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# AN ANALYSIS OF CAPITAL INVESTMENT AND COMPETITION FOR ARTISANS OF HANDICRAFTS INDUSTRY IN BANGALORE DISTRICT

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## **Abstract**

*This paper is about the artisans who make their living creating and manufacturing small handicraft items with very less capital investment. The paper throws light on the capital investment made by the artisans and the competition they are facing in the market for their product. The paper stresses on the impact of duplicate hand crafted items that are available in the market at a very inferior price and quality which poses a threat to the market of original hand crafted items. A sample of 40 artisans is interviewed for collecting data for this study. The area covered was Bangalore urban district during October and November of 2016.*

**Key words:** *Artisans, Handicrafts, capital, competition and duplication.*

## **Introduction**

The state of Karnataka is rich in its tradition and culture. Apart from agriculture, the age old handicrafts industry is very prominent in this region. The handicrafts of Karnataka are varied namely, Mysore paintings, Kinnal Craft, Lacquer ware toys, wooden toys, Bidriware, Lambani embroidery etc. Bangalore is the capital of the Karnataka and the district of Bangalore has been divided into two major sections namely Bangalore Urban and Bangalore Rural. Bangalore Urban has been divided into four Taluks namely Bangalore North, Bangalore South, Bangalore East and Anekal. It is a home for various types of artisans involved in variety of Handicrafts product. The artisans who make their living in the capital city of Bangalore involve themselves in various different types of handicraft work. Artisans from various regions of the State of Karnataka merge here to sell their beautiful handicrafts products. Among all the products the prominent and fast moving handicrafts are Mysore paintings, sandalwood artifacts and lacquer-ware wooden toys.

## **Statement of Problem**

The competition in the city of Bangalore is high because the market for the product is also huge. The market is in the form of casual buyers, tourists and export orders. While the export orders are taken by big entrepreneurs, the small artisans concentrate on selling their product to casual buyers and tourists. Most of them supply their products to business houses owned by government (Cauvery emporium) and private entrepreneurs. The products made by the artisans are mostly made of natural raw materials and vegetable dyes in case of lacquer-ware toys and incase of sandalwood artifacts, original sandalwood is used for carving. Thus the use of natural resources increases the price of finished products. But there is a tough competition in the market due to intruders who have brought in

duplicate artifacts and other handicraft products which are not made of natural raw materials or natural resources but are made of synthetic materials and ordinary wood instead of sandal wood. Thus the prices of these duplicate products are much lesser than the original products. The customers who are not aware of the originality end up buying the duplicate crafts because of the inferior price of the product.

### Objectives and Aims of Study

The paper aims at meeting the following objectives:

1. To understand the sources of capital invested by the artisans in creation of the product and also the problems faced by the artisans in raising their capital from a organized financial institution.
2. To analyse the competition prevailing in the market and the impact on the market of the product in respect to the duplication of crafts that have taken a major market share.

### Research Methodology

The objectives are realized mainly with the help of primary data collected exclusively through scheduled interviews, discussions, conversations with craftsmen and crafts women based on a pre-tested questionnaire. Data's regarding the labour may be correlated by using variables such as gender, caste, community and age. Field survey is done to collect the data's regarding raw material and other agents of production, finance aspects of production, marketability, and the competition prevailing in the form of duplication. Economic indicators is studied by using variables such as education, income, saving and investments together with other benefits received in kind. The study has been done during the month of October and November 2016.

### Analysis and Suggestions

The basic data about the background of the artisans were collected based on their age group; gender, educational qualification, marital status, Reservation category. The following are the results

**Table 1: Age**

Age	
<30 YRS	11
30-40	12
40-50	12
>50	5

Among the total no of 40 samples collected Male artisans were a total of 32 and female artisans were a total of 8. The married artisans were 33 in number and unmarried artisans were 7 in number. Almost 26 of the artisans were from joint family and 14 of them were from Nuclear family. The educational qualification is shown in the chart below:

