

Andhra Pradesh handloom co-operative society: A study

Dr. P Surya Kumar

Post-Doctoral Fellow(ICSSR), Department of Econometrics, Sri Venkateswara University, Tirupati-517502 Chittoor (district), Andhra Pradesh, India.

Abstract

In this paper presents brief structure and trends of Andhra Pradesh Co-operative Society (APCO).the main objective of this paper is to examine the Procurement, Sales and Expenditure, Action plan for 2012-13 and finally Budget of APCO during 2013-14. The procurement of APCO is not in consistent most of the times it was highly fluctuated. The sales of APCO recorded Rs.128.41 crore during 1992-93; these sales were fallen to Rs.20.38 crore during 2000-01. The highest sales were registered Rs. 254.71 crores during 2011-12. The APCO expenditure was recorded Rs.20.23 crore during 1998-99 these figures are audited, these were fallen to Rs. 16.65 crore during the 2003-04. In the year 2004-05 APCO expenditure was recorded Rs.16.44 crore, these figures are un-audited figures, these expenditure were rose to Rs.19.56 crore during 2006-07. APCO was announced Action plan in the year 2012-13 for the development of handloom industry in Andhra Pradesh. A target of Rs.300.00 crores is fixed for the year 2012-13. In these 300 crores 100 crores is General, 140 crores for livery and 60 crores for yarn. The target sales were fix Rs.280 crore but actual sales are not reach to target sales noted Rs. 201.81 crores. In the year 2013-14, the target of APCO sales were fix Rs.500 crores and projected sales of APCO is Rs.550 crores respectively.

Keywords: APCO, Procurement, Sales, Expenditure, Action plan 2012-13, Budget 2013-14

1. Introduction

The Andhra Pradesh state Handloom Weavers' Co-operative Society, Hyderabad popularly known as APCO was formed in 1975-76 by amalgamation of the three Apex institutions in the state. It made significant progress especially in solving the major problem of marketing of handloom cloth. This Apex institution has received constant state support. This is rendering effective service to their affiliated societies by way of contribution to their share capital and assistance for opening sales deposits, show-rooms as well as rebate on sales of handloom cloth. It also helps the primary weaver's co-operative societies by supplying raw materials like yarn, dyes and chemicals etc. This is under the control of Department of Handlooms and Textiles of Government of Andhra Pradesh. The organisation owns a number of shopping outlets in Andhra Pradesh. The Society was registered in the year 1976 with registered No.T.P.W.44 under the Andhra Pradesh Cooperative Societies Act.

The handloom societies in Andhra Pradesh are organised as a two tier structure with the primary societies in the village level called Primary Handloom Weavers' Cooperative Societies (PHWCS) and the APEX Society at the State Level called Andhra Pradesh State Handloom Weavers' Cooperative Society Ltd (APSHWCS), popularly called APCO. Since the handloom weavers were facing problems for getting inputs as well as for marketing their finished products, the creation of an APEX Society was thought of to address these twin problems by making timely availability of inputs and by providing effective marketing strategy. Further, the Government is aware that protection to the sector is required to be continued because of the pious obligation to protect the heritage of the State and support is required to be continued to offset the built-in cost handicap of the handlooms, the focus of all its policy has been to provide a level playing field so as to

enable the weaver to stand up on his own and face the market in a level playing field. The APCO Fabrics is a Govt. controlled and managed body coordinates the procurement and export of Hand loomed fabrics from Andhra Pradesh.

In 1982-83 there were 2,115 primary weavers' cooperative societies in the State as against 1,024 Societies in 1975-76; 1,690 in 1977-78 and 1,932 in 1980-81. The number of societies almost doubled within eight years between 1975-76 and 1982-83 and this enormous increase can be attributed to the initiative of the Government who encouraged supportive in order to ensure orderly flow of funds and easy monitoring of its integrated growth and development. By early 80's itself, the Government found many societies to be either defunct or running in great losses and it was decided to merge the societies under the Viability Programme and about 668 Cooperatives were liquidated, 622 Societies merged with 323 Viable societies and in all there were 825 Societies in the State by end 1983. Again there was a marginal increase in the number of cooperatives in the subsequent years and by 1995 about 1,053 registered societies were affiliated to the Federal Weavers' Society, i.e., the A.P. State Handloom Weavers' Co-op. Society Limited (APSHWCS), APCO.

