63	23	34	189
Other ICS	83	57	27	27	194
Milk	26	24	4	17	71
Fisheries	19	6	9	1	35
Land Mortgage	-	1	-	-	1
Hospitals	-	-	2	6	8
Total	628 (38)	511 (30.8)	211 (12.7)	306 (18.5)	1656 (100)

(Figures in bracket shows percentage)

Source: Assistant Registrar (Audit), Cooperative Circle Union, Kannur district.

The working status of societies in the four circle area shows that 94 % societies in Tellicherry area are working though Kannur area has the largest number of societies in the district. (Table-8)

Table 8

Distribution of cooperative societies – working status as on March 2000 (circle wise)

Cooperative Circle	No. of RNA societies*	No. of societies liquidated	Total non working societies	Total working societies	Total societies	Percentage working societies
Kannur	78	50	128	500	628	80
Tellicherry	9	4	13	198	211	94
Koothuparambu	37	53	90	216	306	71
Taliparambu	68	2	70	441	511	86
District	192	109	301	1353	1656	82

Source: Assistant Registrar Cooperative Circle (Audit and general) Kannur district.

* RNA – Records Not Available – units that are not working but not liquidated.

Industrial Cooperatives in Kannur

Kannur district has the maximum number of working industrial cooperatives in the state.(Padmini.C, 1998) The linkages created by the cooperatives particularly under Dinesh Beedi has given a new dimensions to cooperative management and ethics in the district. The growth of industrial cooperative societies for the period 1985-2000 in Kannur recorded an annual average growth of 5.9%, while the state had 5.1% growth. (Table 9). The growth of industrial cooperatives in the state during the 2nd half of the 90s was higher than the previous period, especially after 1995, was mainly the result of the government policy. The table further indicates that out of 14 districts, only in six district, cooperative organization made progress. This was because of the locational specificity that were suitable for starting cooperative societies eg; Kannur district for beedi and handloom, Trivandrum for handloom Kollam for cashew, Alapuzha for coir, Ernakulam for handloom and textile, and Trichur for metal industry.

Table - 9

District wise Distribution of Industrial cooperatives (1983-2000)

District	1983	85	87	89	91	95	97	99	2000
TVM	205	215	267	230	202	249	286	310	328
KLM	188	120	161	152	173	199	231	262	271
PTA	-	69	69	75	81	92	105	109	107
ALPA	149	158	164	158	210	210	246	273	283
KTM	88	107	91	102	36	131	149	159	154
IDK	22	24	38	40	56	80	86	94	102
EKM	106	112	79	90	43	131	186	223	248
TCR	203	192	227	249	223	201	214	216	217
PLKD	73	89	64	91	80	114	124	134	129
MLPM	71	81	81	82	86	109	118	132	145
KKD	94	62	91	91	87	120	123	125	115
WYD	2	23	29	22	26	48	56	71	76
KNR	116	109	127	132	159	181	197	201	205
KSGD	-	27	27	36	40	53	17	75	67
TOTAL	1316	1388	1515	1550	1502	1918	2193	2384	2447

Source: Economic review – various issues ,Govt. of Kerala, State Planning Board, Trivandrum.

The percentage share of industrial cooperatives in the district to the state total shows a low rate of growth 8.4 percent in 1987, 8.5 percent in 1989, 10.6 percent in 1989, then declined to 9.4 percent in 1995 and further to 8.4 percent in 2000, while the percentage share of small scale industries to the state total in the district declined sharply from 12.5 percent in 1985 to 5.1 percent in 2000. This also reveals that the proportion of industrial cooperatives to the small scale industries increased from 0.63 in 1985 to 1.65 in 2000 in the district. At the same time this ratio fell from 4.4 in 1985 to 1.1 in 2000 in the state (table 10). This points to the tendency towards the existence of a favourable atmosphere to form cooperative units in the district.

An important aspect of cooperative movement has been the integration of women in the development activities. Though the pace of growth was slow before 1980's, the emergence of women entrepreneurship was much related to international women's decade

(1975-85). The few women industrial units existed before that, were mainly in the cooperative sector(Shreegouri V,Savadi,2001). After 1980 with the implementation of women industries programme, a special programme to uplift the economic status of women through self employment opportunities with government stake and other assistance vide govt. order No. Go (Ms) 56/80 ID dtd. 28.2.1980, women units both in cooperative and non cooperative sector increased.

Table - 10
Share of Industrial Cooperatives and small scale industries to the total in
Kannur district (1985-2000)

Year	Percentage share of ICS*	% share of SSI	Ratio of ICS to SSI (Kannur)	Ratio of ICS to SSI (state)
1985	7.9	12.5	0.63	4.4
1987	8.4	11.6	0.72	3.8
1989	8.5	11.00	0.77	3.2
1991	10.6	7.1	1.49	2.00
1993	-	6.00	-	-
1995	9.4	5.4	1.74	1.5
1997	8.9	5.8	1.53	1.7
1999	8.4	5.6	1.5	1.5
2000	8.4	5.1	1.65	1.1

Source: Calculated from Economic Review various issues Govt. of Kerala, Trivandrum.

* ICS:--Industrial Cooperative Society

However the growth of WICS (Women Industrial Cooperative Societies) comparing WIP in SSI sector has been low. The share of WICS to the state total WICS in the district ranks 6th in the descending order (7.7%). At the state level too, the share of WICS to total industrial cooperatives recorded only 35.2 percent which indicates that the participation of women in the industrial activities on cooperative lines has not yet got proper momentum. The women units in the non-industrial activity also shows a very low rate (8.9%) which further indicates low participation of women in these lines. While comparing the share of women non industrial cooperative to total women non-industrial cooperatives in the district with the rest of the state, the district ranks 1st (24%). At the

same time in the non-cooperative sector category, the district stood 13th in descending order (table 11).

Table - 11
Relative Importance of Women Cooperatives (Percentage to state total)

District	(Ref. year 2000) Industrial Cooperatives		(Ref year 1992-93) Non-Industrial Cooperatives		(Ref year-2000) Non-Cooperatives	
	Percentage of WICS to TICS	Percentage of WICS to TWICS	Percentage of WNICS to TNICS	Percentage of WNICS to TWNICS	Percentage of WNC to TNC	Percentage of WNC to TWNC
TVM	3.7	10.7	1.7	18.6	2.00	11.7
KLM	3.1	9.00	0.7	7.9	2.1	12.3
PTA	2.1	6.2	0.3	3.3	1.2	6.3
ALPZ	2.7	8.00	0.1	2.00	1.7	10.1
KTM	1.6	4.8	0.3	3.3	1.6	9.4
IDK	2.3	6.7	0.3	13.1	0.9	5.1
TCR	3.4	10.00	0.2	5.5	1.5	7.9
PLKD	2.6	7.7	0.5	7.00	1.4	8.1
KKD	0.9	2.8	0.0	6.4	1.00	5.8
WYD	0.7	2	0.6	3.00	0.6	3.6
KNR	2.6	7.7	0.3	2.4	0.5	3.2
KSGD	0.8	2.5	0.2	2.1	0.4	2.2
KERA LA	35.2	100	8.9	100	17.4	100

Source: (1) Calculated from Economic Review (2000)

(2) Hand book on Cooperative Movement in Kerala, 1992-93.

WICS = Women Industrial Cooperative Society

TWICS = Total Women Industrial Cooperative Society

WNICS = Women Non Industrial Cooperative Society

TNICS = Total Non Industrial Cooperative Society

WNC = Women Non Cooperative

TWNC = Total Women Non Cooperative

TICS = Total Industrial Cooperative Society

Further it could be seen that the district ranks the same order in the (6th) share of WIC to TICS and WICS to TWICS.

The district (Kannur) position stood 6th position not only to state total, but also to the district total i.e. 32% of ICS in the district are managed and owned by women. While the share of WNC to TNC is only 10.9% (Table 12). Thus in the district total ,the women units under cooperatives are more than non cooperatives.

Table 12

Category wise and District wise distribution of women units (share to district total)

District	ICS(Ref year 2000) Percentage of WICS to TICS	N.C. units (Ref. year 2000) Percentage of WNC to TNC
TVM	28	19.1
KLM	28	23.1
PTA	49.5	23.4
ALP	24	19.00
KTM	26.6	17.2
IDK	56.8	25.5
EKM	52.8	13.5
TCR	39.6	13.2
PLK	51.1	17.5
MLP	40.7	15.4
KKD	20.8	13.7
WYD	20.8	36.00
KNR	23.7	10.9
KSG	32.8	15.7
Total	35.2	17.4

Source: Calculated from Economic Review 2000

WICS = Women Industrial Cooperative Societies

TICS = Total Industrial Cooperative Societies

WNC = Women Non-Cooperatives

TNC = Total Non-Cooperative

NC = Non –Cooperative

The total 12 shows that WICS in the state has not evenly spread. Highly concentrated in some districts such as Pathanamthitta, Ernakulam, Trichur, Idukki and Malappuram. However the proportion of working units in these districts are relatively small except Malappuram. (Report, Govt. of Kerala ,1998) . Moreover in 12 districts of Kerala (except Idukki and Wynadu) the women units (non cooperative sector) are below 25%. In district such as Idukki, Wynadu and Malappuram majority of the units were formed recently particularly under 9th plan. (peoples plan). The report of Govt of Kerala prepared under the Manpower series (1983) and the Report of the Committee for Evaluation of WIP (1998) points out that the mortality of women units in the northern district are less than the southern district. However, no effort was made to analyse the reasons for the phenomenon. However, the northern region has not been without any sick units.

In Kannur district, as on June 2000, there are 1228 SSI promoted by women, out of this, 66 units are industrial cooperatives. The growth of WIP and WICS is given in table 13.

Table 13
Growth of SSI under Women Industrial Programme in Kannur

Year	No of SSI (women)	No of SSI under WIP	Percentage of WIP to SSI	No of WICS	Percentage of WICS to WIP
As on 1990	203	131	64.5	24	18.3
90-91	290	162	55.8	26	16
91-92	325	197	60.6	34	17.2
92-93	429	227	52.9	38	16.7
93-94	530	259	48.8	39	15.1
94-95	613	296	48.3	50	16.9
95-96	720	325	45.1	55	16.9
96-97	891	346	38.8	63	18.2
97-98	1033	557	53.9	66	11.8
98-99	1156	570	49.3	65	11.4
99-2000	1228	638	51.9	66	10.3

Source: Economic Review, various issues Govt. of Kerala, Trivandrum.

Though the number of units of WIP and WICS are growing but slowly, the percentage of WIP to SSI and WICS to WIP have declined from 64.5 percent to 51.9 percent in the case of WIP to SSI and from 18.3 percent to 10.2 percent in the case of WICS to WIP during the period 1990-2000.

This phenomenon has been partly due to the recent government policy towards SSI such as de-reservation, ceiling on government grant, restriction of concession to value added products etc. Added to the above are inhibitions relating to gender specific factors. We are dealing with these larger issues now, but will confine only on the inter unit differences in performance.

Women Industrial Cooperatives in Kannur

The political interest in cooperatives was more visible and present in the initiative of political leaders and their efforts contributed a lot in shaping the cooperative movement. (Krusch,P,A). In spite of the changes introduced in the economic scenario during the last 5 years, the relevance of cooperatives does not take a back seat, though there may be a shift in the priorities to be assigned to various sectors of the economy (Kumar ,Siva,1998). The rationale for the existence of cooperatives arise from the nature of perception of development. (Kulandai Swami,V,1994). However, The importance of cooperatives in organizing people, enhancing productivity and in promoting equitable distribution of profits, participation of women in cooperative movement has been limited due to illiteracy, procedures of registration of cooperatives, inadequate financial support, marketing facilities and lack of effective leadership. (Sudan, K, Falendra and Gupta,S,K,1997). The collective forum for women need to build collective solidarity or leadership. Which is a gradual process to emerge as empowered.(Sharma, S, Prem, 1998). This has prompted the government to include “empowerment of women by mobilization of women in cooperatives” as one of the major thrust areas in the draft 5 year plan (Sisodia, S, S, 1998). The Kerala Dinesh Beedi which employs large number of women workers, so far out flanked the degeneration tendencies through a creative mix of work place empowerment and supervision.((Richard, W, Franke, Thomas Isac and Pyarelal Raghavan, 1998)

Area of Operation

Just as in other parts of the economy, in Kannur too, WICS operates in areas viz garments, printing, food processing and leather. Out of this, leather industries were started under the peoples planning. Altogether there are 54 units working in the district, two of them are run by scheduled caste, one in food and another in garments. Activity wise distribution of units is given in table 14.

Table 14
Activity wise Distribution of WICS as on March 2000-Kannur

Activity	No. of units	Percentage	Dormant No.	Percentage	Total Units
Garments	33	61	6	54.5	39
Printing	15	28	5	45.5	20
Food	3	5.5	-	-	3
Leather	3	5.5	-	-	3
Total	54	100	11	100	65

Source: (1) District Industries Centre, Kannur.

(2) Assistant Registrar, Kannur district (Audit)

Activity wise distribution of units shows that 61% of the units are in garments and 28% in printing. Just as, the majority units are in garments, some of them were formed during 1959-60, and have survived for more than 40 years, initially these units were registered and worked as multi purpose societies, food and bakery items manufacturing along with garment making. Later, due to scarcity of some of the raw materials, increase in prices of sugar and marketing problems, they switched on to garments alone. Thus converted from multi purpose into single purpose societies. The high concentration of units in garments were due to reasons such as--

- (1) almost no saturation point
- (2) not much skill is required
- (3) entry to the industry is easy - small capital is sufficient
- (4) manage household activities along with job
- (5) value added products, so that assistance and incentives could be obtained.

However , the growth of units in the district hastened after 1990. The age wise distribution of units shows that 18.5 percent of the unit have more than 20 years of age, while 53.7 percent have less than or equal to 10 years old. However 7 percent of the units are 40 years old, are doing garment making.(see table-15)

Table - 15
Age Wise Distribution of Women Industrial Cooperative Societies

Year	No of units	Percentage	Age	Cumulative No.	Percentage
Upto to 1975	4	7.4	> 40	4	7.4
1976-80	6	11.1	> 20	10	18.5
1981-90	15	27.8	≤ 20	25	46.3
1991-2000	29	53.7	≤ 10	54	100
Total	54	100	-	-	-

Source: Survey details

The growth and survival of small cooperatives depends on the political patronage and links that provide the necessary stimuli and energy. Though patronage based on religion is common in Kerala, it is very much limited in Kannur, instead politics is the dominant patronage source.(Krusch, P, A). The promoter wise category of units (table 16) indicates that 46 percent of them have political link, and 9 percent of the units have formed with religious link and 45 percent of them have any patronage.