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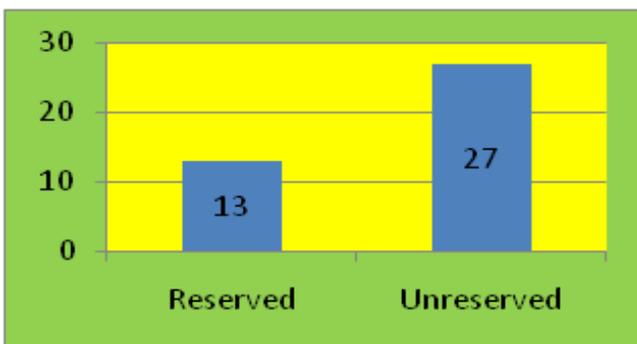
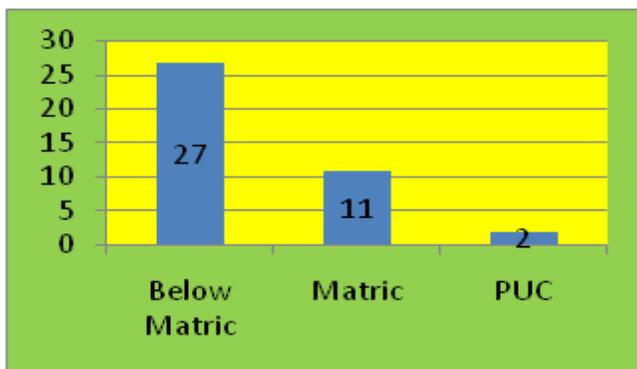


Chart Showing Reserved/Unreserved Category

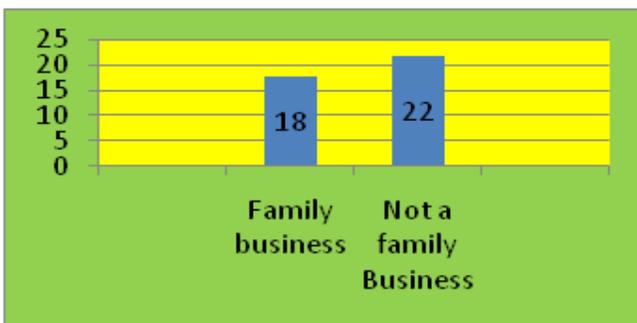
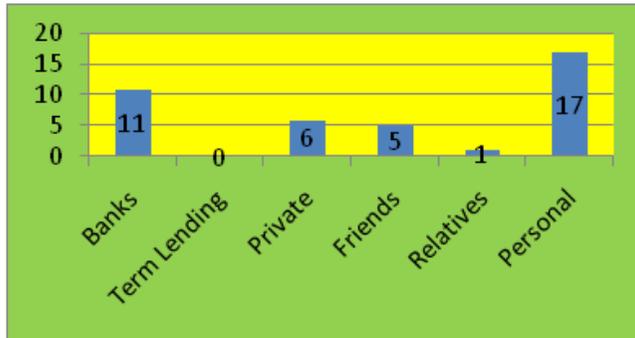


Chart Showing Whether or Not Family Business



Chart Showing the Type of Organization



**Chart showing the source of finance**

Out of the sample taken from 40 artisans the Reserved category were 13 and Unreserved category were 27, there were 18 belonging to family profession and 22 not belonging to family profession. The sample taken consisted of 22 sole traders who create and sell their products on their own; 3 small scale Industries who had their own small factory to manufacture the products and 15 artisans were working under the SSI units.

In the source of finance, the artisans who have taken finance from Banks stands second in position as almost 17 of them had their own personal finance to be in the business. The problems pertaining to raising capital with banks were discussed and the results are shown in the following table:

#### Problems of Finance From Banks

Very Severe=VS; Severe=S; Moderate=M; Low=L; Nil=N

Particulars	VS	S	M	L	N	Total
Complex Procedures	27 (67.5%)	6 (15%)	1 (2.5%)	0 (0%)	6 (15%)	40 (100%)
Delay in Sanction	28 (70%)	5 (12.5%)	1 (2.5%)	0 (0%)	6 (15%)	40 (100%)
High Rate of Interest	2 (5%)	25 (62.5%)	10 (25%)	3 (7.5%)	0 (0%)	40 (100%)

The problems faced in the aspect of raising capital were categorized into problems such as complex procedures, delay in sanction, and high rate of interest. The study shows that complex procedures involved in processing of documents has been very severe and 67.5% of the interviewed artisans have highlighted this problem. Delay in sanction of loan is very severe which constitute 70% of artisans calling it as very cumbersome and time consuming. Rate of interest aspect is in severe category with 62.5% of the sample artisans highlighting this problem. The fear of documentation and delay has led the artisans to opt for small scale production with the help of personal finance available in their hands. Most of the artisans have not been educated above matriculation, almost 67.5% of artisans are below matriculation due to which the enormous documentations required by the financial institution is not been met by these craftsmen.