APCO seeks to assist the weavers in their purchase of raw materials and appliances, tools and machinery. It organises exhibitions and sales units for the purchase and receipt of finished products of the member societies. It assists in holding, owning, establishing and hiring processing units to undertake and provide processing services including dyeing, mercerising, printing and furnishing. These services are available for all types of yarn and cloth, and to member societies as well as other institutions and individuals. It arranges for the training of weavers in improved methods of weaving and the latest techniques. To promote marketing of Handloom Products, preserve the age old heritage of

Handlooms and to provide a sustainable platform for weaver artisans to show their artistic skill.

2. Aim of the APCO

- To ensure qualitative procurement of stocks from its stakeholders i.e. 1231 affiliated Primary Handloom Weaver Cooperative Societies and 66 Mutually Aided Cooperative Societies (MAC) to cater to the needs of customers.
- To market the products produced by the affiliated Primaries through 184 Sales emporia, functioning under Administrative control of 12 Divisional Marketing Offices located in and outside the State.
- To work with the responsibility of serving a social objective of creating wage employment to the Handloom Weavers in the State.
- To introduce new designs according to the changing market trends.

3. Main objectives of APCO

The Andhra Pradesh State Handloom Weavers Cooperative Society Ltd., (APCO) is the APEX Handloom Weavers Cooperative Society of Andhra Pradesh, the following main objectives;

1. To purchase raw materials and appliances, tools and machinery including spares as may be required for the industry and to sell the same to the member-societies.
2. To purchase or receive for sale, the finished products of the member-societies by opening Sales Units, Godowns, Exhibitions etc., within the State.
3. Purchase and supply other requirements of its member-societies;
4. To establish and run sales units within and outside the area of operation for Exhibition and sale of products of member-societies.
5. To hold, own, establish and hire processing units to undertake and provide processing including dyeing, mercerising, printing and furnishing etc. for all types of yarn and cloth, to the member societies and to other institutions and individuals on hire on job work basis.
6. To advise and render assistance to member-societies in preparation of production programmes, design development, product diversification and such qualitative improvement as may be necessary in the products produced by the member-societies to be in tune with the consumer tastes and market demand.
7. To arrange for the training of weavers sponsored by the member-societies in improved methods of weaving and latest techniques and also for the training of its own employees in sales techniques, accountancy and business administration etc.
8. Liaison on behalf of the Primary societies with Government Agencies for availing financial assistance and support under various developmental and welfare schemes;
9. Marketing reliable handloom fabrics at affordable prices to customers both in the domestic and export market;
10. APCO is, thus, basically meant to extend marketing support to its affiliated Primary Cooperative Weavers' Societies registered under the cooperative fold in the State. The APCO is providing direct employment to over

1.00 lakh weavers and indirect employment to about 4.00 lakh people in the (23) districts of the state.

4. Management and working of APCO

The APEX Society is managed by a Board of Management comprising of 31 Directors representing each of the 23 Districts, representative of APCO wool and seven official Directors including the Managing Director as Ex-officio Director and Vice-Chairman of the APEX organisation. The term of elected Managing Committee is of 5 years. APCO has 10 Divisional Marketing Offices in all major districts with a total supporting staff of 466 employees. 1136 Nos of Primary Weavers CO-operative Societies and Mutually Aided Weavers Co-operative Societies are affiliated to APCO supporting the backward linkage of production of Handloom Goods. The marketing and sales activity of APCO reached a pinnacle of Rs.254.71 crores during the year 2011-12 despite severe competition from mill-made and powerloom products.