Table - 16
Distribution of units – Promoter wise

Promoter	No. of units	Percentage
Political	25	46.3
Non political	19	35.2
a. Social	9	16.6
b. Religion	5	9.3
c. Khadi Board	5	9.3
Others	10	18.5
Total	54	100

Source: Survey details

Kannur cooperatives are generally small with informal relation among the members cooperatives that are integrated horizontally and vertically are doing well. The political parties pay attention only to existing well to do cooperatives. More over the small ones are encouraged mainly for political purposes. The period wise promotion of WICS indicates that upto 1980 (old societies) only 6 out of total 25 units promoted by political patronage, 15 units out of 29 started after 1990 were promoted by political help. The period wise promotion of WICS is given in table 17.

Table - 17

Promoter Wise and Period Wise Distribution of WICS (as on 2000)

Year	Promoter				Total
	Political	General	Religious	Khadi	
Upto 1980	6 (24)	3 (18.8)	-	1 (12.5)	10 (18.5)
81-90	4 (16)	4 (25)	4 (80)	3 (37.5)	15 (27.8)
91-2000	15 (60)	2 (56.2)	1 (20)	4 (50)	29 (53.7)
Total	25 (100)	16(100)	5 (100)	8 (100)	54 (100)

Source: Survey details

Table - 18

Period Wise and Promoter Wise Distribution of WICS (as on 2000)

Promoter	Period			Total
	Upto 80	81-90	91-2000	
Political	6 (60)	4 (26.6)	15 (51.7)	25 (46.3)
General	3 (30)	4 (26.6)	9 (31.1)	16 (29.6)
Religion	-	4 (26.6)	1 (3.4)	5 (9.3)
Khadi	1 (10)	3 (20.2)	4 (13.8)	8 (14.8)
Total	10 (100)	15 (100)	29 (100)	54 (100)

Source: Survey details

Table 18 shows that 46.3 percent of the units are assisted by political sponsorees in various degrees. Only 9.3 percent are promoted by religious institution. Of the total units that were started during 1991-2000 51.7 percent were through political assistance. Further 20% of units formed in 1991-2000 promoted by political were under peoples planning. Of this only 33.3% is working without much loss.

Location

The locational distribution of WICS in the district indicates that 33.3% are in Taliparambu taluk, 30% in Kannur and 37% in Tellicherry taluk (table 19).

Table - 19

Locational Distribution of WICS (Taluk wise)

Taluk	No. of units	Percentage
Taliparambu	18	33
Kannur	16	30
Tellicherry	20	37
Total	54	100

Source: Survey details

The empirical study was done on 10 garment making units, consists of 23 percent from Taliparambu, 25 percent from Kanur and 12 percent from Tellichery representing proportionately on the basis of age. Though 37 percent of the units were in Tellicherry, many of them are formed recently, and hence to represent the three categories of age as well as performance, the number of units were restricted to 4 from Taliparambu, 4 from Kannur and 2 from Tellicherry which consists of 3 successful, 4 average and 3 poor units.

The next chapter discusses the nature and characteristics of the sample units under study.

CHAPTER - III

NATURE AND CHARACTERISTICS OF WOMEN INDUSTRIAL COOPERATIVES - KANNUR

Before discussing the nature of operation and their activities, let us have a look at the organizational profile. Generally, the organizational profile of Women Industrial Cooperatives Societies remains the same to all societies in respect of objectives, admission to membership, reserve fund and its utilization, deposits, borrowings, general body, distribution of profit, depends on the bye law of the society. In the units under study, 60 percent of the units follow the practice of keeping 15 percent of the net profit as reserve fund and 5 percent to education fund, while 40 percent follow the practice of keeping 35 percent reserve fund and 5 percent to education fund. The organizational profile is given in Appendix III

The empirical study on 10 garment making units consists of units belonging to different age such as old, young and very young based on the year of its commencement of production (YCP) as well as viability consists of successful units, average and poor, located in three taluks. Moreover the sample was selected, considering the promoter's category too. On the basis of age, 16 percent of the units are more than 20 years of age, 24 percent with less than or equal to 20 but more than 10 years and 60 percent with less than 10 years. The sample units consists of 30 percent old, 30 percent young and 40 percent very young. In other words, the sample comprises 38 percent from old units, 25 percent from young and 13 percent from very young, the sample form 20 percent* of the total units in the district (Table.1).

Table - 1
Category of units on the basis of age

Year	Age	No. of units	Unity considered	Percentage	Sample Unit	Percentage (Sample)	Percentage (Total)
Upto 1980	>20	8	8	15	3	30	38
1981-90	≤ 20	12	12	22	3	30	25
1991-99	≤ 10	31	31	57	4	40	13
1999-2000	≤ 1	3	-	6	-	-	-
Total		54	51	100	10	100	20

Source : Assistant registrar, Cooperative Circle Union Office, Kannur district

On activity wise 6% of are doing the garment making, 28% in printing and others in food and leather. The sample form 30% of total garment units in the district. The locational distribution of women units indicates that 33% are in Taliparamba, 30% in Kannur and 37% in Tellicherry. Taluk wise, the sample consists of 22% from Taliparambu, 25% from Kannur and 10% from Tellichery (Table 2).

Table - 2
Geographical Distribution of units – Taluk wise

Taluk	No. of Units	Percentage	Sample Units	Percentage
Taliparamba	18	33	4	22
Kannur	16	30	4	25
Tellichery	20	37	2	10
Total	54	100	10	20

Source : Survey details

The samples were selected on the basis of viability as well as promoter-wise . For this study 50 percent of the sample units were selected from units with political linkage and the other 50 percent without any linkage. (table-3)

Table - 3

Distribution of units basis on viability and promotor wise

Promoter wise	Viability							
	S		A		P		T	
	No	%	No	%	No	%	No	%
Political	2	40	2	40	1	20	5	100
Non- Political	1	20	2	40	2	40	5	100
Total	3	30	4	40	3	30	10	100

Source : Survey details

S = Successful A = Average P = Poor T = Total

The table 3 indicates that of the sample units, 50% are promoted by political leaders, and 50 percent by non -political . Of the 5 units promoted by political leaders, 40% are successful, 40% shows average performance and 20% poor. In the non-political category,20 percent are successful, and 40 percent average and poor. This shows the role of politics in the development of cooperatives in the district. The detailed discussion about the political links shall be discussed in the next chapter.

The structure of sample units is given in chart I.

The peculiarity of women industrial cooperatives in Kannur has been the survival of old units for more than forty years. However, the old societies were not seen to be viable in strict terms. In the very young group, 67 percent of them are working successfully than young units promoted by political leaders. At the same time, it could be observed that the success and the survival depends on the strength of the alliance as well as the patronage of the party in power.

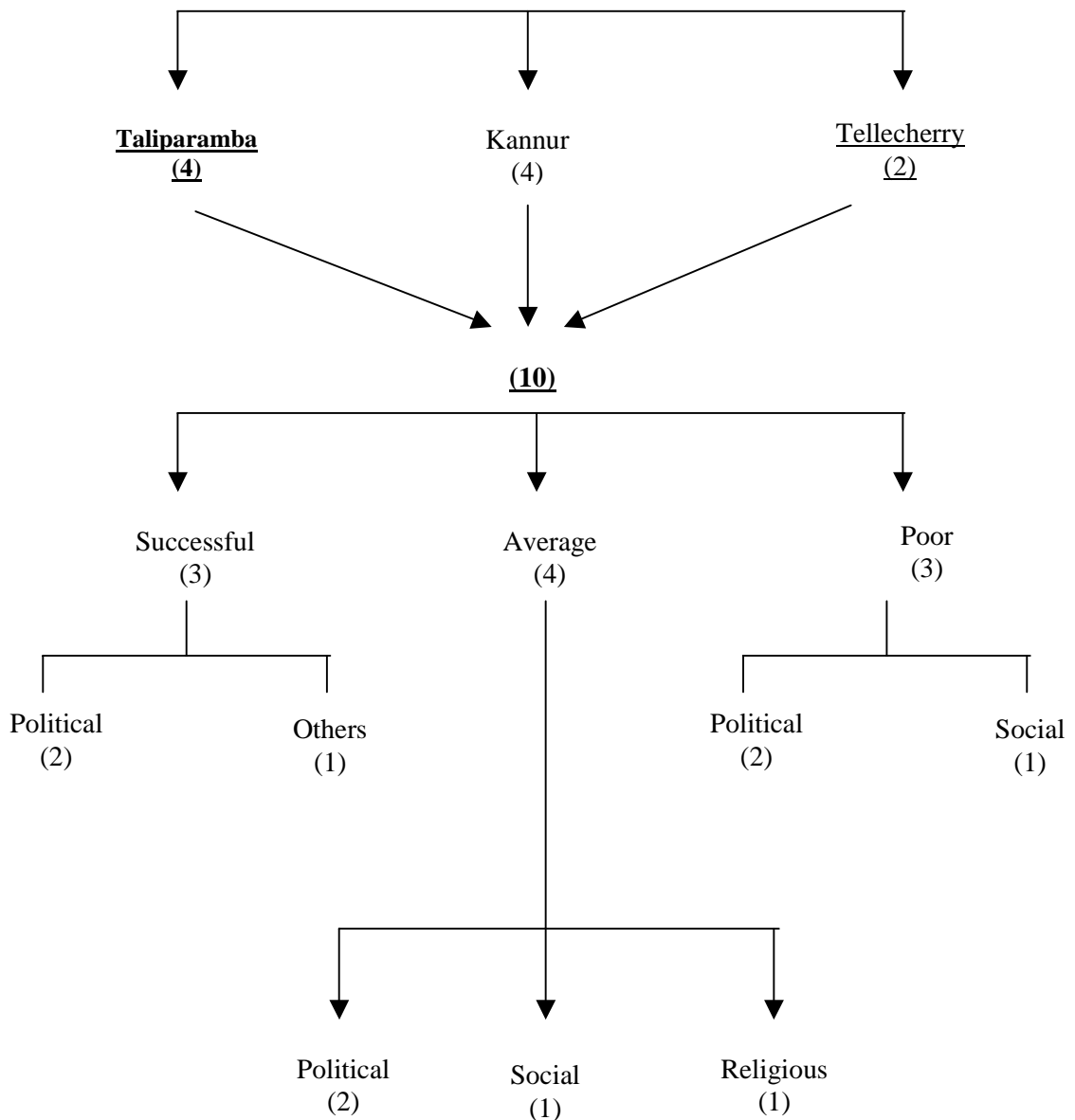
General Features

A striking feature of the units was related to the size of membership and share value. In the old societies the share value ranges between Rs.5/- and 10/- while the units formed in the subsequent period, particularly 1990, the share value ranges between Rs.1000/- to Rs.5000/- (table – 4). Moreover the size of membership too had similar differences.(The Government stake depends on the member’s share capital. Moreover with the WIP

implementation (1980), the old societies were unable to satisfy the conditions of WIP that atleast 60% of the workers shall be given employment and 80% of the workers should be women.) Since the old societies had too many members, either they were not willing to do work or unable to provide job in the society.

Chart I

Women industrial cooperatives -Kannur district (garments)



The performance of the societies have not been much attractive, and therefore new members were not interested to join the society, at the same time, old members were not ready to raise their share capital. Hence finance seemed to be a major problem particularly to the old societies eg; Tellichery Block Vanitha and Edakkad Block Vanitha, which were formed in 1960.

Secondly though the societies face financial problems, they were unwilling or much reluctant to borrow from banking sector or other financial institutions. More over the attitude of the banking sector are not seemed to be favourable to the women cooperatives. Only a small percentage (20%) of the sample units borrowed from banks (table 5). This shows the negative attitude of the women cooperatives and its management towards bank credit. This has been due to the risk involved in the external capital as well as the depletion in the asset of the society. Only 30% of the units have own building and 70% are in rented premise (table 6) and the machinery, equipment and other immovable were old and depleted.

Table - 4

Distribution of units on the basis of Membership and share value. (No of units)

Type of society	Membership				Share value (Rs.)			
	< 25	25-50	50-500	Total	< 10	10-500	500-1000	Total
Old	-	-	3	3	2	1	-	3
Young	1	1	1	3	-	2	1	3
Very young	3	1	-	4	-	-	4	4
Total	4	2	4	10	2	3	5	10

Source: Survey details

Table - 5

Distribution of Units according to Utilisation of Bank Finance

Type of society	Number of unit	Name of Bank/Institution	Amount Rs.
Old	2	Govt. loan (block)	5000
Young	1	Cooperative Bank	12,000
	1	NABARD (Cash credit)	5 lakhs
Very young	1	Cooperative Bank and Catholic Syrian Bank	6 .5 lakhs
Others	5	Nil	Nil

Source: Survey details

Table - 6

Type of Workshop premise

Type of Society	No. of units		
	Rented	Own	Total
Old	1	2 (20)	3
Young	3	-	3
Very Young	3	1	4
Total	7 (70)	3 (30)	10 (100)

Source: Survey details

Table - 7

Distribution of units secretary's service basis

Type of society	Units with permanent secretary	Units with Temporary secretary
Old	2	1
Young	2	1
Very young	2	2
Total	6	4

Source: Survey details

Moreover the financial institutions generally do not lend to the cooperative sector, unless they are given security either property or personal security.** Since the financial

