

PROBLEMS AND CHALLENGES OF INDUSTRIAL COOPERATIVES WITH SPECIAL REFERENCE TO METAL WORKERS COOPERATIVES IN TAMILNADU

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Introduction

Industrial Cooperatives have been organized with two objectives namely 'social and economic' upliftments of people living below the poverty line. The most important social objective is to safeguard the interest of the poorest sections against exploitative trends and to pave way for diffusions and dispersal of wealth. The economic objectives of these societies are to create employment opportunities for the people by increasing the production and productivity of the units and to inculcate competitive capability and acceleration in the field of Trade and Industries. The Metal working Industries occupies a vital and important role among the rural traditional cottage industries in Tamilnadu. It provides direct employment about 3 lakh rural people in Tamilnadu. The Metal Workers Industrial Cooperatives have been organized for the purpose of providing continuous employment opportunities to the members.

There are nine metal workers Industrial Cooperative Societies functions in Tamilnadu under the Central of Department of Industries and Commerce. These Societies have been started with a view to improve the economic conditions of the traditional artisans engaged in the manufacturing of Utensils. These societies have been setup mostly in rural areas to provide employment to the artisans belonging to the backward community. From the available studies of the cooperative Metal Workers Industrial Cooperatives have been facing frequent losses and in cases of continuous losses. At this juncture, it is necessary to study the Metal Workers Industrial Cooperative Societies.

Objectives of the Study

1. To study the extent membership trend of resources.
2. To evaluate the performance of the societies in terms of volume of production and sales by the societies.
3. To analyse the problems and challenges faced by the Metal Workers Cooperative Societies.

Research Methodology

The Present Study focuses on unearthing the reasons and finding out factors which led to losses. For this purpose the necessary data and information regarding Membership, Working capital, Productions and Sales data were collected from the Metal Workers Industrial Cooperatives in its published annual reports for the period from 2006-07 to 2015-2016. For analysis and interpretation of collected data, simple statistical techniques and tools have used like percentage, mean, standard deviation, coefficient of variation, GAGR and Trend analysis.

Membership

Person residing permanently within the area of operation of the society and manufacturing of vessels can be admitted as a member in the society. The below table No.1 shows the membership position of the Metal Workers Cooperative Societies.

Table 1: Membership Position

Year	No. of Society	No. of Members	Percentage Increase / Decrease
2006-07	8	1755	-
2007-08	8	1741	(-) 0.79
2008-09	8	1738	(-) 0.17
2009-10	8	1741	0.17
2010-11	8	1715	(-)1.49
2011-12	8	2318	35.16
2012-13	8	2337	0.81

2013-14	8	2452	1.55
2014-15	9	2565	0.27
2015-16	9	2567	0.28
Mean	-	2092.90	-
S.D	-	382.60	-
C.V	-	18.28	-

The Membership position of the society has been decreasing over the years,(2006-2007 to 2016-2017)and there was an increase in total Membership during five years (2011-12& 2015-16) mainly due to the admitted of more members. The average per year growth of Membership was 3.80 percent.

Working Capital

The Working Capital of this society consisted of share capital Reserve Fund and Borrowings. The total working capital position of the societies are given below in Table no.2.

Table 2: Working Capital Position

Year	Share Capital	Reserve Fund	Borrowings	Total
2006-07	17.56	0.12	0.17	17.85
2007-08	17.55	0.17	0.19	17.91
2008-09	17.41	0.18	0.16	17.75
2009-10	17.38	0.20	0.18	17.76
2010-11	17.15	0.19	0.22	17.56
2011-12	23.18	0.22	0.25	23.65
2012-13	23.67	0.23	0.22	24.12
2013-14	23.82	0.20	0.23	24.25
2014-15	24.15	0.22	0.21	24.58
2015-16	24.32	0.21	0.18	24.73
Mean	20.62	0.20	0.20	21.02
S.D	3.40	0.03	0.04	3.44
C.V	16.48	17.21	14.34	16.36

A look at the financial resources of society as presented in Table 2 reveals that the working capital of society which was Rs. 17.85 crores in 2006-07 has increased significantly to Rs. 24.73 in 2015-16. This is more than 72% increase over the period. Here Share Capital and Borrowings have played a dominant role in the composition of the working capital.

Table 3: Growth and Trend In Financial parameters

S.No	Name of the society	CAGR (%)	R ²	Trend coefficient			
				b ₀	b ₁	b ₂	b ₃
1	Share capital	4.94	.891	20.90	-3.82	.99	-.06
2	Reserve fund	5.45	.899	.08	.05	-.008	.00
3	Borrowings	2.30	.762	.19	-.03	.01	-.00
4	Total	4.92	.892	21.17	-3.79	.99	.06

To study the pattern of trend of the financial parameters during the study period, the polynomial trend equation namely, cubic trend equation of the form, $Y = b_0 + b_1 t + b_2 t^2 + b_3 t^3$, where b_i 's ($i = 1, 2 \& 3$) are trend coefficients and $b_0 =$ constant, is fitted, $t_i =$ i th year ($i = 1, 2, \dots, 10$) and the results are presented below. The F-values indicate the overall significance of the trend equation fitted. The R² the coefficient of determination

indicates that to what extent the trend coefficients are able to explain the variations of the dependent variables Y under study. To study the growth pattern of financial parameters Annual compound growth rate is also furnished.

