



CORPORATE PLANS OF APHDC AN EMPIRICAL STUDY

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Abstract: *Andhra Pradesh is well known for its rich culture and traditions all over the world. The handicrafts and cottage industries in the state made the foundation for spreading the crafts-manship of the state in different parts of the country. The craftsmanship of the arts and crafts embodies a tradition, which lives in the creative imagination of the artists of the state. The beauty and charm of its crafts has always been a source of attraction to many Indian and foreign tourists. From time immemorial, Andhra Pradesh has carved out a name for itself in the field of handicrafts. The gifted artisan could produce wonderful objects of craft from simple materials. In this connection APHDC was played a vital role to promote the handicrafts industries to produce the handmade articles and handicrafts bazaars to sale the produced items. Through this long journey APHDC to make a Corporate Plan for Organization Development. We have used the secondary data in this study. We have taken the data from 2012-17. The present study reveals that the APHDC Corporate and future plans. The APHDC has incorporation of its future plans with Commercial Projections, Economic Projections, Developmental Activities and Organization Development.*

Keywords: *Handicrafts, Craftsmanship, Commercial Projections, Organization, Development.*

Introduction

Andhra Pradesh has earned a unique reputation for its arts and crafts all over the country. AP is considered as the land of handicrafts and it is an integral part of Andhra Pradesh's culture. It offers prominent collection of arts and crafts. About 50 different crafts are practiced in AP and about 1.3 lakh artisans are engaged in various trades. In the process different clusters involving different trade have been created in the state focusing on identical crafts. Some of the important crafts in the state are, works of Nirmal Painting of Hyderabad, Wood carving for Kondapalli and Metal were work of Budithi. These sectors have not only kept the rich heritage of the state but also have provided employment to lakhs of artisans. The advantage of these sectors is that these sectors require less capital investment and involve low risk. The weaker sections of our society in both rural and urban areas get their livelihood from these sectors.

The handicraft sectors in recent times face challenges due to development and modernization of production technique of large production houses. These sectors are unorganized and they have poor exposure to new technologies for which they fail to compete with other organized sectors. In the absence of marketing facilities, poor infrastructure and institutional frame work their growth paralyses. This sector has very important role to play in employment generation.

Objective of the Study

The specific objective of the present study is to evaluate the Corporate and Future Plans of the Andhra Pradesh Handicrafts Development Corporation Limited.

History of APHDC:

Andhra Pradesh is a treasure-trove of a fascinating range of art forms and traditional crafts, each

unique in style, theme, concept, form and expression. These crafts and arts have displayed innate flexibility and durability without exception, in spite of their being centuries old. Though the craftsmanship has received much appreciation from different parts of the world, the artisans could not market their products. Therefore, many art forms in the State almost lapsed into oblivion. It was against this background that the State stepped in to salvage its rich traditional forms and create a livelihood for the artisans.

Accordingly, the Government of Andhra Pradesh, under the Commissioner of Industries, started marketing handicrafts produced by the artisans through the "Government Cottage Industries Emporia". Later, these Government Emporia were transferred to the AP State Trading Corporation Limited (APSTC) in the year 1973. All the emporia were managed by the APSTC and marketed Handicrafts produced in Andhra Pradesh.

Subsequently, in order to pay a special attention to the Handicrafts Sector of AP, a separate Corporation by name "AP Handicrafts Development Corporation Limited (APHDC)" was formed in the year 1982, with an objective to look after the development, promotion and marketing of handicrafts produced in Andhra Pradesh. The handicrafts of AP were then marketed through a network of APHDC show rooms named as "Lepakshi Handicrafts Emporia". The name Lepakshi was chosen aptly by APHDC, as the word "Lepakshi" represents the well-known temple town in Andhra Pradesh, which is a repository of stone sculpture and frescoes of a high order that was attained during the Vijayanagar period. Thus, Lepakshi Emporia projected and promoted the artistry and elegance of Andhra Pradesh and created an indelible imprint on the minds of handicraft lovers within the Country and abroad.