5. Developmental Activities

Constant efforts are being made in fulfilling the above objectives. Following are the developmental and welfare activities being implemented by APCO. The marketing network of APCO is carried through its extensive sales outlets numbering (184) out of which (159) are located within the State of Andhra Pradesh and (25) Inter-state outlets are located outside the State of Andhra Pradesh. The Apex Society markets the production of Weavers through its chain of Sales Emporia with the trade name of "APCO". The Apex Society regularly procures the stocks at fair prices after examining all the technical aspects including skills and quality of the product. In order to attract the customers during festive seasons, APCO is allowing 30 per cent discount in addition to 20 per cent regular discount on its products.

The Apex Society has developed a Website www.apcofabrics.com for creating awareness among the prospective customers and also to popularize the traditional Handloom Products of Andhra Pradesh across the globe. APCO has initiated Online Business (e-Commerce) to improve the business by way of attracting online customers across India and world. APCO has taken a prestigious show room in the Paryatak Bhavan of Andhra Pradesh Tourism Development Corporation, Begumpet, Hyderabad and opened on 21-02-2013 to cater to the needs of customers concentrating in the surrounded areas. Entire On-line Business is being operated from this prestigious showroom. The Apex Society organizes Exhibitions in various prominent places all over the country to popularize the traditional Handloom Products and to help the Weaver artisans to increase their earnings by way of sales in these exhibitions. The Apex Society also participates in the Expo's and Exhibitions being organized by the Government of Andhra Pradesh as well as other State Governments and by the Government of India.

The Apex Society apart from transacting sales through its APCO Outlets also conducts Departmental Sales by supplying Uniform Cloth to its employees / Bedding Material / Blankets / Uniform Cloth to School Children and Hostel Boarders. The Apex Society takes necessary steps to cause extensive publicity through Press and electronic Media, Ad. Film, Hoardings in all Collectrates to attract customers in large numbers, and also in the Souvenirs being released by various institutions, in order to improve the sales.

6. Procurement, Sales and Expenditure activities of APCO

The performance of APCO during the period 1992-93 to 2011-12 in terms of procurement and sales activity of APCO is presented in table-1.

As could be seen from the above, the functioning of APCO continued to be very good till the year 1995-96 when the Janata Scheme was suddenly discontinued without an alternative scheme put in place to take care of the fabric requirement of people at the low end of the society. In tune with the policy of Government of India, the Government of

Andhra Pradesh stopped encouraging production of low quality fabric unlike the neighboring State of Tamil Nadu and Karnataka which continued to patronage production of Janata Sarees and Dhotis even today. Though, there is quantum fall in the procurement and sales activity of APCO in the year 2000-01, the expenditure on personnel, marketing and administration did not come down proportionately. The expenditure levels on personnel, marketing, administrative and interest liability continued to be more than Rs.20.00 crores per annum.

Table 1: Procurement and Sales activity of APCO (Rs in Crores)

Years	Procurement					Sales				
	General	Janata	Livery	Yarn	Total	General	Livery	Janata	Yarn	Total
1992-93	39.93	31.05	10.06	31.41	112.45	50.29	10.9	36.81	30.41	128.41
1993-94	50.43	28.68	15.08	30.98	125.17	48.03	16.59	27.58	30.48	122.68
1994-95	50.25	18.26	5.11	30.19	103.81	59.39	10.84	23.82	31.48	125.53
1995-96	21.58	6.26	4.62	11.97	44.43	55.07	11.5	13.83	11.64	92.04
1996-97	28.58	--	6.56	6.88	42.02	35.06	9.95	7.57	7.94	60.52
1997-98	26.46	--	5.86	10.28	42.6	42.48	7.98	--	8.41	58.87
1998-99	36.4	--	7.63	7.21	51.24	51.36	10.08	--	8.49	69.93
1999-00	26.18	--	6.65	8.17	41	50.01	6.65	--	9.41	66.07
2000-01	4.08	--	1.56	0.72	6.36	18.8	0.53	--	1.05	20.38
2001-02	12.99	--	10.5	6.95	30.44	27.59	16.6	--	9.17	53.36
2002-03	28.01	--	19.23	12.06	59.3	33.89	25.36	--	19.89	79.14
2003-04	16.12	--	17.4	10.34	43.88	36.58	25.09	--	25.18	86.85
2004-05	18.57	--	23.89	17.86	60.3	39.47	33.17	--	27.63	100.27
2005-06	21.19	--	37.69	21.25	80.13	39.23	44.08	--	28.47	111.78
2006-07	23.51	--	39.5	22.22	85.23	41.19	59.15	--	36.16	136.5
2007-08	31.5	--	40.2	48.64	120.34	52.87	61.63	--	41.42	155.92
2008-09	34.09	--	61.74	52.03	147.86	57.29	70.04	--	62.55	189.88
2009-10	29.45	--	101.59	47.9	178.94	46.71	129.41	--	47.19	223.31
2010-11	31.53	--	86.84	41.72	160.09	48.8	100.05	--	42.38	191.23
2011-12	33.25	--	95.18	41.43	169.86	68.58	149.71	--	36.42	254.71