Production and Sales Performance

The main objective of these societies has been produced and sale of 'Brass, Copper, Aluminum and Stainless steel vessels'. The Utensils are supplied to the Government Hospitals, AdiDravidar Welfare Hostels, Nutritions Noon Meal Centres, Temples, Rehabilitation Department and Retail Sales to the public.

The following Table No.4 shows the performance of the Metal Societies for the past 10 years are furnished below

Table 4: Production and Sales Performance Position

Rs in Lakhs

Year	Production	% Increase / Decrease	Sales	Increase / Decrease
2006-07	113.58	-	129.06	-
2007-08	122.71	8.73	132.59	2.73
2008-09	133.39	8.70	166.73	25.75
2009-10	150.36	12.72	187.94	12.72
2010-11	124.60	(-)17.13	155.75	(-)17.12
2011-12	133.92	7.47	167.06	7.26
2012-13	125.60	(-)6.21	153.17	(-)8.31
2013-14	99.49	(-)20.78	117.04	(-)23.58
2014-15	102.26	2.25	121.07	4.03
2015-16	112.19	2.53	128.42	7.35
Mean	121.81	-	145.88	-
S.D	15.49	-	23.60	-
C.V	12.72	-	16.18	-

The above table shows the production and sales performance position of the societies. The production performance has significantly increased Rs. 113.58 in 2006-07 to Rs. 125.60 in the year 2012-13. But at the same time sales performance position was also increased Rs 129.06 in 2006-07 to 153.17 in 2012-13. The average production per year was 121.81 lakhs. The average sales per year was 145.82 lakhs. But actually production and sales performance shows the fluctuating trend during the study period.

Problems and Challenges faced by the Metal Worker Cooperative Societies

- **Production**

The Metal Workers societies Production had a fluctuating trend during the study period. Almost all the societies has showed under capacity utilization leading to diminished production which in turn was due to higher price and non-availability of raw material, inadequacy of skilled labour and shortage of finance. The ever increasing price of raw material higher wages and lack of proportional selling margin heavily influenced cost of production. Another problem for low level of production is out dated machines. Metal industries stick to traditional method of production and they are not able to meet the increasing demand for sophisticated products for the market.

Not only the out dated machines but also purchased fuel supply is also another reason. The Metal Industries and located semi urban areas where the power supply is available only for 6 hours in daytime. Hence it is inadequate to carry on this work.

- **Problem of Labour**

As the members and workers are not able to meet their family expenses with the meager earnings they depend on additional work. In such as situation their natural tendency is to leave this work as soon as they find a better job. The instability and uncertainty in the working of Metal Workers have brought a fear of



unemployment to the bulk of the labours. The participation of Workers in the Management has not been effective at present. The study discloses that there is no training centers or institutions, especially designed for the Workers, executives and Members. The social security measures in the Metal Workers Unit is not satisfactory.

- **Problem of Finance**

The absence of timely financial assistance is one of the major obstacles in the development of Metal Workers Cooperatives. The Capital paid by the members and the government was inadequate to carry on productive activities. The industrial cooperative bank which has supposed to play an important role in providing financing to the societies but high rate of interest, bureaucratic delay and complicated procedures and discouraging them.

- **Problem of Marketing**

Marketing the finished products is the crux of the problem. These products should be sold in the market at least with a minimum profit margin to support organizational cost and pay dividend to the members. Competition from the private traders is also one of the problem. It ranges over a wide range of products produced by the Metal Workers cooperatives. The Metal Workers Cooperative Units suffer from inadequate quality. Owing to poor means of communication the fact about the quality, Price and type of products seldom reaches to wide section of the consumers.

Suggestions

The following suggestions are offered to overcome the problems and keep the Metal Workers Cooperatives economically viable. Strengthening the Membership and increasing the share capital base should be attempted by these societies. The Director of Industries and Commerce should work out a meaningful member programme for these societies. Proper training and awareness which is necessary for workers for reducing waste and producing a quality goods. Further Social Security Measures such as 'Medical, education and loan facilities are the vital importance.

Problem of the raw material and production, the societies should made bulk purchase from steel produces and ensure the supply of quality raw materials to the societies at a fair price. To solve the marketing problems of the Metal Workers Cooperatives the Government should instruct, the officials and other organizations the vessel purchase is made only by the Metal Workers Industrial Cooperative Society. To Increase the Marketing of vessels, publicity is an important task in the modern world to popularize the product. Advertisement for Metal Products through the TV, Newspaper and other Medias will help the Metal Societies.

The Industrial Cooperative Banks should be simplified the elaborate procedures and formalities of sanctioning of financial assistance to the societies. In order of Control the dormancy of the units the State Government should give high priority to the programme of revitalization.

Conclusion

The Metal Workers Cooperatives functions with formidable losses during the study period under review. The main problem identified is that the cost of production is high. On the other hand goods are not sold at remunerative prices. So, the metal workers cooperatives are not earning positive profit. But, it is a necessary condition for a cooperative organization to increase in profits and improve the quality of products to attract customers and increase sales in the competitive industrial environment.

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