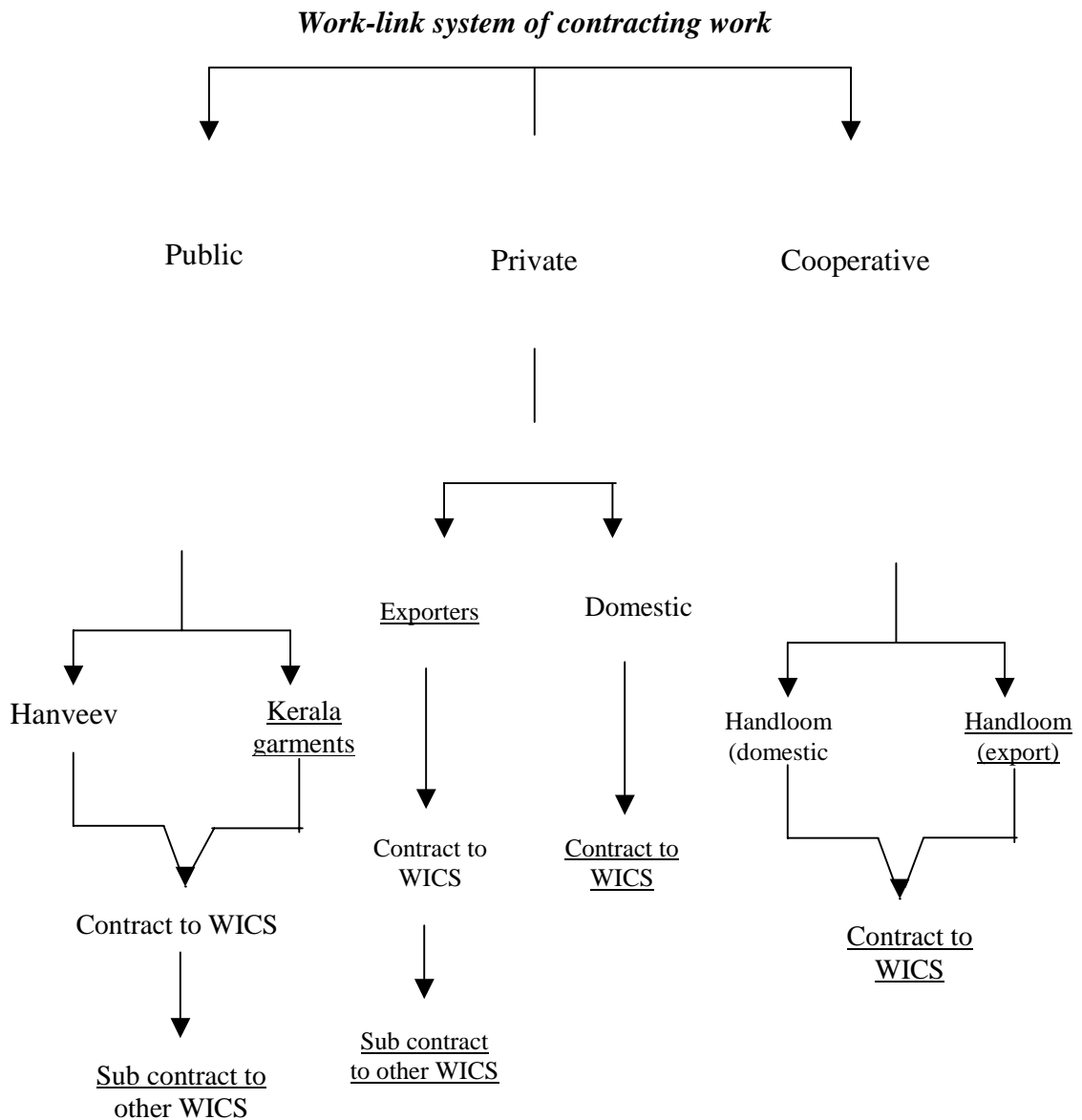
responsibility lies on every members, the general body usually did not pass the resolution for availing bank finance.

However, this depends much on the management and the secretary who has been the custodian of accounts of the society. Since the secretary is the employee of the cooperative department, there is risk of frequent changes in the secretary post. The secretary may either leave the society because of low salary or personal or family problems. Therefore, the society and the management faces a crucial problem of accurate accounting. Six out of ten units had this phenomenon of changes of the secretary since its inception.(table-7)0

Thirdly the WICS concentrate mainly on ladies dress and baby suits. Though the units are facing stiff competition from local and outside market, these are movable items, irrespective of the income groups, due to the change in dressing pattern of ladies both working women, housewives and teenagers.

Fourthly another feature of the WICS has been the system of contracting and sub contracting of work. Kerala garments, a unit of readymade garments under handveev (Kerala State Handloom Development Corporation) produces shirts under the brand name 'hans' and production subcontracted to women cooperatives. Moreover, they are doing furnishings and dress materials. During season, the workers in the Kerala garments could not produce the required quantity needed for the market demand, they also sub contract to cooperative societies to do the work. The WICS undertake contracting work from the handloom societies as well as from private textile traders in the local area and exporters. Thus, the contracting work between cooperatives, between state government and cooperatives, between cooperatives and private domestic traders and between cooperatives and also exporters plays a dominant role in providing and creating employment to the workers. Moreover obtaining this kind of job works by one or two societies and subcontract to other societies are also depends on certain political connections, trust and confidence, and solidarity among the workers and towards their organization. These qualitative aspects of the society, though difficult to measure, could be evaluated on the basis of financial stakes, team spirit, working for the same objective etc which do generate solidarity towards their organization and treated these as the synonyms of their commitment (John.P.Bonim, Derek.C.Jones and Louis Putterman – 1993 : 1290-1320) The work link chart is given in chart II.

Chart - II



However not all WICS in the district are doing the contract work. Nearly 50% of them manufacture and sells by self and 50% in contract work. Of this 10% engaged in contract work from private exporters, 20% subcontract work from public undertakings, 10% undertake job work from private textile traders and 10% in the interfirm contract work.

Moreover of the total units under study 30% of them engage in manufacture and contract work (table 8 and 9).

Table – 8
Distribution of units on the basis of nature of work

Nature of Work						
Type of society	O M & S	Percentage	C&M No.	Percentage	CO No.	Percentage
Old	1	10	1	10	1	10
Young	1	10	2	20	-	-
Very young	3	30	-	-	1	10
Total	5	50	3	30	2	20

Source: Survey details

M&S – Own manufacturing and sales

C&M – Contract work and manufacturing

C.O – Contract work only

Table – 9
Classification of units on the basis of nature of contract work

Nature of work	No. of units	Percentage
Contract form private exporters	1	20
Contract from private (domestic)	1	20
Sub contract from public undertaking	2	40
Interfirm contract	1	20
Total	5	100

Source: Survey details

Most of the units prefer contract work because of financial problem especially low working capital requirements and secondly due to marketing problem. The main source or perhaps the only source of finance is the share capital of members and the govt. stake in the form of share capital participation.

Capital Structure

The capital structure consists of fixed capital, working capital and paid up capital. In the WICS, total capital composed of share capital of members plus 6½ times of the paid up capital of member's share as equity share participation by the government subject to a maximum of 3.50 lakhs if it is a WIP, other wise four times of the paid up capital as the government stake to the general category. The capital structure is given in table 10.

Table – 10
Capital structure of WICS as on 2000

Type of society	No. of units	M.S.(Rs.)	Average M.S.(Rs.)	Govt share(Rs.)	Average G.S.(Rs.)
Old	3	31961 (8)	10653.6	116380 (9)	38793
Young	3	84800 (22)	28266.6	442000 (35)	147333
Very young	4	271800 (70)	67950	698000 (56)	174500
Total	10	388561 (100)	38856	1256380 (100)	125638

Source: Survey data

MS – member share G.S. – government share
(Figures in bracket shows percentage)

In the units under study, only 8% of total share capital of members comes from the old units while 70% is from very young units. Corresponding to the member's share, the Government participation too shows just 9% for old units and 56% for very young units.

A striking feature of the societies formed early was the small share amount per share but at the same time the number of members were large, so as to enable them to obtain the required amount of working capital. There was no govt. participation in the form of share capital during those days and hence could collect the resources either by increasing the share capital or by increasing the number of members. The societies followed by second option. Thus in the old societies the share amount ranges from Rs.5/- to Rs.25/- while in other societies it is more than Rs.1000/- similarly the number of shares per unit and share value were more in the young and very young than old. This directly

affected the equity base of these units. In these units, 90 percent of the units have more than 100 shares, and in 50 percent of the units, the share values were more than Rs.1000/- and 60% of the units have total equity between 1 and 2 lakhs.

Table – 11
Details of Shares, Share Value and Equity

Item	No. of units	Percentage
1. Shares (no)		
upto 100	1	10
100 – 200	1	10
> 200	8	80
2. Face value (Rs.)		
upto 50	2	20
50 – 1000	3	30
> 1000	5	50
3. Equity		
< 1 lakh	2	20
1-2 lakhs	6	60
2-3 lakhs	1	10
> 3 lakhs	1	10

Source: Survey details

Moreover the capital base of 60 percent units seems to be not healthy because the equity ranges between 1 and 2 lakhs only. Just 20 percent of the units have equity participation of more than 2 lakhs. The capital structure of any business unit have positive relation with its viability because finance is the life blood of any business. The capital base and viability status is given in table 12.

Table – 12
Viability and capital base

Capital Base	Viability status			
	Successful	Average	Poor	Total
< 1 lakh	-	-	2	2
1 – 2 lakhs	1 (17)	4 (66)	1 (17)	6 (100)
2 – 3 lakhs	1	-	-	1
> 3 lakhs	1	-	-	1
Total	3 (30)	4 (40)	3 (30)	10 (100)

Source: Survey data

(Figures in bracket shows percentage)

In the table 12, 30 percent reported to be successful and 30 percent poor. Of the 3 successful units, each comes under the capital base ranging between more than one and three lakhs. However among the 6 units with a capital of 1 – 2 lakhs, 4 units (66%) are reported to be just average and only 1 unit (17%) seemed to be successful and 2 units with less than one lakh comes under the poor category.

It was mentioned earlier that the societies formed in the past have more members but low share capital. However due to the pressure of capital scarcity and the policy of govt to assist the women units financially, size of membership changed over time. The table 13 shows that in 40 percent of uni'ts membership changed very sharply while a moderate change in 20% units and a small change was seen in the remaining 40% of units. The rate of change in membership was high among the old societies in the downward direction while in the young and very young units, it shows a moderate upward change. This pattern of change was made in the old societies in order to increase the share capital per member and reduce the number of members so as to satisfy the norm of a WIP.

Table – 13

Classification of Units according to Membership Change

Nature of change	Type of units			Total
	Old	Young	Very young	
High	(61) 2 (50)	(33) 1 (25)	(25) 1 (25)	(40) 4 (100)
Moderate	(33) 1 (50)	-	(25) 1 (50)	(20) 2 (100)
Low	-	(67) 2 (50)	(50) 2 (50)	(40) 4 (100)
Total	(100) 3 (30)	3 (30)	4 (40)	(100) 10 (100)

Source: Survey data

(Figures in bracket shows percentage, right hand side figures are percentage to row total, and left hand side figures are percentage to column total).

The classification on the basis of viability shows that (table 14) 40% of units changed their membership greatly. Of this 25 percent appeared to be successful, 50 percent recorded average performance and the remaining 25 percent poor performance. Among the moderate and low groups, the three types of society shared 1 unit each. This indicates that changes in membership have no immediate impact, on viability.

However, the women industrial cooperatives in the district shows the existence of a peculiar linkage effect on viability. The working condition of the units under study indicates that of the total 50 percent were promoted by political parties and 50 percent by others (social workers, church and local people) is given in table 15. Among the 5 units promoted by political parties one is old society, two young and the other two very young. Of these, 2 units (one from young and one from very young) are successful 2 units (one from old and one from young) average and one society reported to be performing as poor. At the same time the other 50 percent promoted by others, only one unit from very young is successful, two units shows average performance and the remaining two from the old category seemed to be poor. This points towards the role of linkages and net working in the district in the working of cooperative units. The basis of net working and the nature of its function will be discussed in the next chapter.

Table – 14
Viability of Units according to Membership

Nature of change	Type of society			Total
	Successful	Average	Poor	
High	(33.3) 1 (25)	(50) 2 (50)	(33.3) 1 (25)	(40) 4 (100)
Moderate	(33.3) 1 (33.3)	(25) 1 (33.3)	(33.3) 1 (33.3)	(30) 3 (100)
Low	(33.3) 1 (33.3)	(25) 1 (33.3)	(33.3) 1 (33.3)	(30) 3 (100)
Total	(100) 3 (30)	(100) 4 (40)	(100) 3 (30)	(100) 10 (100)

Source: Survey details

(Figures in bracket shows percentage, right side figures are percentage to row total, and left side figures are percentage to the column total)

Table – 15
Classification of Units According to Viability Promoter and Age

Age	Viability and promoter wise								G. Total
	Successful		Average		Poor		Total		
	P	S	P	S	P	S	P	S	
Old	-	-	1	-	-	2	1	2	3
Young	1	-	1	-	1	-	3	-	3
Very young	1	1	-	2	-	-	1	3	4
Total	2	1	2	2	1	2	5	5	10

Source: Survey details

P = Political, S = Social

Employment

There are some generalised ways in which one can try to measure success in cooperative terms. The most basic question concerns with the maintenance of cooperative principle viz employment and living income, and the provision to secure employment has been emphasized as one of the three aspects of social profitability in connection with industrial cooperatives. As normally conceived, a job provides a flow of income and it is this that provides the primary source of satisfaction (Abell Peter and Mahoney Nicholas-

1988 : 22). Having a job is thus the most basic instrumental benefit of being in a cooperative and took tremendous pride in the fact that they had never been unemployed. It was a bit like buying a job (Chris Cornforth, Allen Thomas et.al –1988:98).

In the units under study, 10 percent of them have less than 10 workers, 60 percent have between 10 and 20 workers and only 30 percent of the units employ more than 20 workers. This shows the size of the working units in the district. The employment data, for the last 10 years shows that (table 16) between 1991 and 2000 it has doubled from 9.7 to 19.4 worker per unit. However during the first half of the 90s, it stagnated from 12.9. to 11.8 till 1995. At the same time the members per unit declined from 118.7 to 78.7 during the period 1991-2000. This was because of the reduction in the membership in one of the old societies. The percentage of employment to membership have not shown a uniform trend. Till 1995, the change was positive but slow, in 1996 it increased to 20.3 from 11.7%. Again in 1997 it fell to 17.7 and there after increased relatively faster than that of till 1995. This tendency was due to the fluctuation of employment and membership in one or two units (table 18). Otherwise over the period, the employment data would show a stable trend. This further indicates that some significant changes might have occurred in the production pattern in some units. (The nature of employment, wages production and productivity will be discussed in detail in the next chapter). The data shows that the employment increased in the viable units, while changes in membership was observed in the poor units. Comparing the ratio of workers to numbers in the YCP, the percentage per unit increased from 17 to 24.7. Similarly average worker per unit too shows a rise from 14 to 19.4. Moreover the data reveals that over the years membership declined while employment increased though marginally. This shows a positive supply function when related to age of units, the old societies have recorded membership of 173 per unit and 95 and 45 for young and very young respectively.

The average worker per society seemed to be more in very young units than young and old, when it was 30.5 worker per very young society, in the young category, it was 20 and in old just 4 workers. In the case of members, very young units had few members (44.5) comparing to the old units (154.5) (table 17). Thus the nature of employment and membership indicates that the units formed in 1990 and after were able to create more employment than those formed earlier.