APHDC was set up with share capital of Rs 150 Lakhs from the Government of Andhra Pradesh and that of Rs 50 Lakhs from Government of India with the following objectives:

- Develop and promote handicrafts;
 - Undertake marketing of handicrafts;
 - Promote and establish showrooms, organize exhibitions, cause wide publicity of Handicrafts and
 - Undertake welfare activities for the benefit of the artisans.
 - Corporate Plan (2012-13 to 2016-17)
- Organization Profile

However, the efforts of the Corporation in fulfilling the objectives have been on a limited scale depending on the availability of funds and sanctions received from the Government of India from time to time

Corporate plan of APHDC:

APHDC projects its future plans and strategies as discussed below, to realize its Mission, Vision and Objectives

The discussion is taken up in the following areas:

I. Commercial Projections

II. Economic Projections

III. Developmental Activities

IV. Organization Development

I. Commercial Projections:

The Corporation has drawn the Commercial Projections through Sales performance in 3 segments viz. Showroom Sales, Exhibition Sales and Institutional Sales for the next 5 years starting from 2012-13 to 2016-17. In evolving the sales strategies, the highly peculiar nature of these segments are considered and explored, as narrated below, so as to project the future sales performance in a more thoughtful manner.

a) Showroom Sales:

This is the main activity of the Corporation where marketing facility is provided to the Handicrafts Artisans through Lepakshi Sales Outlets. The Corporation maintains suitable profit margins to cover the establishment and other expenditure. This segment also provides more profits to the organization than other segments of sale. Keeping in view the existing Lepakshi sales outlets, manpower and also considering the future expansion, the sales growth rate ranging from 10% to 13% for the years from 2012-13 to 2016-17 has been projected in the future plans. The Corporation proposes to expand its activity by opening (9) nine new showrooms at important locations in Andhra Pradesh during the next 5 years starting from 2012-13. All efforts will be put in to achieve the targets proposed in the showroom segment sales of the Corporation.

b) Exhibition Sales:

Over the period of time, the Corporation has explored the market potential in various towns and cities in Andhra Pradesh and also other parts of the country. The purpose of organizing exhibitions is mainly for giving wide publicity for the Crafts. The Corporation maintains minimum profit margin, only to meet the expenditure to organize the event from this segment of the sales.

In addition to Lepakshi, there are also the other players from the private Sector, who organize Exhibitions throughout Andhra Pradesh at important Towns and Cities besides other State level Handicrafts Development Corporations. Keeping the huge competition in the market, this activity can be extended to other areas based on the market potential only. Therefore, the Corporation has kept the targets under this segment with an average increase of 5% only. The Corporation intends to minimize the number of events and improve its quality and sales performance from these exhibitions in future. It is one of the key activities of the Corporation for promoting the State Handicrafts for the benefit of the Handicrafts Artisans. As the regular staff strength is going down year after year due to retirements at a very faster rate, it will be very difficult to organize more and more exhibitions, even if the proposed recruitment of the regular staff happens.

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c) Institutional Sales:

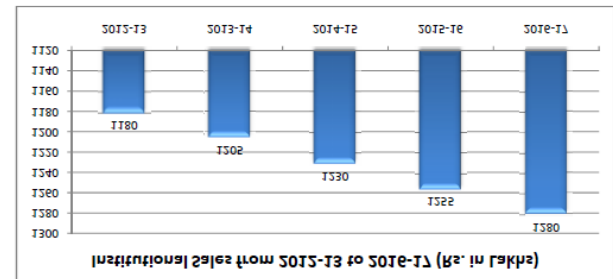
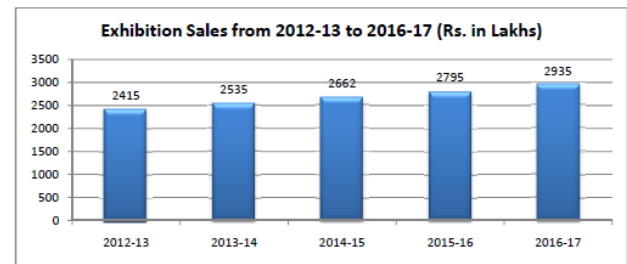
The Corporation executes the orders received from Government Departments depending up on the budget available with the concerned Government Departments. As it could be seen from the performance of the previous years, there was a slump in sales in some years and huge increase in some years. Most of these supplies are relating to other than Handicrafts and Handlooms. Considering the high fluctuations, the Corporation has kept an average increase @ 2% in its future projections. Other competitors like SSI Industries, Societies and other Organizations also participate

and try to secure this business from the same Government Departments. Therefore, there will be less emphasis and reliance on this segment in the future plans of the corporation.

i) Sales Performance (2012-13 to 2016-17)