**Capital Invested Into Business**

Particulars	Previous year	Current Year
Capital Investment		
Less than 10000	15(37.5%)	15(37.5%)
10000-25000	12(30%)	8(20%)
25000-45000	10(25%)	14(35%)
More than 45000	3 (7.5%)	3(7.5%)
<b>Total</b>	40(100%)	40(100%)

From the figures given above, the capital invested in the business shows that the artisans have not invested a huge amount of money into business. Huge investment which is more than Rs.45000 must be from the entrepreneurs who have their own factory and business in production of handicrafts. Most of them are small sole traders and the investment is less than Rs.45000 constitutes 92.5%.

**Monthly Income And Savings in the Bank Account**

Particulars	Income	Savings
Less than 10000	10(25%)	25(62.5%)
10000-20000	12(30%)	9(22.5%)
20000-30000	16(40%)	4(10%)
More than 30000	2(5%)	2(5%)
<b>Total</b>	40(100%)	40(100%)

Thrift among of artisans have shown to be very less as only 5% of the sample only has money in their account as more than Rs.30000. since the sample population targeted for collection of data are mostly small artisans doing a very small scale business, the income and savings is showing a meager amount.

**Problems from Competition**

Very High=VH; High=H; Moderate=M; Low=L; Nil=N

Particulars	VH	H	M	L	N	Total
Duplication from Within Country	7 (17.5%)	5 (12.5%)	28 (70%)	0 (0%)	0 (0%)	40 (100%)
Duplication from Outside Country	34 (85%)	5 (12.5%)	1 (2.5%)	0 (0%)	0 (0%)	40 (100%)
Customer Awareness of Duplication	13 (32.5%)	3 (7.5%)	12 (30%)	11 (27.5%)	1 (2.5%)	40 (100%)
Infiltration of Substandard Products	38 (95%)	2 (5%)	0 (0%)	0 (0%)	0 (0%)	40 (100%)
Loss of Market Share to Duplicated Products	5 (12.5%)	1 (2.5%)	10 (25%)	21 (52.5%)	3 (7.5%)	40 (100%)

Out of the study done with regard to competition, 70% of artisans have said that duplication from within the country is medium but 85% of the samples taken have given an opinion that duplication from outside the country is very high. The main competition is faced by the artisans from outside the country, mainly, to say country china. There is lots of duplication that has come into the market and is sold at a very less rate when compared to the price of the original handicrafts made by the artisans belonging to those craft cluster. Customer awareness with regard to duplication is that the importers of the handicraft are very well aware of the duplication, the retailers who buy from the manufacturing artisans are aware of the duplication but the casual customers who walk into the shop to buy are not aware of the duplication and they buy based on the cost. Since purchase is made on the basis of low cost, the casual customers land up buying the duplicate handicrafts which are sold at a very low price.

### Conclusion

The primary aspect of raw materials supply is sufficiently available in the market. The market available for the products is huge and the innovation in the product is also very satisfactory. The availability of finance is one of the problem areas and financial institution should come forward to help these artisans. The main area of concern is the duplication of the product from outside the country mainly china. The duplication is so perfect that a lay man cannot find the difference between the toys made by Indian artisan and other foreign artisan. The quality of raw material used in the duplication is very hazardous to the health of the children and also the paints used on the craft are highly synthetic material. When the goods are displayed in the handicraft shop, the customers who walk in cannot find the difference between the original and the duplicate. The retailers are also willing to buy the duplicated products and sell it in the market along with the original toys because their main aim is business and earning profits. When the cost of product is less, the customers are willing to buy in more quantity and the profits of the retailers are increased due to sales in huge volumes.

But initiatives should be taken to make the customers understand the bad effects of the duplicated toys to the health of the children and the economic condition of the artisan. But there is a overwhelming satisfaction that the imports of these toys are in huge quantity which has helped in the sustenance of the art work and the continual survival of the artisans.

The government has taken a lot of measures and has brought in promotional measures such as Baba Saheb Ambedkar Hastshilp Vikas Yojana, Design and Technology Up gradation scheme, Research and Development scheme and promotional measures exclusively for marketing which is Marketing Support & Services Scheme. These schemes help the artisans in production, financing, design and technology and as well as to capture a good market for the crafts. With such good promotional measure by the government and various non government organisation helping the sector there is a bright future for the traditional artisans.

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