Table – 17

Employment and Membership according to Agee

Years of operation	Type of society	Ref. Year	No. of units	Member	Mem/society	Workers	W/society	Percentage of W/men
Upto 1980	Old	2000	3	463	154.3	12	4	2.6
1980-90	Young	2000	3	146	48.7	60	20	41
After 1990	V. young	2000	4	178	44.5	122	30.5	68.5
Total			10	787	78.7	194	19.4	24.7

Source: Survey data

Mem – members

W - workers

Table – 18

Membership and Employment position according to Units

YCP (Year of Commencement of Production))		
Unit	Mem	W
1	31	16
2	15	15
3	320	25
4	11	10
5	15	6
6	52	15
7	78	15
8	203	12
9	49	12
10	50	14
Total	824	140
Average per unit	82.4	14
Percentage of workers to member	17	00

Source: Survey data

YCP = Year of Commencement of Production Mem = members W = Workers

Category of Workers

The labor force consists of both male and female workers in the three categories viz skilled, semi skilled and unskilled. The male skilled workers have been on a temporary basis and the main job is cutting the fabrics suitably to stitch. The stitching works and quality checking were done by female skilled workers, packing by semi skilled and other assistance by unskilled workers. However , 80 percent of the workers were skilled and only 5% were reported to be unskilled (table 19).

Table – 19

Category of workers on the basis of nature of work

Category of workers	Nature of work		No. of workers			Percentage		
	Male	Female	Male	Female	Total	Male	Female	Total
Skilled	Cutting	Stitching and checking	3	152	155	1.9	98.1	100
Semi skilled	-	Packing	-	29	29	-	100	100
Unskilled	-	Helping	-	10	10	-	100	100
Total	-	-	3	191	194	1.9	98.4	100

Source: Survey data

The table 19 shows that 98.4 percent of the workers were women and only 1.9 percent of skilled workers were male in the 30 percent of the units under study. This holds the basic objective of a women unit.

Though 80 percent of the workers were reported as skilled, the duration of their training in the respective field was less than one year and around 41.2 percent of them obtained on the job training. The data shows that (table 20) only 17.5 percent got just one year training and others trained for less than one year. Moreover their education level seem to be poor, that 64.4% of them were below SSLC.

Table – 20

Classification of workers on the basis of Education, Training before job and on the job training

(Ref. Year 2000)

Item	No. of workers	Percentage
A. Education		
a. < S.S.L.C.	125	64.4
b. S.S.L.C.	69	35.6
c. Total	194	100
B. (*)TBJ (Duration)		
a. < 1 year	160	82.5
b. 1 year	34	17.5
c. Total	194	100
C. OJT (*) (*)		
a. Yes	80	41.2
b. No	114	58.8
c. Total	194	100

Source: Survey data

(*) Training before job (*) (*) on the job training

The table 20 indicates that a major portion of the workers (64.4%) have education below S.S.L.C. Women with this low level education were trained, pooled their resources collectively formed cooperative society, serves not only the individual but also the society at large, by providing a ‘reasonable decent’ job, in the context of the absence of an alternative job.

The autonomy of a small firm can offer workers broader, more varied jobs in comparison to working for a large company. The job rotation and multi skilling of workers stem from the belief in equality and direct democracy. They are attempts to share out work so that all members have to share the ‘good’ and ‘bad’ jobs so that important skills and knowledge do not become concentrated in a few key workers who could then exercise undue influence over the democratic processes of the cooperative (Chris

Cornforth, Allen Thomas et.al –1988:130). The units studied reported that in 60% of the units they practice job rotation and multi skilling.

However, this is being restricted to a limited extent by the nature of job and business carried out by the society.

System of Wage Payment

The system of wage payment differ in the units under study. While 60 percent of units follows piece rate system, the rest depend on fixed rate payment. In 20 percent of the units, follows fixed rate in the initial period of their business irrespective of the quantity and the nature of the work done by workers. Eg: the units at Kallyasseri and Pinarayi, the workers accepted a low fixed wage with no income differences among workers from 1990 to 1999. From 1999 onwards they are doing on a piece rate basis. The fixed rate started from a daily wage of Rs.10/-, then it was increased to 25/-, 37, 42, and 55/- in various years, in the unit at Kallyasseri. The dedication and commitment as well as the sacrifice of the workers worked a lot in the survival and sustainability of this unit now working as a viable unit. However, majority of the units follows piece rate system so as to augment and place propensity to motivate the individual as a guarantee of return to their effort (Abell Peter and Mahoney Nicholas-1988:28). This is because the levels of motivation and skill in performing their task may differ from person to person.

Normally the wage system and the wage rate has been fixed by the Board or management, while keeping an amount in the form of reserves or retained earnings, with the society. The review of wage payment either fixed or piece rate depends on the value addition. The amount left after the wage payment normally goes to various heads such as reserves, interest payment, establishment and contingency etc. Reserves include statutory and other reserves for the society's future use. In short value addition composed of cost of labor and cost of capital (wages and profit and interest paid by the society.)

However the practice of contract work and sub-contract work between cooperatives, cooperatives and private retail or wholesale traders restrict the size of value addition. About 60 percent of units were working as sub contractors and another 10 percent sub contract to others. These job works were obtained through various kinds of net working especially political and personal contacts of the secretary of the unit. Once a

society receives a major contract work, they also redistribute to other societies in excess of what they could not do within the time limit, this also depends on mainly political contacts along with the trust and confidence in the society's work not only in the completion of work within time but also in utmost perfection. The frequent meetings of political parties and their local leaders review the performance of the society and this discussion helps towards a wider contacts along with trust and confidence and mutual benefit.

The heavy reliance on contract and job work by women societies were mainly due to marketing and finance problems. Through job work, employment of the existing workers were guaranteed but creation of additional employment was very negligible. More over, they could manage additional job work with the existing infrastructure without much capital and technology. The table 21 reveals the reasons for the dependence on job work and contract work by the societies.

Table 21 reveals that marketing problem was the most important motivation for tempting the units to do such contractor work. Next to marketing problems, the assured employment was reported as the 2nd reason, generally these two problems are highly related.

Table – 21
Motivation for Working as Sub Contractor

Sl.No.	Motivation *	Ranking of a reasons a b c d	Weighted score	Rating	Rank
1	A	5 2 1 –	28	43	1
2	B	- - - 1	1	1	4
3	C	1 1 1 –	9	14	3
4	D	3 5 - -	27	42	2
Total			64	100	

Source: Survey detail

- *a = assured demand b = no risk c = manage with small capital d = employment (Ranking was done by scoring method ,4 points scale)

From the workers point of view the wages in the manufacturing units has been more attractive than in the contract work units, because of the relatively high value addition in the former type, as wages depends on value addition. The stitching charge paid by the manufacturing units and the contracting units for various items are given in table 22. The table 22 shows that the wage rate (piece rate) differs much in various items within and between the units in Kannur depending on the nature of the work. The variation in piece rate depends on the strength of alliance and nature of contacts of local party workers and secretary with local traders either retail or whole sale and general interaction with the society especially with the consumers because these factors contribute much to establish marketing linkage and system of sales.

Table – 22

Distribution of Units According to Stitching Charges of Various Items

Category (*)	Manufacturing units(in Rs.)		Contract units(in Rs.)	
	With political connection	Without political connection	With political connection	Without political connection
A	5	4	3	2
B	10	6	5	3
C	30	15	6	4
D	7	4	5	3

Source: Survey data

(*) A = Skirt B = Maxie C = Churidhar D = Others

The table 22 shows that the wage rate (piece rate) differs much in various items within and between the units in Kannur depending on the nature of the work. The variation in piece rate depends on the strength of alliance and nature of contacts of local party workers and secretary with local traders either retail or whole sale and general interaction with the society especially with the consumers because these factors contribute much to establish marketing linkage and system of sales.

Marketing Linkage

The survival of any business unit depends on marketing and pricing policies. The marketing linkage reveals that 80% the sales were carried out to consumers directly by the manufacturing units, and the system was by cash rather than credit. In the units on contract work, 50 percent of them have links with whole sale dealers and sales were mainly on credit system and 10 percent of the units have connection with the private exporters. However the system of transactions were in cash (table 23) by consumers and private exporters.

Table – 23

Marketing Linkages and System of Sales

Type of society	Category of linkage	No. of units	Marketing linkage (Percentage)	System of sales (Percentage)	
				Cash	Credit
A Manufacturing unit	Consumer stores	1	10	10	90
	Direct to consumer	1	80	80	20
	Direct to retailer	1	10	20	80
	Direct to wholesaler	-	-	-	-
	Exporter	-	-	-	-
B Contract units	Consumer stores	-	-	-	-
	Direct to consumer	-	-	-	-
	Direct to retailer	1	30	40	60
	Direct to whole sales dealer	5	60	30	70
	Exporter	1	100	100	-

Source: Survey data.

The marketing linkage shows that the units that sells through wholesale or retail dealers also sell some part to consumers directly. This was through participating in the trade fair in the local places. Only 40 percent of them participated once or twice in the fair and 60 percent have not at all participated.

Pricing

Like marketing, pricing of the products depends on so many factors such as cost of raw materials, demand, fashions and design, changes in taste etc. Of these cost of raw materials has been the dominant factor. It includes fabrics and other materials along with the type of machinery, they use. The manufactures depends on local market for the raw materials especially fabrics, the most important input in garment making. There was no uniformity regarding the person or persons purchasing the raw materials. In 80 percent of the units it was the Director Board that purchases, in 10% of the units by the Manager and in another 10 percent by the cutting master. However, the majority of the units have only temporary relationship (80%) with the supplies of raw materials. This was because the purchase committee in the societies changes over time, and they purchases from different agencies on the basis of their personal contacts. The lack of an apex body to purchase and distribute the raw materials required for the unit matters a lot in the pricing of the products.

Though one of the principles of cooperatives has been the cooperation between cooperatives, no such tendency was seen either in purchase of raw materials or in the sales of their products. Instead, they did not like to share each one's strategy particularly pricing and marketing. Though Kannur has been known as the cradle of textiles, no spinning mills are producing fabrics (particularly machine made) required for the garment making units. The units that depend on neighbouring places such as Coimbatore or Erode, face a lot of problems in transporting The western cottons in Kannur, though producing poplin variety, supply has been only in bales, however for small societies, limited by finance and size of market, and change in fashion, inhibits them to purchase in bulk. Hence the units prefer to buy small quantity as per firm's requirement from the local market where the price differs from neighbouring places. The price variation of some of the fabrics is given in table 24.

Table - 24
Price Variation of Some Selected Variety Of Fabrics

Fabric variety	Price per metre (Rs.)		
	Kannur	Coimbatore	Difference
Cotton	30	21	9(30)
Polyester	15	10	5 (33)
Polyester Blend	24	15	9 (37)
Poplin	24	18	6 (25)
Lizzy Bizy	30	24	6 (20)
Print	25	18	7 (28)
Check polyester	20	15	5 (25)

(List is not exhaustive)

Source : Survey data

Table 24 shows that in all varieties given above, in percentage terms the price variation ranges between 20 and 40. This affects much on the price of products and thus on marketing because of the influx of cheap goods from outside states as well as goods within from small scale and large scale units who were able to utilize the economies of scale.

As far as the societies were concerned, they follow different pricing methods. Some follow cost +30% margin, while some others cost + 25% or cost +20%. The decision depends on the Director Board. However between the cooperatives, this cost variation not much influences on the price because not much variations were observed in the prices of products among the cooperatives. If at all the differences were only marginal. (Table 25)

Table -25

Price Difference in Products Among Cooperative Societies

Products	Price difference per price (Rs.)
A	2
B	2
C	5
D	3

Source : Survey data

(x) A = Skirt, B = Maxie C= Churidhar D= Others.

More over it also depends on the type of fabric and the quality of stitching, design of the products and the marketability. But the rigid nature of cooperatives comparing to the private or individual proprietorship, lacks flexibility in all matters, because once a decision is taken on any matters, collectively, a single individual can not alter it. Hence depending on the market competition prices could not vary; unless decided by the Board.

The pricing method followed by cooperatives have a direct bearing on the structure of cost of production, especially labour charge. It differs between cooperatives which depends on the nature of contacts with the community. It was observed from the data that the labour charge per piece was higher in units with some kind of net working or alliance especially political connection than others. (table.26). The differences in the charges of main products shows that the differences ranges between 20 and 50 percent`.

Table - 26

Variation in Labour Charges (Alliance base)

Products(*)	Labour charge per piece(in Rs.)		
	Units with political alliance	Units without political alliance	Price difference
A	4	3	1(25)
B	7.5	4.5	3(40)
C	18	9	8.50 (47)
D	6	3.50	2.50 (41.60)

Source: Survey data (Figures in bracket shows percentage)

(*) same as table –25)

This kind of variation in labour charge depends on the price of raw material, the size of outlets, both for raw materials and sales, area of operation, size of operation etc. This affects much on the nature of purchase both in quantity and quality. Thus the differences in the price of raw materials were partly given to workers as differences in stitching charges. Thus 60 percent of the units reported that price factor has been the most important element to out compete the rivals from the market, while 30% gave to quality as the most preferred factor (Table 27). This was because of the nature or work (contract), since the warranty of quality has been with the suppliers of materials, the society cares the quality of the work. Though 70 percent of the units reported that they have a system of quality control, the fact is that no scientific methods are followed to check the quality of the products either fabric or work done by the societies.

Table - 27

Distribution of Units According to Measures Resorted by Cooperatives to Out Compete the Rivals (order of preference)

Sl. No.	Nature of factors	Ranking of factors				Weighted score	Rating	Rank
		1	2	3	4			
1	Price	6	1	-	3	30	31.9	1
2	Quality	3	2	4	-	26	27.7	2
3	New designs	1	4	4	-	24	25.5	3
4	Speed and punctuality	-	2	1	6	14	14.9	4
				Total		94	100	

Source : Survey data.

Problems of the Society

Generally the most important problems of any small scale industry has been lack of adequate finance and marketing. Fifty percent of the units reported finance as their first problem, and only thirty percent reported marketing as the first problem. This again was due to the relatively less risky nature of contract work. No units reported any problems with project implementation or trade union activities among workers. The scoring and ranking of problem are given in table 28.

1. Problem of finance

Regarding the problems of finance, the shortage of working capital has been observed as the single most problem. Eighty percent of the units reported this as it appears in the first rank followed by the inadequate assistance from the government (table 29). It seems that societies formed and working with strong alliance with government policies were able to avail many schemes and financial assistance such as the cash credit scheme of NABARD, Assistance from Panchayath in connection with people's planning and women development schemes, forty percent of the units have availed these assistance of the government which form, 80% of the units with political connection. The scoring sheet (table 29) shows that interest rate was given the last rank, i.e.; least or minimum problem of finance.

Table - 28

Ranking of Problem Faced by Cooperative Societies.