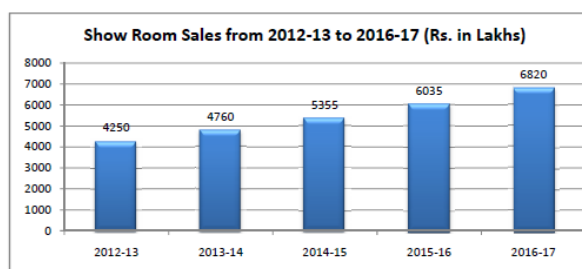
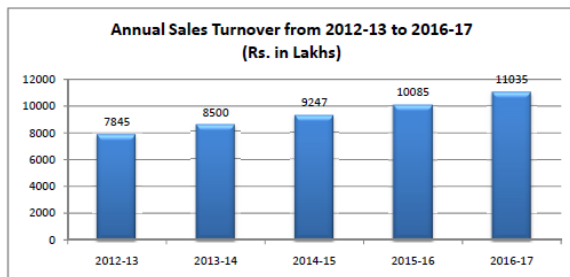
The sales performance of the organization for the coming five years (2012-13 to 2016-17) is projected to be as below.

Type of Sales	Annual Sales Turnover (Rs. in Lakhs)					Average Annual Sales Turnover
	2012-13	2013-14	2014-15	2015-16	2016-17	
Showroom	4250	4760	5355	6035	6820	5444
Exhibition	2415	2535	2662	2795	2935	2668
Institutional	1180	1205	1230	1255	1280	1230
Total	7845	8500	9247	10085	11035	9342



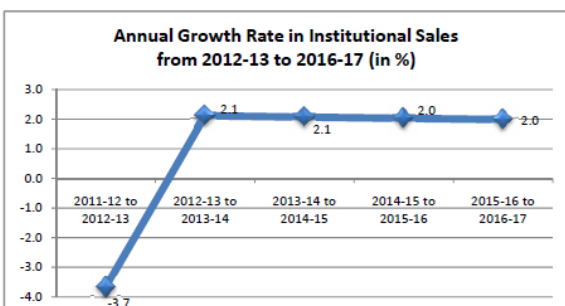
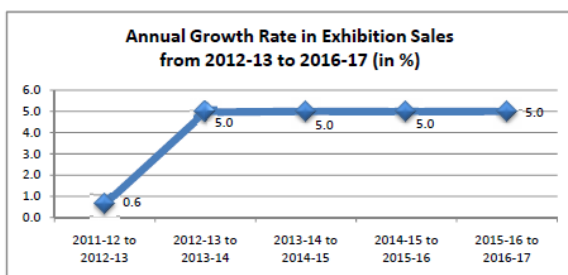
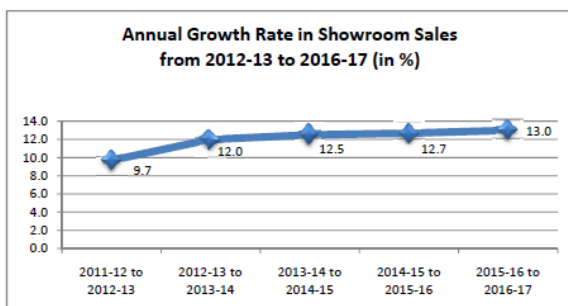
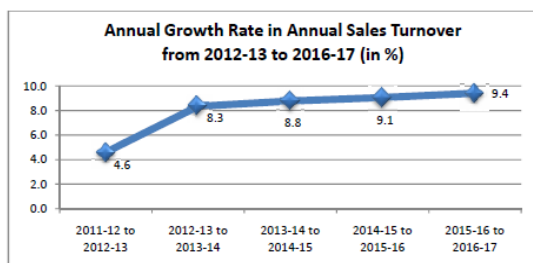
From the above data, it can be seen that the annual sales turnover of APHDC has been projected impressively for the coming five years with the annual sales going up from year to year. The average annual sales turnover has been projected to be a notable Rs. 9342 lakhs, when compared to the last five years' Rs. 6267 lakhs. The average Showroom Sales has been projected at Rs. 5444 lakhs, as against last five years' Rs. 3205 lakhs. The average Exhibition Sales has been projected at Rs. 2668 lakhs, as against the last five years' Rs. 1898 lakhs and the average Institutional sales has been projected at Rs. 1230 lakhs, as against that of the last five years' Rs. 1164 lakhs