Source: <http://www.apcofabrics.com>

APCO procurement in the year 1992-93, recorded Rs. 112.45 crores these was rose to Rs.125.77 crores in the year 1993-94, and then the procurement of APCO was fallen noted Rs. 6.56 crores in the year 2000-01, after this again this procurement activity rose to Rs.178.94 crore in the year 2009-10, then again it was fallen noted Rs.169.86 crores in the year 2011-12. From the above details the procurement of APCO was not in consistent most of the times it was highly fluctuated. The sales of APCO recorded Rs.128.41 crores during 1992-93; these sales were fallen to Rs.20.38 crores during 2000-01. The highest sales were registered Rs. 254.71 crores during 2011-12.

Thus, the travails of APCO started from the year 1995 with the discontinuation of Janata Scheme and then onwards it could never come out of red and has been incurring operational losses ranging between Rs.7.00 crores to Rs.12.00 crores per annum. The analysis of the sales performance of APCO reveals that the fall in the quantum of marketing activities is directly ascribable to sudden stoppage of Janata Scheme and tangible reduction in cloth supplies to Government Departments, which started preferring powerloom and mill-made cloth for their livery requirements. The stiff competition from the open market from mill-made and powerloom cloth is also another factor for the decrease of handloom market from year to year. As a result, APCO incurred continuous losses leading to erosion of its net worth.

The other factors responsible for the negative net worth of APCO include extending 20 percent discount on its sales under MDA scheme without any ceiling, while reimbursement by Government was pegged at Rs.5.64 crores per annum. This resulted in APCO spending an excess of about Rs.40.00 crores out its own funds from 1989-90 to 1999-2000 towards discount and price reductions over and above the assistance received from the Government, both the State and the Central. This has become inevitable to provide continuous market support to primary weavers who will face dire situation in the absence of any market development assistance scheme whether or not reimbursed by the Government.