Sl. No	Nature of problem	Ranking							Weighted score	Rating	Rank
		1	2	3	4	5	6	7			
1	Finance	5	1	1	-	-	-	-	46	43	1
2	Raw materials	2	-	-	1	-	-	-	18	16.8	3
3	Marketing	3	2	1	-	-	-	-	38	35.5	2
4	Power	-	-	-	-	-	-	-	-	-	-
5	Labour	-	-	1	-	-	-	-	5	4.7	4
6	Technical and managerial	-	-	-	-	-	-	-	-	-	-
7	Project implementation	-	-	-	-	-	-	-	-	-	-
							Total	107	100		

Source : Survey data

2. Problem of raw materials

The table 30 shows that there was no scarcity of raw material, instead the problem was related to the prices of raw material in the local market. The small units could not afford to purchase in bulk due to finance straits and other demand related problems.

Table - 29
Problem of Finance

Sl.No.	Nature of problem	Ranking				Score	Rating	Rank
		1	2	3	4			
1	Shortage of FC	1	-	2	-	8	14-8	3
2	Shortage of W.C	8	-	-	-	32	59.3	1
3	High interest	1	-	-	-	4	7.4	4
4	Low help from govt.	-	2	2	-	10	18.5	2
Total						54	100	

Source: Survey data FC=Fixed Capital WC=Working Capital

Moreover, the units face the problem of transportation because women alone could not go and purchase the materials from other states due to problems related to night stay, bargaining with the agents, problems of language and travel etc. Hence generally the units are forced to purchase the materials from the local market according to the requirement. The table indicates that 80 percent of the units reported the prices of raw material as the most important problem with 50 percent rating and 20 percent of the units experience transportation as their first problem. It follows from the above that prices of raw material has been a major factor which influenced the performances of the units.

Table-30
Problem of Raw Material

Sl.No.	Nature of problem	Ranking				Score	Rating	Rank
		1	2	3	4			
1	Scarcity	-	-	-	1	1	1.9	3
2	High prices	8	-	-	-	32	59.2	1
3	Irregular supply	-	-	-	1	1	1.9	3
4	Transportation	2	4	-	-	20	37.00	2
Total						54	100	

Source: Data survey

3. Problem of Marketing

Like other small scale industries, cooperative societies too face the marketing problem. The competition from private sector, the influx of cheap goods from neighbouring states, foot path sales during the festival season, reduction sales from private traders of other states in the cities and towns, rural and urban places, all these limits the marketability of cooperative societies. Moreover the consumers are more price sensitive and therefore the societies are unable to change the price of output according to market fluctuations. A big gap between the expected and the actual exists due to inadequate evaluation of variables such as sales, price, output, cost etc.

In addition to the price, the units face the problem relating to design, variety and fashion making. So far the societies and the management It was observed that the societies and their management have not focused attention to put the skill and knowledge of any fashion designing experts, Hence there was no innovation either in product or in process. May be they could not afford it's expenditure involved in developing innovation. Which was mainly because of its expensive nature. Moreover the recent crisis in the prices of agricultural crops brought down heavily, the purchasing power of the consumers. The survey showed that lack of advertisement too blocked the marketing prospects of garments. Table 31 gives the scoring and ranking of the marketing problem. The data shows that competition from other units scored 57 points, secured the first rank, followed by slackness in demand with 46 points, with 2nd rank . The table further shows that other variables have virtually little connection except price with the marketing problem. Generally ordinary people are not much aware of the quality rather they are aware of price. Hence quality scored only 19 points, while price have 38 points.

Table - 31
Marketing Problem of Sample Units

Sl.No.	Nature of problem	Ranking						Score	Rating	Rank
		1	2	3	4	5	6			
1	Competition from other units	6	3	1	-	1	-	57	26.5	1
2	Slackness in cleaned	4	2	1	-	-	-	38	17.8	3
3	Slackness in cleaned	4	2	1	2	1	-	46	21.4	2
4.	Transportation	-	3	1	2	-	-	19	8.8	5
5.	Poor quality	-	-	-	5	2	-	19	8.8	5
6.	Lack of advertisement	-	1	4	2	4	1	36	16.7	4
					Total			215	100	

Source: Survey data

4. Labour Problem

The table 32 shows absenteeism as their first problem of labour. The problem of unionisation was reported to be the least labour problem. The problem of absenteeism was due to the low piece rate, in some societies which affects the worker's incentive to work more and earn more.

Table - 32
Labour Problem according to Nature

Sl.No.	Nature of problem	Ranking			Score	Rating	Rank
		1	2	3			
1	Lack of training		1	1	3	16	2
2	Unionisation	-	-	2	2	10	3
3	Absenteeism	4	1		14	74	1
				Total	19	100	

Source : Data survey

5. Technical and Managerial Problem

The most effective factor in a small unit is the presence of skilled manager, who manages the workers and the unit simultaneously. The study shows that lack of skilled managers affected the efficiency of the units. The table 33 gives the Technical and managerial problem. The units reported lack of skilled managers as the top most factor among the Technical and managerial problem. Expensive consultancy was reported as the second important problem and third lack of commitment. This has been due to the frequent changes in the secretary post, either due to lack of interest or opportunity cost of the secretary. This is because in large majority of the cases , secretary was paid very low salary in some units in relation to the quantity of work.

When examining all these problem and the nature of work of women cooperative it seems that cooperatives with some linkages with political leaders perform well comparing to others.

Table - 33
Technical and Managerial Problems

Sl.No.	Nature of problems	Ranking				Score	Rating	Rank
		1	2	3	4			
1	Ineffective consultancy	1	2	-	-	10	15.1	4
2	Expensive consultancy	1	-2	1	2	14	21.2	2
3	Lack of commitment	1	1	3	-	13	19.7	3
4	Lack of skilled manager	5	2	1	1	29	44	1
Total						66	100	

Source: Survey data

First of all let us divide the units under study into two categories viz. units with political alliance and units without any political alliance (here political alliance means linkage with left party). They are as follows:

A. List of Units with Political Alliance

1. Pinarayi women industrial cooperative pinarayi
2. Kallyasserri women garments – Kallyasserri
3. Pappinisserri women industrial cooperative – Pappinisserri
4. Pilathara women industrial cooperative – Pilathara
5. Trichambaraam women industrial cooperative – Tabparamba

B. List of Units without political alliance

1. Tellicherry block cottage women industrial cooperative – Tellicherry
2. Edakkad block women industrial cooperative – Edakkad
3. Kozhummal vamtha cooperative – Kozhummal
4. Matha women industrial cooperative- Talaparampu
5. Munderi women industrial cooperative – Kannur

The general profile and the profile of the working status of the units under study is given in table 34 and 35 respectively.

Table - 35

Profile of the Units (Present status)

Sl. No.	Name of the unit	YCP	Own/rented	Promoter political /non political	Viability Yes/No	Share value per share	Member	Workers	Change of secretary (yes/no)	Type of work contract/manufature/both
1.	Pinarayi	1980	Rented	Political	Yes	100	51	42	No	Both
2	Kallyasserri	1990	Own	Political	Yes	5000	127	98	No	Contract
3.	Pappinisserri	1975	Rented	Political	Yes	100	60	3	Yes	Both
4.	Pilathara	1981	Rented	Political	No	100	53	3	Yes	Both
5.	Friehenbaram	1980	Rented	Political	Yes	100	179	4	Yes	Both
6	Tellicherry women	1960	Own	Non-political	No	25	231	5	Yes	Contract
7	Edalakad women	1960	Own	Non-political	No	100	34	6	Yes	Both
8	Kozhummal	1994	Rented	Non political	No	1000	16	14	No	Both

9	Matha Women	1995	Rented	Non political	Yes	1000	16	3	No	Both
10	Munderi	1994	Rented	Non political	Yes	1000	19	7	No.	both

Source : Survey data

The units marked 'yes' include successful and average units

The working status of units are calculated at constant prices. All variables in table 34 are given as average per unit. The general profile in table- 34 shows that over the years the value addition (Vad) declined from 70307 to 55635. Similarly wages fell from 68360 to 18802 during 1960-2000. But the number of workers per unit though fluctuated during 80s and first half of 90s, maintained almost same number in 2000 with that of in 1960. However, output shows an increase over the years though value added declined. This has been due to the nature of the working of the societies especially contract work. The short term financial position shows strong situation (current ratio) which implies that the units have the capacity to pay the current liabilities. Similarly the long term financial position (debt equity ratio) shows that the units have enough gearing ratio, the lower the ratio, the higher the capability of the units to pay off long term liabilities because of safe equity or net worth.

The working capital have not shown much improvement over the years 1960-2000, it changed from 3742 to 3829. However, the operating profit shows negative figures since 1993. But between 1974 and 1992, the table shows only positive figures, except in 1979. This indicates two things, ie; (1) either the number of societies running under loss increased or (2) the loss amount increased.

Since the table shows the average figures only, the actual figures of those units working viably since 1993 has been in disguise. The analysis is done by grouping the units with political connection and without any political linkage. The next chapter discusses the performance of 10 women cooperatives by grouping cooperatives with net working and without net working to capture the dynamics of their working.

CHAPTER - IV

PERFORMANCE ANALYSIS

In this chapter we shall analyse the performance of 10 women industrial cooperatives, based on variables of financial structure, profitability, productivity, employment and wages.

The most appropriate ways of measuring the performance of cooperatives do not necessarily use the same indicators as those evolved for measuring the performance of private firms because the cooperatives are based on essentially different principles.

In the orthodox neo classical theory, the firm aims to maximize return on capital employed; (profitability), but in the labor managed firm or cooperatives, aimed to maximize the income of each worker owner. This aspect differentiates the two forms of business and is due to the different sources of finance therefore makes sense at the theoretical level (Cormforth, Chris, Thomas Alan Lewy Jenny and Spear Roger, 1988). Capital invested in the firm will move elsewhere if it can get a better return of investment. So it is reasonable to assume that all its capital behaves like external funds that have to be paid the going rate of interest.

A cooperative can be capitalised it only from member's contribution or by collected savings from retained surplus. The wages are not treated as a cost but as reward. From what remains when other costs are met out of revenue, but before paying themselves is the value added, members must decide to take a certain amount as wages and retain the rest in the business, owned in common.

There are both internal and external constraints to affect cooperative's chances of success or failure. Cooperatives as small firms always tend to depend on larger firms or on markets dominated by large enterprises. Three categories of small firm were identified based on the degree and type of dependency viz (1) those directly depending on particular large business via such contracting (2) a more differentiated, competitive market and

hence to same extent independent but no possibility of control over market and (3) those which by innovation or by restricted market loyalty have a particular niche in which they can exercise some localized market control and thus enjoy some limited independence (Shutt J. and Whittington R, 1987).

Wealth creation is an objective that cooperatives have in common with conventional firms. But those use profitability as a measure of how efficiently wealth was being created is not suitable for cooperatives. This is not to say that cooperatives should not be profitable, rather the approach differs in three ways and hence different treatment on three dimensions of measures (Cornforth Chris, Thomas Alan et al, 1988)

1. Value added rather than profit
2. Measure return to labor rather than return to capital.
3. Maximising idea is replaced by measuring a set of related variables such as value added per head, average gross wage and the relationship between these two. (wages as a percentage of value added)

Value added per employee and per capital, in use give a clear picture of the efficiency of the enterprise. A highly successful cooperative (in terms of value added and in term of future viability) can, if it so chooses, register zero profit merely by consuming all the current value added (Abell Peter and Mahoney Nicholas, 1988).

The performance of an industrial cooperative may be examined both in economic and non economic aspects. In this study the economic aspects are measured in terms of financial structure, productivity and profitability, while the non-economic aspects, are examined in terms of wages and employment, though other variables such as commitment, motivation, solidarity etc are associated with cooperatives. Because of the difficulty of quantifying these variables, we have avoided detailed examination of these variables.

Most of the research and policy statements concerning the operation of industrial cooperatives have explicitly adopted profitability as the criterion of success. If this interpretation of the objectives of a cooperatives were adopted, the problem of measuring the relative success or failure of industrial cooperatives would be identical with those encountered in studying capitalist enterprises. Giving profit pride of place, puts labor costs (wages) as an element of overall costs to be set against gross revenues. But in

cooperative, wages are treated as residual of revenue against all non-wage costs. Thus it may be argued that the rational maximand of a cooperative comprising of a group of self interested worker members with a fixed capital stock would be value added per member or income per member (Ward. B. N., 1958). On this interpretation value added per member would become the appropriate indicator of success.

Since finance is the life blood of any business we shall discuss, first the financial structure of women industrial cooperatives.

The financial structure pinpoints the liquidity and gearing of an industrial enterprise. It also indicates the financial strength of a unit against the liabilities and the credibility of the investors. In the women industrial cooperatives the financial structure is examined on the basis of ratio analysis. Viz current ratio, quick ratio and debt – equity ratio. Current ratio is calculated dividing the current assets by current liabilities, while quick ratio is calculated, dividing quick assets by current liabilities. Both these rates indicates the short term financial position of the unit, as to whether the units are safe to meet the short term obligations. If the current ratio is 2:1, usually the unit is considered to be financially safe, similarly if the quick ratio is 1:1, it has been treated as financially strong. The debt-equity ratio indicates how thick the owner's cushion is, for the protection of creditors in the event of financial erosion in the long term. Though there is no rule-of-thumb, a ratio less than unity (<1) may be interpreted to mean that capital structure is low geared'. A ratio of 1:1 may be treated as medium geared and a ratio more than one (>1) point towards a high geared capital structure (Om Prakash, 1987). Thus the current ratio and quick ratio are treated as liquidity ratios where the asset can be quickly converted into cash at a little loss, where as the debt equity ratio is considered as the long term cushion to the investors. The debt equity ratio is also called coverage ratio with its focus on solvency as a security for the repayment of long term debt.

Productivity is the relationship between physical output and one or more of the associated physical inputs used in the production process. Typically it is expressed as a ratio, reflects how efficiently resources are used in creating outputs. Theoretically three intermediary factors must be considered, which undoubtedly have an effect on productivity. These are the readiness on the part of employee to achieve maximum degree of efficiency, the quality of entrepreneurial decision and the smooth operational process in the undertaking (Rolf Thusing, 1973). In the present study productivity is referred

mainly as value addition per units of labor and capital. Capital consists of working capital and fixed capital. The ratio of working capital to value addition indicates the proportion of working capital used in the production process to generate each unit of value addition. Higher the ratio, the higher the working capital required to each unit of value addition. In other words higher the ratio, lower will be the value addition other things remains the same. Similarly the ratio of fixed capital to value addition also indicates the proportion of fixed capital used in relation to each unit of value addition. As per the bye law the societies have to keep statutory reserves and other provisions irrespective of the performance of the units, high proportion of value addition paid to the workers in the form of wages and moreover to meet establishment and other contingency expenses the societies uses the working capital (since establishment and contingency charges are met from the earnings, a fall in earnings induce the societies to meet these expenses from working capital).