The growth rates of the annual sales turnover, showroom sales, exhibition sales and the institutional sales are given below



Type of Sales	Growth rate in %
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	2011-12 to 2012-013 (Estimated)	2012-013to 2013-14	2013-14to 2014-15	2014-15to 2015-16	2015-16to 2016-17	Average Annual Growth Rate
Showroom	9.0	12.0	12.5	12.7	13.0	12.0
Exhibition	0.6	5.0	5.0	5.0	5.0	4.1
Institutional	-3.7	2.0	2.0	2.0	2.0	0.9
Annual Averages	4.6	8.3	8.8	9.1	9.4	8.0



From the above, it can be observed that the average annual sales growth rate has been projected above as an impressive 8.0%, as against last five years’

average growth rate of 9.7%. The average growth rate in the showroom sales has been projected at 12.0%, when compared to that of the last five years’ 10.0%. The average growth rate in the exhibition sales has been projected at 4.1%, as against the 10.7% of the last five years’. The average growth rate in the institutional sales has been projected at about 1%, as against the last five years’ 10.4%. The reasons for these lowered growth rates in the projections are narrated below

a. It can be observed that this low growth rate is because of the lowered growth rates in the Exhibition Sales and the Institutional Sales only. In fact, the growth rate of the Showroom Sales has been increased by 2%, when compared to that of the last five years’ average growth rate in the Showroom Sales.

b. It is for the reason that the main business of APHDC is through the retail sales of the Lepakshi Handicrafts Emporia, which comprised over 50% of the total annual sales of APHDC in the last five years. Since this segment has a greater scope further, to increase the retail sales by expansion of sales emporia, the growth rate in Showroom Sales has been projected with an increased average growth rate of 12%, which will comprise nearly 60% of the projected annual sales.

c. Whereas, it can be said that the Exhibition Sales has reached a kind of saturation because most of the potential geographical areas in AP have already been explored and being utilized for conducting

exhibitions. Thus, though the Exhibition Sales has been projected in the up-curve in terms of turnover, when compared to that in the last five years, the growth rate has been moderated to a lower 4.1%, when compared to that of the last five years' 10.7%. This contributed greatly for the decrease in the projected average growth rate of the annual sales.

d. In case of institutional sales too, similar strategy has been followed. The first reason for the decreased average growth rate in the institutional sales is that, through the institutional sales neither handicrafts nor handlooms are sold but only general items, which have nothing to do with the main purpose and objectives of APHDC. Secondly, the institutional sales are highly fluctuating and uncertain, as it solely depends upon the procurement plans and budgets of the other Govt.

departments. However, the Institutional Sales have been projected in the up-curve in terms turnover, though its growth rate has been lowered to an annual average of 1%, when compared to the last five years' 10.4%. This too contributed greatly for the decrease in the projected average growth rate of the annual sales. For the reasons mentioned above, the strategy of putting major concentration on the retail sales and lesser concentration on the exhibition and institutional sales is justified and valid, given the corporation's vision, mission and objectives.

ii) Expansion Activities (2012-13 to 2016-17):

As per the strategy mentioned above, APHDC is keen to expand its retail activities to other parts of the state by opening new Lepakshi Handicrafts Emporia as given below

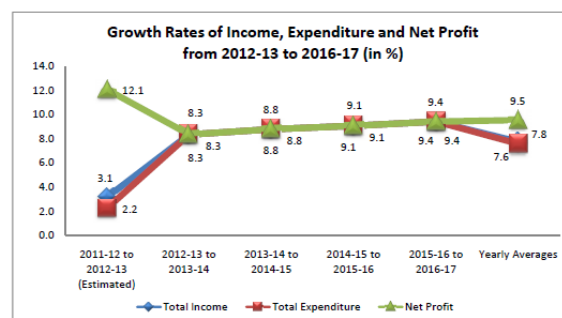
year	S.No	Location of the new Emporium	Anticipated Annual Sales Turnover (Rs. in lakhs)
2012-13	1	Sanga Reddy, MedakDist	100.00
	2	KarimnagarKarimnagar Dist.,	100.00
	3	Nellore, Nellore Dist.	120.00
	4	Mahaboobnagar, MahaboobnagarDist	80.00
2013-14	5	Nizamabad, Nizamabad Dist.	80.00
2014-15	6	Eluru, West Godavari Dist.	100.00
2015-16	7	Khammam, Khammam Dist.	100.00
2016-17	8	Hi-tech City, Madapur, Hyderabad	150.00
	9	Kukat Pally, Hyderabad	100.00
	10	Dilsukhnagar, Hyderabad	100.00