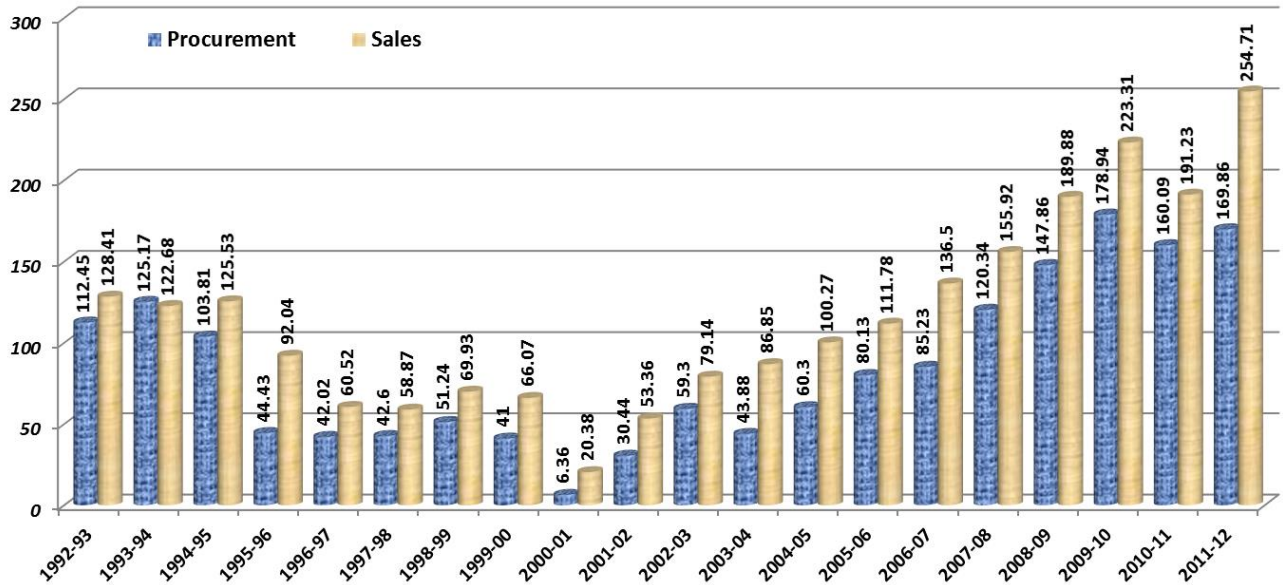
The APCO expenditure was recorded Rs.20.23 crore during 1998-99 these figures are audited, these were fallen to Rs. 16.65 crore during the 2003-04. In the year 2004-05 APCO expenditure was recorded Rs.16.44 crore, these figures are un-audited figures, these expenditure were rose to Rs.19.56 crore during 2006-07.

7. Action Plan for 2012-13

APCO was announced action plan in the year 2012-13 for the development of handloom industry in Andhra Pradesh. A target of Rs.300.00 crores is fixed for the year 2012-13. In these 300 crores 100 crores is General, 140 crores for livery and 60 crores for yarn. In this action plan the main objectives are

- 1) Improving sales through exhibitions/ road shows in the state as well as outside the state apart from counter sales through its 189 sales outlets in and outside Andhra Pradesh.
- 2) Pradesh.
- 3) Organization of exhibitions to expand the business in software companies.
- 4) To promote and implement effectively the Handloom Mark and Silk Mark to

Figure-4.1: Procurement and Sales of APCO during the period 1992-93 to 2011-12



8. Budgetary support for the year 2013-14

In order to achieve the performance targets as envisaged

above, an amount of Rs.100.00 Crores is required budgetary support from the Government of Andhra Pradesh.

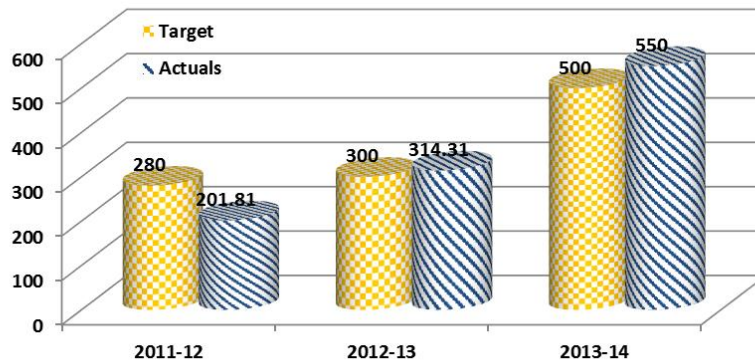
Table 2: Target and Actual Sales of APCO during 2011-12 to 2013-14

S. No.	Objectives	Targets 2011-12	Actual 2011-12	Targets 2012-13	Actual 2012-13	Target 2013-14	Projected 2013-14
1	General Sales Turnover	80.00	68.77	100.00	65.77	100.00	110.00
2	Livery Sales Turnover	130.00	96.74	140.00	192.81	300.00	330.00
3	Yarn Sales Turnover	70.00	36.30	60.00	55.73	100.00	110.00
Total:		280.00	201.81	300.00	314.31	500.00	550.00

The Targets & Actual Sales of APCO were presented in table-2. In the year 2011-12, the target sales were fix Rs.280 crore but actual sales are not reach to target sales noted

Rs. 201.81 crores. In the year 2013-14, the target of APCO sales were fix Rs.500 crores and projected sales of APCO is Rs.550 crores respectively.