Productivity and value addition depends on output expansion. The quantity of output in turn depends on the quantity and quality of inputs. In other words output depends on the use of productive capital and labor.

The capacity of unit and capacity of the machine are different. The capacity of the unit is estimated on the basis of the quality and quantity of machines and equipments, which is given in the proposal of the project. On the other hand the capacity of the machine largely depends on the labor standards, labor's skill motivation, time spent effectively or productive working hours and other related factors. If we assume that there is no change in skill, motivation, technology, working hours and labor standards, production depends mainly on sales, or marketing and profit or cost of production.

The goal of a producer cooperative would be to maximize the revenue from sales and minimize the cost of production. Maximizing revenue from sales depends on the price and output determination. Since a producer cooperative is a price taker, it cannot influence the price as and when required in the short period¹³, as Price determination is based on the cost of production which in turn affect the sales and thus on the profit of the unit.

In the cooperative societies, the prices are fixed on the basis of cost of production plus margin. The margin ranges between 20 to 30%. In most of the societies the margin

has been set at 25%. The price so fixed to the product aimed to maximize the profit, so that it can pay better net revenue to its members. But in a competitive market economy, the price fixed by the cooperative to a product seemed to be higher than that of in the capitalist enterprise because of the differences in the organization. But at this price, there will be a problem of over supply. To over come this problem, the cooperative have to either restrict output or set the producer price at low level and distribute the dividend to members.¹⁴

Both these solution will give producer's, the maximum price for their output, but will not maximize the members welfare. This is because the loss of patronage payment is greater than the gain in producer surplus obtained through setting maximum price. If the members view patronage payments as price of output, then the cooperative will most likely end up with Net Average Revenue Product. But if members do not see patronage payment as part of the price, then pricing rule may approach Marginal value product.¹⁵ However in the field study it was found that the societies set the price not on the basis of any of the principles mentioned above. On the other hand they set the price, considering the material cost and other costs of production and the price in the open market. The variation in the cost of production has been based on the material cost, labor cost and other administration costs. Since the cooperative societies structure is different from a private enterprise, the profit margin to the societies will be less than private enterprise. This is because the societies have to keep statutory reserves as per the bye law (asset for the future).

In this study we have used different concepts of profit such as gross profit, net profit and operating profit. The profitability of the societies was examined on the basis of ratio of sales to profit, output to inventory and sales to inventory. Sales to profit was examined both on gross profit and operating profit basis.

Moreover the prices fixed by the cooperatives were not based on a systematic cost management, instead it has been charged hypothetically. As a result the expenditures exceed receipts or receipts may be marginally high over expenditure. This influences the gross profit.

The performance of the cooperative shall be carefully observed, giving due importance to its members, since the objective of the cooperative has been, the assured employment and income to the member workers. However the wages earned by the workers depends on the individual worker's effort which is presumed on egalitarian sharing. When workers identify their efforts with organizational performance, morale is boosted leading to more and better work (John. P. Bonin, 1993).

Dimensions of Networking

The peculiarity of women industrial cooperatives in Kannur has been the existence of linkages particularly political patronage because political goals of social movements seem to be a major factor in explaining people's responsiveness to incentives (David Knoke, 1990). Interpersonal net works may prove very helpful for understanding how movements participants develop, common beliefs that facilitate collective actions.

Pfeffer (1981) argued that personal contacts are resources of information and influence, that, people can mobilize to act as direct or indirect go-between to help advance their employment prospects.

To understand the collective outcomes in a social movement like cooperative, the intra organizational and inter organizational network structure may be more useful. The higher the status of one's net work contacts, the greater the chances for career advancement. Persons unable to tap into well connected net-works have comparative disadvantages in a system where, whom you know is essential to success (David Knoke, 1990). Moreover the role of net work in the informal communication influences the women and minorities, essential for career development²². In the pursuit of survival, growth and profits, organizations engage in antagonistic competitive and cooperative interactions with one another and these relations collectively identify a multi organizational field or sector.

In the present study political linkage with the women cooperatives is assessed on the basis of –

- a. Promoter of a cooperative society at the time of inception.
- b. Mobilisation of job work on the basis of connection with political leader.

- c. Mobilisation of finance such as govt. participation cash credit from NABARD through the network of political leaders.
- d. Wage fixation of the workers by the CITU in the units.
- e. Marketing channels through political personalities in the local area.

We may call this type of connection of political leaders with the women cooperatives as ‘political net work.’

In Kannur in the units promoted by political leaders (Marxist) the workers are members of CITU (Marxist favoured union). The marketing channels are opened through political influence either with wholesale or retail dealers, in the local area. Similarly the finance especially Government participation and other schemes of NABARD have been availed more by units sponsored by the political party. Mobilisation of job work to those who do contract work has been obtained by those who have more contacts either personal or political. The strength of net work depends on the nature of political influence, and members of the cooperative possess with the ruling party in the state. In the presence of net working in Kannur, the performance of cooperatives is analysed to capture the dynamics of their working under the broad category of units with net working and without networking. The list of units with net and without net working were given in the earlier chapter. The period of study for the former group starts from 1977 and the latter from 1960 onwards. The next section gives a comparative analysis of the variables. First we shall discuss the financial structure of the units.

Financial Structure

The financial structure of the units without net-working and with net-working is discussed in terms of quick ratio, current ratio and debt equity ratio, so as to examine and compare short term and long term financial safety of the two types of units.

Table 1 gives the quick ratio and current ratio.

Current Ratio

A comparison of current liabilities of both categories of units shows (see appendix 2) that the current liabilities (C.L) of units with net working have been more than that the units without net-working. The C.L. increased after 1990 in both categories of units. But

the quantity of CL for the former has been more than the latter. This has been due to the advance due from society to the former has been more than the latter. At the same time current asset has been higher than in the units with net working than the units without any linkages. The reasons are viz.

Table 1
Current Ratio And Quick Ratio

Year	Current Ratio		Quick Ratio	
	A	B	A	B
1981	3.347815328	1.539264449	2.556952155	0.75641326
1982	2.436283606	1.425085987	1.144416511	0.510775416
1983	3.244420046	1.873076548	2.021389756	0.356567122
1984	3.10695148	1.960894748	1.855374898	0.348775807
1985	3.490329259	1.681487956	2.092201361	0.301641408
1986	4.259002425	1.667155643	2.366491401	0.359939237
1987	4.508004117	2.112930238	1.669615783	0.494901899
1988	2.828478526	1.738561474	0.801137651	0.48799862
1989	2.800392061	1.713508268	0.778954339	0.594018989
1990	3.26975471	1.670390155	0.998251879	1.018153382
1991	2.665476768	1.002311594	0.919477862	0.762422006
1992	3.15985612	0.88695252	0.91075379	0.555929441
1993	4.203929948	0.907665697	1.108213319	0.562916012
1994	4.029646117	0.911804914	0.649482445	0.639670702
1995	5.978930648	1.317969965	1.590344927	0.821195599
1996	6.210124331	1.326946931	1.682255897	0.468487159
1997	5.665153056	1.776387519	1.771125617	0.827832797
1998	7.832942462	1.983256833	3.126060326	0.998259396
1999	5.994433022	2.011097322	1.139799502	1.011661491
2000	2.723686705	1.626601719	0.693482093	0.856637073

Source:- Worked out from Audit Reports of Women Industrial Co-operative Societies Kannur
A is Units with networking B is Units without net working

1. Advance due to society is higher for the units with net working than the other group.
2. Closing stock of the units are low, but comparatively low to the units with net working, closing stock is low because (a) output is limited to the marketability (b) units engaged in contract work need not bother about market and inventory.

The current ratio of the two groups indicates that units with net working have high liquidity ie; the current ratio through out the period has been more than 2 . But for the units without any linkages, the ratio has not crossed the stipulated ratio ie; more than 2. In several years the liquidity seen to be very poor.

The second short term financial ratio is quick ratio. The quick ratio shown in table 1 also indicates that the units with net-working are financially more healthy than the other group. This further indicates that for the units with linkages the liquidity is higher than the units without any linkage. In other words the former group is more capable to meet the short term financial liability of the units, than the latter.

Debt Equity Ratio

The debt equity ratio indicates the firms long term financial safety or credibility over the long term loans ie; how many times the loans are covered by net worth. The higher the ratio, the lower the gearing and vice versa. Though there is no rule of thumb, the higher the ratio, the higher the coverage of the loans by net worth of the units. The units with net working though fluctuated over the years, shows a low gearing or a better coverage than the units without any linkage. However during 90s, the liquidity or net-worth improved, as a result the debt equity ratio also increased.

The units with net working, had a better coverage during 80s but declined during 1992 and 1993 again increased for 3 years, but in 1997 again fell drastically to 3.67 from 58.63. Comparing the long term financial structure, the net worth of the units increased during 90s than that of the previous period. But the long term loan was very high during the period 1994-2000. As a result, it affected the financial cushion of the units. (table- 2)

Table 2
Debt- Equity Ratio

Year	Debt - Equity Ratio	
	A	B
1981	0.320353996	9.083246618
1982	0.057869713	8.864030524
1983	0.210276095	13.22927506
1984	0.541258763	19.42108914
1985	0.253150551	14.83524107
1986	0.265544029	17.17377732
1987	0.361735247	20.48491155
1988	0.365098332	14.83002253
1989	0.540254679	7.172296296
1990	0.623675374	8.753925926
1991	0.487151491	2.613073792
1992	0.779003305	1.544275862
1993	0.781461027	2.444206897

1994	0.797387474	3.932
1995	0.864663898	11.83844828
1996	0.660740234	0
1997	0.61827083	0
1998	0.93912967	19.86410432
1999	0.913761334	16.07612728
2000	1.142053503	18.75637141

Source:- Worked out from Audit Reports of Women Industrial Co-operative Societies Kannur
A is Units with networking B is Units without net working

Thus comparing the units with net work and without net work, the financial structure of the former seems to be better than the latter.

Productivity

In the present study, the productivity of the units were examined in terms of value added since value added has been the outcome of a production process involving capital and labour we shall first discuss the volume of capital in relation to value addition in both group of units. The details are given in table - 3.

Table -3
Groupwise distribution of working capital and value added (in Rs.)

Year	Value Addition		Working Capital	
	A	B	A	B
1981	11096.85002	13119.18195	14243.98178	1930.025
1982	13943.42713	10953.55069	23396.9266	1632.925
1983	10613.66454	12340.6544	21012.58795	666.3706
1984	6973.595926	10985.41627	11470.16163	1577.098
1985	9456.751526	11078.79262	11439.73407	1677.934
1986	5387.716049	11851.89892	11783.07364	2654.284
1987	4598.496866	9620.212225	7791.091203	0
1988	3655.364086	8522.444642	9569.903506	0
1989	5550.792093	6602.479361	8294.278415	3656.197
1990	8499.426046	7179.219773	7934.552305	1479.778
1991	13673.49409	6770.118085	11018.78531	-3013.53
1992	20342.42109	5037.550667	10443.73298	-1490.43
1993	22777.5118	8438.590798	14942.91236	-1395.38
1994	24757.59114	3471.920382	6708.661525	-1088.35
1995	28439.66151	4096.474709	11583.68241	2513.078
1996	30054.25738	4015.429885	9062.570111	3360.873
1997	52038.10709	8765.641745	8398.086749	2503.076
1998	50429.58125	7684.569586	7468.284652	2785.063
1999	74038.6302	12431.42457	7043.647502	2575.205
2000	98090.9573	13179.1475	5323.856978	2335.382

Source:- Worked out from Audit Reports of Women Industrial Co-operative Societies Kannur
A is Units with networking B is Units without net working

The value added per unit given in table -3 shows that the value addition in both groups are not much remarkable. However in the units without network, the value addition during the period 1981-90 has been more than that of after 1990. After 1990, it fell drastically. But for the units with network, the tendency seemed to be reverse. The difference of value addition in the two types of units is due to –

- a. The volume of gross profit in the two groups
- b. The wages distributed and
- c. The interest paid by the units.

A comparison of the components of value addition in the two groups of societies (given in table -4) would explain the causes for this tendency.

Table-4 Components of Value Addition- Group wise

Year	Gross profit		Wages		Interest		Total	
	A	B	A	B	A	B	A	B
1981								
1982								
1983								
11984								
1985								
1986								
1987								
1988								
1989								
1990								
1991								

1992								
1993								
1994								
1995								
1996								
1997								
1998								
1999								
2000								

The table 4 clearly shows the differences in gross profit, wages and interest in the two groups of units. All the 3 components in group A shows superiority over group. The wages distributed by the units without network during the period 1981-90 has been much higher than that after 1990. But in the units with net work, the wage component during the period 1981 to 1990 has been less than that of after 1990. Thus the differences in the value addition before 1990 and after 1990 has been mainly due to the wage content, in both group of units.

This could be verified further, by examining the wages per worker in both type of units, because the number of workers in group A is more than group B. Table 5 gives wages per worker per unit in both group.

The table 5 shows that the wages per worker per unit has been high during the early period. in group B. and then it fell very much, on the contrary in group A, the wages per worker per unit has been low in the initial period, but later increased marginally. By

examining the value addition in both groups it is found that the units with net work performs relatively better than the units without net working.

Table-5 insert

Value Addition per Labor

Since the objectives of the study is to discuss the productivity of labor and capital (in this study, value added per labor and capital), the following table 6 gives the details of value addition per labor and capital. In table 20 it was shown that both fixed capital and working capital in the group A have been much higher than group B, due to, the capital base of group A which is safer than group B.

The data shows relatively higher value addition Table 6 indicates that the value addition per worker in group A has been low during the period 1981 to 90. Then it increased from Rs.720 to Rs.3065/- during 1990-2000. At the same time, in group B, during 1981-96 it fell drastically. During this period the workers per unit have been more than the post 96 period. This further indicates the low level of wages paid to the workers in these units during this period (see table 5).

A comparison of growth of value addition over the years for the two groups shows that group A started from a low level while group B at a higher position. But group B showed a declining trend towards 5000. On the other hand group A recovered from the stagnating position and moved ahead, and after 1995, the value addition touched at 1 lakh plus. Thus the trend shows that the volume of value addition in group A has been much ahead than group B.

A detailed examination of the ratio of capital to value addition may be helpful in assessing the productivity of working capital and in the units under study. Table 7 shows the value addition per capital.