II. Economic Projections (2012-13 to 2016-17):

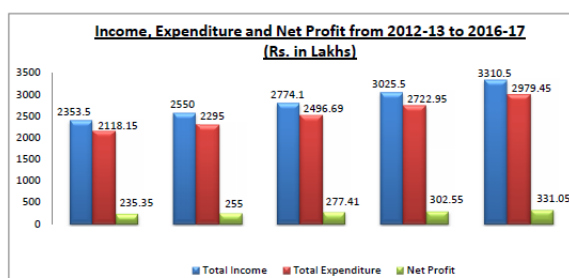
The economic performance of the APHDC in the coming five years (2012-13 to 2016-17) is projected in the table below

S. No	Particulars	Rs. in Lakhs					Total
		2012-13	2013-14	2014-15	2015-16	2016-17	
1	TURN OVER	7845.00	8500.00	9247.00	10085.00	11035.00	46712.00
2	GROSS PROFIT	2118.15	2295.00	2496.69	2722.95	2979.45	2979.45
3	OTHER INCOME	235.35	255.00	277.41	302.55	331.05	1401.36
4	TOTAL INCOME	2353.5	2550.00	2774.1	3025.5	3310.5	14013.6
5	TOTAL EXPENDITURE	2118.15	2295.00	2496.69	2722.95	2979.45	12242.4
6	NET PROFIT	235.35	255.00	277.41	302.55	331.05	1401.36

Particulars	Growth rate in%					
	2006-07 to 2007-08	2007-08 to 2008-09	2008-09 to 2009-10	2009-10 to 2010-11	2010-11 to 2011-12 (Estimate)	Average Annual Growth Rate
TOTAL INCOME	3.1	8.3	8.8	9.1	9.4	7.8
TOTAL EXPENDITURE	2.2	8.3	8.8	9.1	9.4	7.6
NET PROFIT	12.1	8.3	8.8	9.1	9.4	9.5



The Total Income, Total Expenditure and the Net Profit from the table above are represented in a graphical form below.



It can be observed from the above data that the Total Income is projected to be steadily growing year after the year with an impressive increase. The Total Expenditure has been projected to be well within control to show considerable Net Profit for the corporation. The growth rates of the Income, Expenditure and the Net Profit projected for the coming five years are depicted in the following table.

From the above, it is seen that the Total Income, Total Expenditure and the Net Profit are projected to be steadily growing at an incremental growth rate, when compared to the fluctuating scenario of the past five years.

III. Developmental Activities:

In accordance with the main objectives of APHDC many developmental activities are also taken up. The following are the developmental and welfare activities carried out by APHDC, in the state of AP.

1. Marketing

The Corporation markets the production of over two lakh artisans through its chain of sales emporia with the trade name of 'LEPAKSHI'. The Corporation regularly procures the production of the local crafts at fair prices after examining the skills and quality of the products.

2. Exhibitions and Craft Bazaars

The Corporation organizes exhibitions in various prominent places all over the Country to popularize the traditional crafts and to help the craft person to increase their earnings by way of sales in these exhibitions. The Corporation invites artisans craft persons in different craft media to demonstrate and sell their production directly to customers in these programmes.

3. Training Programmes

The Corporation organizes training programmes in selected crafts where the production is not commensurate with the demand and also in cases where the craft is less known and languishing for want of adequate patronage and awareness. The Corporation provides market for the items of good quality, produced by the trainees as a post training facility.

4. Design Workshops and Skill Up-gradation Programmes

The Corporation conducts Baseline Surveys from time to time, to assess the areas of inter-ventions required for the overall development of the crafts in an integrated manner. As a follow up, the Corporation plans and conducts skill upgrading programmes for the artisans of the identified crafts so that they can develop new designs and quality products in tune with the current market needs and the tastes of the customers. Reputed Organizations like M/s Indian Institute of Crafts and Design, Jaipur, M/s National Institute of Fashion Technology, Bangalore / Hyderabad, M/s Creative Bee, Hyderabad are associated in these programmes.