Figure-4.2: Target and Actual sales of APCO



9. Conclusion

The Andhra Pradesh state Handloom Weavers' Co-operative Society, Hyderabad popularly known as APCO was formed in 1975-76 by amalgamation of the three Apex institutions in the state. This is under the control of Department of Handlooms and Textiles of Government of Andhra Pradesh.

APCO procurement in the year 1992-93, recorded Rs. 112.45 crores these was rose to Rs.125.77 crores in the year 1993-94, and then the procurement of APCO was fallen noted Rs. 6.56 crores in the year 2000-01, after this again this procurement activity rose to Rs.178.94 crore in the year 2009-10, then again it was fallen noted Rs.169.86 crores in the year 2011-12. From the above details the procurement of APCO was not in consistent most of the times it was highly fluctuated. The sales of APCO recorded Rs.128.41 crores during 1992-93; these sales were fallen to Rs.20.38 crores during 2000-01. The highest sales were registered Rs. 254.71 crores during 2011-12.

There is quantum fall in the procurement and sales activity of APCO in the post 1995-96 periods, the expenditure on personnel, marketing and administration did not come down proportionately. The expenditure levels on personnel, marketing, administrative and interest liability continued to be more than Rs.20.00 crores per annum The APCO expenditure was recorded Rs.20.23 crore during 1998-99 these figures are audited, these were fallen to Rs. 16.65 crore during the 2003-04. In the year 2004-05 APCO expenditure was recorded Rs.16.44 crore, these figures are un-audited figures, these expenditure were rose to Rs.19.56 crore during 2006-07.

APCO was announced action plan in the year 2012-13 for the development of handloom industry in Andhra Pradesh. A target of Rs.300.00 crores is fixed for the year 2012-13. In these 300 crores 100 crores is General, 140 crores for livery and 60 crores for yarn. The target sales were fix Rs.280 crore but actual sales are not reach to target sales noted Rs. 201.81 crores. In the year 2013-14, the target of APCO sales were fix Rs.500 crores and projected sales of APCO is Rs.550 crores respectively.

10. References

1. Bharat RK. Marketing of Co-operative Handloom Textile, APCO, Co-operator, 1988.
2. Sameer Sharma. APCO an Experience of Restructuring on Organisation in an Emerging Marketing Economy", Indian Co-operative Review, 2004; 42(1):26.
3. Batra JD. Role of Co-operative Spinning Mills in Development of Handloom Co-operatives, The Co-operator, 1978; XV(19).
4. Joglekar. Upgradation of Handloom Co-operative", Indian Co-operative Review, 2002; XXXIX(3):235.
5. Joseph Nelson D. Weavers' Co-operative Societies in Dindigul District-A Study, Indian Co-operative Review, 2000; XXXVII (3):186-189.
6. Kanakalatha Mukund, Syamasundari B. Doomed to Fail 'Handloom Weavers co-operatives in Andhra Pradesh, Economic and Political Weekly, 1999, 1998; XXXIII(52):3323-3332.
7. Narasingha Behera. Economic Impact of Weavers Co-operatives on Member. Weavers in Bargarh District, Orissa, Journal of Rural Development. 2009; 28(2):159-168.
8. Noor Basha Abdul, Badari Narayana. Role of A.P.C.O. in the Promotion of Handloom Co-operatives in Andhra Pradesh, Indian Co-operative Review, 2002, 52-57.
9. Prabhakara Sarma, Joglekar PVN. Upgradation of Handloom Co-operatives, Indian Co-operative Review, 2002; XXXIX(3):234-243.
10. www.aphandtex.gov.in
11. www.apcofabrics.com
12. www.handlooms.nic.in