Table 7
Value Addition per Working Capital

Year	Vad per Working Capital	
	A	B
1981	0.779055337	6.7974151
1982	0.595951228	6.7079342
1983	0.505109821	18.519205

1984	0.607977128	6.9655884
1985	0.826658335	6.6026397
1986	0.457241991	4.4651968
1987	0.590225008	0
1988	0.381964571	0
1989	0.669231465	1.8058323
1990	1.071191634	4.8515514
1991	1.24092572	-2.2465739
1992	1.947811298	-3.3799421
1993	1.52430204	-6.0475282
1994	3.690392048	-3.1900688
1995	2.455148588	1.6300627
1996	3.316306193	1.1947578
1997	6.196424096	3.5019479
1998	6.752498546	2.7592083
1999	10.51140481	4.8273531
2000	18.42479197	5.643252

Source:- Worked out from Audit Reports of Women Industrial Co-operative Societies Kannur
A is Units with networking B is Units without net working

The ratio of working capital to value addition for group 'A' during 1981 to 1990 (in table 7) shows a higher ratio than after 1990. This indicates that the units were working with low amount of working capital. In group. B during the first half of the 90s, it shows negative and improved a little after 1995. This follows that government participation after 1995 helped the units to utilise the capital more as working capital than as fixed capital. The behaviour of these ratios influenced the ratio of productive capital to value addition. Thus by examining the trend of value addition in these units, we may conclude that the units with networking have a higher value addition than these units without any linkage.

Though volume of value addition depends on the utilization of productive capital, its realization depends on total output and the corresponding sales proceeds. Because gross profit, (one of the components of value addition) is the difference between total receipts and expenditure and total receipts consists of sales proceeds plus other revenue to the society.

The question of how much has been produced by the units could be observed from the analysis of installed capacity and the utilized capacity, instead of simply looking at what they produced. Here the installed capacity is taken from the project proposal of the units, assuming that the installed capacity has not changed over time (table –8)

The **table 8** indicates that both group have been operating below their installed capacity. The data shows that the production of 'B' has been much below its capacity than group 'A'. This is partly because of the lack of enough working capital and partly low investment in fixed capital and other equipment, and lack of technical advancement.

The units are further treated by discussing profitability in the two groups of units.

It shows that the total cost of production in group 'A' has been much higher than group 'B'. This has been the result of low output in 'B' than in group 'A'. However, the estimation of the proportion of each component in total cost of production would be a better measure to understand the relative significance of each component. The data (table 9) shows that in group 'A', the material charge constitute the major element in the total cost, though not stable through out. Labour charge comes only next to purchase. In group B from 1981 to 1985, the labour charges shows more than the material charge. This implies that in group 'B', in the past, employment was more i.e., with little purchase, the units were able to provide more employment. But in the course of time, the increase in the price of raw materials increased the total cost.

But the units have not changed much the selling price, consequent to the changes in the cost because of the competition from large scale units as well as from other similar units. Moreover the wages were paid almost equal to the value addition because the units with weak capital base, keep a part of value addition in the form of reserves, both statutory and others. This results in the erosion of profit. This will be discussed while examining the wages and employment aspect , later in this chapter.

The profitability of the units were discussed in term of gross profit, operating profit, and inventory as a proportion to sales.

Gross profit and sales

The gross profit, though not considered generally as a performance indicator, it depends much on sales and other revenues to the society. Apart from meeting the labour charge and material charges, other expenses are met from gross profit. Hence the volume of gross profit influences the operating profit and the overall performance of the units.

We have seen **in table 9**, the dimension of cost of production over the years and this could be one of the reasons for the reasons for the poor performance. But this alone could not reveal the entire story; rather the performance also depends on sales, output and inventory too. The analysis of some ratio's based on the above mentioned variables would be helpful to explain the present status of the units with network and without net work.

The percentage of gross profit to value addition is given **table 10**.

Percentage of gross profit to sales

In table 11, the ratio of gross profit indicates the profit from each unit of sales accrued to the society. The data shows that in both groups, performance have not been satisfactory. However group 'B', over the years, this ratio decelerated heavily. But in group 'A', it accelerated to a limited extent. This has been due to the nature of work in group A, in which sales are minimum. On the other hand in group 'B' profit has not been consequent to sales, because the some units were working on no loss no profit basis.

Percentage of operating profit to sales

Operating profit is calculated by deducting depreciation and interest from gross profit. Hence the quantity of operating profit depends on these two variables. Already we have discussed the volume of gross profit in both group of units. Hence the ratio depends on the volume of sales or in other words the ratio indicates the level of operating profits from each unit of sales, which is given in table 12.

The data in **table 12** reveals that for group 'B' from 1981 to 1996 the ratio of operating profit have been negative. Exclusively due to low gross profit because we have seen the weak capital base of this group, and negligible loan, hence depreciation and interest together form very small quantity. The negative values shown in the operating profit indicates that gross profit of these units are not enough even to meet the depreciation and interest and return on investment is negative.

At the same time for the group 'A' since 1990, this ratio has been positive from 1981-90 the ratio shows negative results. This has been due to low level of gross profit during those period. But after 1990 depreciation increased tremendously as a result of the

changes in the capital base, however this does not affected the operating profit because the units have been running in net profit

Percentage of sales to inventory

The ratio of sales to inventory indicates the percentage of inventory in relation to sales. In other words, the percentage shows the ability of the units to sell their products. The lower the percentage, the higher the sales of the unit. The ratio is given in table 14

The **table 14** indicates that both groups did not have much inventory problems and these figures match with the ratio of output to inventory, i.e., there do not exist much gap between output and sales.

In a cooperative society, the major objective has been the provision of employment and income to the members rather than profitability of the units, Here we will discuss the nature of wages and employment in the units.

First we shall discuss the trend of wages per unit, wages per worker and the proportion of value addition distributed as wages per unit and per worker.

The following **table 15** gives the details of wages and value addition per unit

The table 15 reveals that the share of wages in value addition in group 'B' declined over the years. During the period , the data shows that the units paid a very high share as wages and even more than the value added in some of the years. This indicates the absence of a proper management, to administer the cost and revenue. But later the ratio declined.

While in group 'A' the share of wages shows a mixed trend. The fluctuating trend has been the result of changes in wages paid as a response to changes in value addition. However by comparing the two groups, the share of value addition paid per unit, group 'B' paid more than group 'A'. This had the impact on the gross profit, and then on the long run sustainability. In group 'B' gross profit has been low and as a result, the provisions for the future have been very limited. This ultimately leads to the poor reserves of the units and consequently affects the fixed asset. Then at the end of expected life, the units may faces the problem of sustainability. The details of the reserves, depreciation and wages will be discussed later.

But in group 'A', they keep reserves as a safety in the future in accordance with the changes in value addition and gross profit. group 'A' increased. But in group 'B', the

However, these figures were only unit average and the employment or the number of workers are not same. Hence, the estimation of wages per worker would be a better measure to understand the performance of the two groups in terms of wages.

Table 16 gives the data of wages and value added per workers

Table 16
Group wise distribution of wages and values added per worker

Year	Wages per Worker		Value Added per Worker	
	A	B	A	B
1981	494.3953678	460.9517839	584.0447381	583.0747532
1982	446.1886527	448.1167188	685.7423176	486.8244752
1983	401.2887873	505.9131799	513.5644134	548.4735287
1984	391.4994952	450.9333527	553.4599941	488.2407232
1985	664.3895963	401.1380742	775.1435677	492.3907829
1986	309.7685128	330.5586753	489.7923681	526.7510629
1987	276.6535685	283.4205199	410.5800773	427.5649878
1988	243.9179604	240.882757	320.6459725	378.7753174
1989	196.7042908	190.6096081	478.5165597	293.4435272
1990	306.7223657	220.8537749	720.2903429	410.2411299
1991	634.3226063	289.4591248	1589.941173	615.4652805
1992	538.5297943	251.7597857	1564.801623	479.7667302
1993	688.5121893	358.7304341	1560.103548	1125.14544
1994	774.6747458	272.0190341	1719.277163	495.988626
1995	868.3295729	204.9657481	1921.598751	381.0674148
1996	636.2929446	209.4528698	1565.325905	456.2988506
1997	997.0240824	383.2476554	1956.319815	1184.546182
1998	994.1343619	354.0198299	1763.272072	1011.127577
1999	1309.181872	574.6588462	2501.305074	1679.922239
2000	1038.62306	590.4710936	3065.342416	1780.965878

Source:- Worked out from Audit Reports of Women Industrial Co-operative Societies Kannur
A is Units with networking B is Units without net working

Table 16 indicates that the wages per worker declined over the period in group 'B', while in group 'A', it increased. On the other hand the value addition per worker shows a tendency of a 'u' shaped movement in group 'B', but in group 'A' value added increased only after 1990.

A comparison of wages over value addition per worker in the two groups indicates that in group 'B' wages per worker have been high in relation to value addition except the last few years of 1990s. But in group 'A' the wages per worker in relation to the value addition shows less except last two years of 1990s. This has been due to the decisions of the concerned management regarding the volume of wages and reserves to be distribution and kept in the society.

Reserves and wages

As per the bye law, all cooperative societies have to set apart resources under various funds such as reserve fund, depreciation fund, Education fund, thrift fund etc. depending on the volume of business of the units. The reserve fund is indivisible and the members shall have any claim to a share in it. The reserves are kept to meet the unforeseen losses to the society. But these funds are a part of value addition, the outcome of the efforts of the workers. However, instead of distributing to the workers in the form of wages, the funds were kept for future contingency. This follows that wages and reserves are related.

This trend points towards the nature of reserves in the societies – in group 'A', there was very low reserves in the initial period. Gradually the societies increased their reserves. In group 'B' too, reserves increased after 1981 and more after 1990. This phenomenon had impact on the wages per unit. In the initial period wages was more than that of in the later period. Similarly in the units group 'A' the quantity of reserves increased more after 1990.

The nature of these variables are further discussed in terms of the relation between wages and reserves. For units in group 'B', the estimation gives negative relationship i.e., as wages increased reserves declined and vice versa. However reserves has been stagnant after a certain level. This shows that the units had to maintain a minimum critical level beyond which, they could not reduce the reserves i.e., minimum statutory reserves. The estimated relation shows constant nature of reserves which has been at below 10,000. This also indicates the poor business activities the units.

In the group 'A' the relationship shows that they are positively related. i.e. wages and reserves moved in the same direction. This has been due to the nature of business of the units, ie, the revenues to the society and gross profit (see the trend of gross profit of

units with network). Thus it follows that wages need not be reduced so as to increase the reserves, on the contrary wages depends on the business, output and gross profit of the society.

Table 17
Group wise distribution of Reserves and wages (in Rs)

Year	Wages per Worker		Reserves per Worker	
	A	B	A	B
1981	494.3953678	460.9517839	93.33333333	295.0222222
1982	446.1886527	448.1167188	646.3770492	219.8444444
1983	401.2887873	505.9131799	763.1774194	445.4888889
1984	391.4994952	450.9333527	1143.206349	915.2
1985	664.3895963	401.1380742	1596.459016	643.2444444
1986	309.7685128	330.5586753	1885.381818	753.7333333
1987	276.6535685	283.4205199	2130.625	908.7555556
1988	243.9179604	240.882757	2177.508772	1288.244444
1989	196.7042908	190.6096081	2238.327586	1227.266667
1990	306.7223657	220.8537749	2561.542373	1732.685714
1991	634.3226063	289.4591248	3850.27907	3029.227273
1992	538.5297943	251.7597857	2859.569231	4015.190476
1993	688.5121893	358.7304341	2991.684932	6364.133333
1994	774.6747458	272.0190341	3260.152778	7832.714286
1995	868.3295729	204.9657481	3163.175676	4665.465116
1996	636.2929446	209.4528698	2671.145833	4107.5
1997	997.0240824	383.2476554	3264.398496	5491.756757
1998	994.1343619	354.0198299	2640.552448	5923.131579
1999	1309.181872	574.6588462	2661.391892	6506.162162
2000	1038.62306	590.4710936	2150.76875	7278.054054

Source:- Worked out from Audit Reports of Women Industrial Co-operative Societies Kannur
A is Units with networking B is Units without net working

The relation between wages and reserves could be further examined by taking the average per workers, so as to justify the above discussed phenomenon. The reserves and wages per unit per worker is given in table 17

The data in table 17 supports the phenomenon, which was given through the estimation of the relation between wages and reserves per unit. This supports the results of the trend analysis already done.

Next to wages, employment is considered as the primary objective of the cooperative societies.

In the table 18 it was shown that in group A total employment and employment per unit increased over the years. But in group B. Employment per unit declined from 22.5 to 7.4 during the period 1981-2000.

It seems that there has been some relationship between employment and capital structure. Over the years the capital structure changed favourably in the unit with networking and which has been more than the changes in the units without networking.

The data on employment is given in table 18

Table 18
Group wise Employment Status

Year	Total Employment		Average Employment	
	A	B	A	B
1981	57	45	19	22.5
1982	61	45	20.33	22.5
1983	62	45	20.66	22.5
1984	63	45	12.6	22.5
1985	61	45	12.2	22.5
1986	55	45	11	22.5
1987	56	45	11.2	22.5
1988	57	45	11.4	22.5
1989	58	45	11.6	22.5
1990	59	35	11.8	17.5
1991	43	22	8.6	11
1992	65	21	13	10.5
1993	73	15	14.6	7.5
1994	72	14	14.4	7
1995	74	43	14.8	10.75
1996	96	44	19.2	8.8
1997	133	37	26.6	7.4
1998	143	38	28.6	7.6
1999	148	37	29.6	7.4
2000	160	37	32	7.4

Source:- Worked out from Audit Reports of Women Industrial Co-operative Societies Kannur
A is Units with networking B is Units without net working

A close examination of the variables discussed so far, indicates, the relevance of value addition and wages as being the major indicators of the overall performance of the cooperative societies.

A comparison of the two groups indicates that in group. A, value addition have positive relation with all variables except working capital. But in group B value addition have significant relation with working capital. Again in both groups purchase and output are very closely related, but the problem is lack of working capital. The relationship indicates that, output increases due to increase in purchase which require working capital which in turn leads to an increase in employment and output and thus to value addition. Thus the study discusses the problem of low value addition as a result of low working

capital and low capacity utilization in group B. On the contrary the units with net works manages to obtain finance but invested in fixed capital and with minimum purchase and working capital. Some units manages with contract work to overcome the problem.