5. Multi-Craft Common Facility Centers

A Multi-Craft Common facility Service Centre at Hyderabad covering Brass, Bidri, Silver filigree, Banjara Embroidery and Nirmal Paintings and Furniture items and another at Bobbili for the Veena making craft were set up for providing the basic infrastructure, machinery, tools and equipment, training and the design inputs for improving the quality of the production and for developing new designs / products.

6. Exports

The Corporation is participating in the International Trade Fairs to assess the demand for the Andhra Pradesh handicrafts and to explore the possibility of entering in to the export market.

7. Welfare Schemes

The Corporation is implementing several welfare schemes like construction of house-cumwork sheds, State Awards, old age pension to the deserving poor Craftsmen who are economically poor, TA / DA to the poor craft persons pursuing traditional crafts for their participation in the exhibitions etc.

8. Awards of Excellence

The Corporation gives away every year State Awards for the Crafts persons with distinction in their skills. The Corporation also recommends every year names of craft persons who exhibit outstanding skills for selection of Awards at National level.

9. Publicity

The Corporation takes steps to cause extensive Publicity through the brochures and through Press & Electronic Media, Ad film, Hoardings in major Cities like Hyderabad, Secunderabad, Visakhapatnam, Vijayawada etc. to attract

customers in large numbers in order to improve the sales.

10. Web Site

The Corporation has developed a Website www.lepakshihandicrafts.gov.in for creating awareness among prospective customers and also to popularize the traditional crafts and handlooms of AP across the globe.

IV. Organization Development:

In order to carry out the future plans and to implement the strategies as discussed above, APHDC requires Organization development as discussed below.

1) Procurement Management (2012-13 to 2016-17)

Presently, most of the procurement is happening through Consignment and Counter basis, as more sale contribution is coming from these two methods, as against Outright procurement method. The high prevalence of these two methods, in spite of their advantages, might go uncontrolled in the absence of stringent procurement policies and guidelines. One other major concern is that the Sr. Managers of the Corporation, who are most experienced in the Handicrafts arena, are getting retired one after the other. This may create a vacuum in the senior management and may seriously affect the quality of decision making. This aspect further emphasizes the need to establish a standardized Procurement & Pricing Policy, which is based more on the systematic approach and less on the individual's competence.

Hence, in order to study the above and design a practical Procurement & Pricing Policy, it was thought to engage a consultancy institution. Subsequently, the Center for Good Governance

(CGG) was entrusted with the task and a systematic procurement and pricing policy is in the final stage of completion. On finalizing this policy, the Corporation is planning to implement the same from the year 2012-13. It is envisaged that this policy would bring about the required efficiency and effectiveness in the procurement activities of APHDC.

2) HR Management (2012-13 to 2016-17)

As mentioned earlier, out of 392 sanctioned posts, only 125 posts are in-position and there is a huge vacancy position of 267. Unless this anomaly is addressed, it may be difficult to sustain the organizational growth with this meager and further-depleting manpower. The Govt. has already permitted to recruit 16 Jr. Accountants-cum-Cashiers, 30 Jr. Sales Assts, 15 Jr. Assistants-cum-Computer Operators and one Receptionist-cum-Computer Operator and the recruitment is under process. As many as 49 employees will be retiring in the coming five years, which leaves the manpower at a meager 87 – if new recruitments do not happen. The corporation is also planning to take up training programmes for the new recruits so that they are properly inducted into the organization.

Conclusion:

The APHDC has actually come a long way in its journey. It was once upon a time in losses and almost on the verge of closure. But, it has turned around under the able leadership of thoughtful officers, who implemented certain creative measures in time. As a result, the corporation came out of its losses and started paying dividends to the State and Central Governments. As discussed above, the corporation started doing more of its procurement through Consignment has been eliminated and the stock is going directly to the

sales counters after entry in the inventory management system. This has ensured optimum utilization of the showroom space. The stock is also merchandized artistically in the showrooms to attract the attention of the customers. Computerization is one of the strengths of the corporation. The Inventory, Sales, HR and Accounts functions are computerized in all the emporia, thereby reducing inefficient paperwork. As mentioned above, there are still many improvements that can be brought forward by further computerization. As described above, fast-depleting manpower is one of the key problems that the corporation is facing. Unless this issue is addressed, the projected performance may be difficult to achieve. Training is one more issue that the corporation should take up seriously. In addition to functional training, the showroom staff has to be trained in customer orientation, customer service and sales management. This may bring in higher degree of professionalism in the functioning in the Lepakshi showrooms.

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