The variables analysed to examine the reasons for the difference in performance of women industrial cooperatives in Kannur shows that the inter unit differences in the performance has been due the existence of linkages. The stronger the linkage, the better the chances to perform well. It is found that the financial structure is more sound in the units with linkage than others secondly the profit earned per unit is more in group A than in group B. Moreover the wages per worker is more in the former than the latter. In addition the number of labor employed in the units with linkage is more than the units without any linkage.

In the next chapter we will discuss the summary, major findings and conclusion.

CHAPTER - V

SUMMARY AND CONCLUSION

The sample units were selected from 3 taluks of the district on the basis of promoter, age and viability wise. The purpose of the study was mainly to examine the reasons for the overall performance of the units, both viable and non-viable based on variables such as financial structure, productivity, profitability, wages and employment. The analysis was done with the help of statistical tools such as ratios, percentages, averages, diagrams, charts, correlation, regression, trend analysis, and scoring method.

Analysis was also undertaken separately for units with network and units without network in addition to the general analysis.

The study was done on a sample basis selecting 10 garment making cooperative societies, of which 3 units were very old (formed before 1980), 3 units young (formed after 1980 but before 1990) and 4 units very young (formed after 1990). The regional spread of the sample units consist of 22% of the sample were drawn from Taliparamba, 25% from Kannur and 10% from Tellachery. Of the sample units only 30% of them have own building and 70% of them are working in the rented building. Only 30% of them availed bank loans and 20% of them used only government loan. The share value of the units formed before 1980 was less Rs. 10/- while the units formed after 1990 were between Rs. 500-1000/-. Of the sample units, 60% of them have permanent secretary since its inception and 40% of the units had no permanent secretary. The secretary was changed vary frequently.

On the basis of the nature work, it was found that 50% of the units were engaged in manufacturing and sales, 30% in manufacturing and contract work and 20% in contract work only. Fifty percent of them engaged in directly indirectly in contract work with private exporters, domestic traders and public undertaking. Of the total member's share capital, old units share accounted only 8% and 70% was from the members of the units formed after 1990. Similarly of the government share participation, 9% of the total had

obtained by the units formed before 1980 and the major share (56%) have been availed of by the very young units. The membership changes over the years revealed that 40% of the units recorded rapid increase and 40% very low and the remaining 20% moderately.

In the units under study the average members per unit was found to be 78.7 and worker per society was 19.4. However only 24.7% of the members were employed in the units. Among the workers 98.1% of them are women, but 64.4% of them have educational qualification below S.S.L.C and 82.5% of the workers obtained training before joining the society but the duration of training was less than a year. However, the study found that 41.2% of the workers were given on the job training.

The units followed both piece rate and time rate system of wage payment. But majority of the units followed piece rate though started as time rate in the initial period.

The study found that even the units engaged in manufacturing and sales, are prepared to do contract work. The study found that assuring marketing and employment as the two major reasons for the units to attract in the contract work, because marketing was mainly based on credit, rather than on cash. Hence the units require capital to manage the business since sales on credit blocks the working capital.

It was found that there exists inter unit differences in the labour charge per piece, depending on the type of management and alliance with political leaders. The differences in the labour charge ranges between 25 to 50.

The study found that the units face stiff competition from within and outside the region. The instrument to out complete the rivals from competition has been reduction in prices or cost of production.

No innovation either any product or any process was found in the units. They stick on to a profile of few products that have outlets.

The study found that finance has been the major problem of the units and marketing only second. No labour problem of unionization is reported by any unit.

Among the problem of finance lack of working capital have been reported to be the major problem. Among the problems of raw material, price variation in the local

market was found to be a serious one, because the units depend on local market for raw materials.

The study sheet revealed that the units lack skilled managers, to take advantage of changing opportunities in the cooperative sector.

The performance of the units analysed are based on variable such as financial structure, productivity value addition, profitability wages and employment.

The nature of the working of the women industrial cooperation revealed the existence of linkages particularly political with the units in Kannur. The analysis was carried out separately for the units with network called as group A and the units without network as group B. These groups were discussed on the basis of the variables examined for the 10 units generally.

The financial structure showed that in the short term ratios such as current ratio, and quick ratio the financial structure of group A was better than group B. On analysing the debt equity ratio (the long term ratio) or the covering ratio, it was found that the group 'B' was little ahead than group 'A'. The short run and long run ratios when examined of through the trend analysis supported the above findings on financial structure in both groups. It may also be pointed out that the quick ratio of group 'B' was below the stipulated limit of 1:1 or liquidity is poor. The study also found that the total capital in-group 'A' is higher than in-group B.

The analysis on productivity of labour and capital in relation to value addition revealed that for both units it has not been remarkable. But on analyzing the various components of value addition, it was found that group 'A' showed superiority over group 'B' in all the variables. Looking at the components separately over the years, it was observed that percentage of wages in value addition for group 'B' declined over the period particularly after 1990 while in-group 'A' it increased after 1990. The analysis showed that the fluctuation in the value addition was due to the changes in the wages payment in the units. The study also showed that differences in wages were not only per unit but also per worker in both groups.

The analysis of value addition per unit of labour in both groups revealed that group 'A' recorded low value addition till 1990, afterwards it improved. But in-group 'B'

the value addition per labour was high till 1970 and then it declined by 50 percent after that.

Moreover the analysis of the relation between output and inventory and sales and inventory also showed positive relationship in both types of societies.

The analysis of capacity utilization in the two types of units revealed that in group 'B' the production was much below its capacity than in group 'A'. Corresponding to the production, it was found that cost of production has been high in group 'A' than in group 'B'.

The analysis on cost of production shows that the material charge (purchase) constitute the major portion of cost of production than labour charge (wages) in group 'A'. But in group 'B' the labour charge was higher than purchase in the early period but declined drastically over the years.

The study also found that the performance in terms of gross profit vary in the two types of units.

The total volume of gross profit has been more in group 'A' than in group 'B'.

The relation between value addition and gross profit in group 'B' was found almost nil where as in group 'A' it was found that both variables are positively related. It shows that in group 'A' gross profit increased in proportion to value addition, but in group 'B', the trend was reverse.

The relation between gross profit and sales in group 'A' accelerated while in group 'B' it was found to be decelerated over the period.

The operating profit of the two groups revealed that it has been much lower (even showed negative values) in group 'B' than in group A. The operating profit in group 'B' was found to be very low through out the period under study. But in group 'A' it increased after 1990.

The study found that the percentage of output inventory has been low in group 'A' than in group 'B'. The relation between sales to inventory showed that both variables have very close relationship, in both units.

The analysis of 'wages in relation to value addition revealed that in group 'B', it declined, while in group 'A', it increased during the period under study. The trend line indicated that the wages were relatively higher in group 'A' than in group 'B'.

The analysis of wages per worker found that in group 'B' wages declined but in group 'A' it increased. The comparison of the wage per worker and value added per worker revealed that in group 'B' the percentage between the two variables (wages and value addition) was quite uniform, as wages paid in proportion to the value addition. But in group 'A' the percentage of wages to value added per worker was less except last two years.

The analysis of reserves in the units revealed that in both groups, the volume of reserves increased during the period. The trend analysis found that in group 'A' the reserves in relation to wages were positive while in group 'B' the relation was found to be negative.

The analysis of employment revealed that in group 'A', the total employment and employment per unit of value added increased while in group 'B' it declined by more than 50%. The study found that the fixed capital per worker has been more in group 'A' than 'B' while the working capital per worker was less in group 'A' than in group 'B'.

The variables examined to analyze the performance of the women industrial cooperatives in Kannur showed that there exists inter unit difference in almost all the variables both economic and non-economic. Thus we accepted the hypothesis that the inter unit differences in the performance of women cooperatives is due to the existence of linkages particularly political.

By analyzing the financial structure it is found, that the financial structure of the units both long run and short run were sound. Hence we rejected the hypothesis that the financial structure is weak and accepted the alternative hypothesis. This hypothesis is acceptable to the units in general and the units with networks. But for the units without network, the quick ratio, one of the short term financial liquidity is not strong. Hence for the units without networks, we accept the hypothesis that the financial structure is weak.

FINDINGS

The major findings the study are:

1. The financial structure of the units in Kannur is sound. In the units with networking the financial structure is more safe than the units without net work, both long run and short run. But the quick ratio of the units without net working seemed to be weak.
2. The value addition in the women industrial cooperatives societies is not satisfactory. The units that are doing contract work for others virtually have no value addition, but only employed as wage labourers to carry on contract work for others.
3. The value addition per unit of labour and capital is more in the units with network than in the units without net work.
4. The capital invested in the units with networking is more (both fixed capital and working capital) than in the units without networking.
5. The units in Kannur district face the problem of working capital rather than fixed capital.
6. The piece rate labour charge received by the workers is more in the units with net work than in the units without.
7. There is no product or process innovation in the units
8. The old societies face financial problem than young or very young units.
9. The societies in general are reluctant to invest bank finance in their business.
10. The societies are engaged in manufacturing, contract work and both
11. The number of members in the old societies is more than young and very young societies.
12. The share value of the old units are very low while it is high in the young and very young societies.
13. The educational level of the workers is very low.
14. The quality and duration of training to the workers before joining the job in the societies is not satisfactory.
15. The majority of the societies followed piece rate system of wage payment.

16. The pricing of the products manufactured by the units are not based on any systematic accounting
17. The societies depends on local market for the raw materials.
18. The intra unit cooperation is poor in the district, at the same time intra unit competition is high.
19. There is high degree of cooperation within (inter unit cooperation) the society.
20. Each society is managed as per the bye law of the society.
21. The development of social capital is high in the unit with net working.
22. The units are promoted and assisted by political leaders to the homogenous group only (same ideology sacrifice mind, commitment, voluntary party work etc)
23. The number of workers of employment declined in the units. While it increased in the unit with net working, where as it declined in the units with out net working.
24. The percentage of wages to value addition as wages paid to workers is more in group 'A' than in group 'B' after 1990.
25. The wages per worker is high in the group 'A' than in group 'B'.
26. The value added per unit of fixed capital is more in 'A' group than in group 'B'.
27. The volume of output is more in group 'A' than in group 'B' in relation to the working capital they employed.
28. The volume of output produced in the societies is much below the installed capacity.
29. The under utilization of capacity is more in group 'B' than in group 'A'.
30. The value addition and gross profit has been low due to high cost of production.
31. The gross profit in relation to value addition is more in group 'A' than in 'B' group.
32. The gross profit in proportion to sales increased in group 'A' while it decelerated in group 'B'.
33. The operating profit is not at satisfactory levels in all units in the district. But it is much worse in group 'B' than in group 'A'.

34. The reserves kept by the societies with net working is more than that those with out net working.
35. The inter unit differences in the performance of the women co-operation is due to existence of linkages.
36. The volume of inventory in relation to output is very low in all units. Comparing the two groups the inventory is less in group A than in group B units.

CONCLUSION

The women industrial cooperatives in Kannur operates with and without network linkages. The fidelity of the unit leaves much to be designed. The encouragement given by the government through financial stake to the women cooperatives has been a major factor in the formation of cooperatives more since 1980. With the initiation of, the people's planning and decentralisation since 1995 the funds for the development of women societies increased.

The analysis of overall performance indicates that wages and employment have deteriorated over time.

Though the cooperatives sector shall not be based on profit motive the long-term sustainability of the units depends of profit. The recent statement by one of the central minister that the cooperatives operating on loss shall be closed, have relevance in this content. If the viability of the cooperatives are treated on the basis of profit, conceptually there exists no difference between a cooperative enterprise and a private enterprise.

Therefore, measures shall be initiated to improve the economic position of the cooperative sector because women cooperatives are a powerful economic institution for the empowerment of women. It is a source of livelihood to women who have very low level of education. In the present world of competition and exploitation, the opportunity of an 'alternative employment' to these women is very limited. Moreover, the cooperatives as a social institutions links so many actors in our environment and this helps to develop a high degree of social capital (mutual help, commitment, solidarity, reciprocity) which is slowly eroding from our society.

In the background of the study we may propose the following steps for the rejuvenation of women cooperatives.

SUGGESTIONS

1. Formation of a federation to assist the women cooperatives to collect, and distribute the raw materials and products from the societies.
2. With the help of a federal structure of cooperatives the units instead of depending on private exporters on contract basis all the women cooperatives in Kannur, by strengthening the institutional mechanism.
3. On major handicap of women cooperatives is their inability to initiate more skill intensive and design intensive product profiles. To illustrate, even traditional garment making is becoming a design intensive area and the management of these co-operatives are not equipped to adopt them and also workers are not skill oriented. In this context it is the responsibility of the government to impart design intensive knowledge to women cooperative by helping them modernizing the equipments and also helping the workers in acquiring the skill by imparting them quality training perhaps institutions established by government like women development corporations can be entrusted with the primary responsibility of facilitating the above task.
4. The financial structure of the majority of the units being weak, steps may be initiated to infuse enough either by share capital contribution of government or cooperative agencies providing working capital so that the women cooperative attain a sound financial structure to initiate viable projects otherwise the units will in the course of time may either vanish or become cheap labor source for job work sub contracted by private sector.
5. Dependence of local market alone may not be helpful in the long term progress of the units. The societies lacks exposures and opportunities of the outside world. Measures to get contact with the outside market and individuals would be more helpful. In this connection the societies require assistance from political leaders, social workers and the government. The ongoing business run by the private enterprise in garment making and export by contract work with the women cooperatives are making abnormal profit because they have no transaction cost in

this business and no need of any investment in the form of fixed capital. Through collective efforts such practices are to be discouraged. Women cooperation have to acquire the necessary strength by developing and using linkages of social institutions.

To a certain extent the private traders are using the fixed capital with the cooperatives, (the actual owners of the capital) with no cost. Thus the owners of the capital becomes the job seekers instead of job creators. What a private traders can do in business, the cooperatives also could do the same job may be more efficiently, provided they are cooperated each other, use the resources and linkages properly and truthfully.

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* Though district total is 54, 3 units were formed in 1999-2000 and hence there units were not considered.

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- ** Personal security means either govt. employee or a person with regular and assured income, property means land or building or any other asset- No workers in the sample units were able to provide such security, because of their weak Socio-economic back ground
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*** Due piece of cloth have 24 metres. Which could be used to produce 14 shirts. The cost of thread is Rs. 6/- and cost of tape is Rs. 8/- Wages to workers Rs. 2/- per piece. The dealer gives Rs. 3/- per piece. Thus

Total Expenditure =

Labour cost = $14 \times 2 = 28$

Thread = 6

Tape = 8

42

Total receipt = $14 \times 3 = 42$.

The secretary shall have a general control on the overall matters of the society.

APPENDIX I

STRUCTURE OF INDUSTRIAL COOPERATIVES IN INDIA

