

A STUDY ON FACTORS INFLUENCING THE SATISFACTION LEVEL OF TANNERS RELATED TO TANNERY BUSINESS IN TAMIL NADU

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ABSTRACT

The leather industry forms a strong foundation of the Indian economy. There is a growing emphasis on its planned development, aimed at optimal utilization of raw materials for exploit the returns, particularly from exports. The Indian leather industry today has established itself as a prominent industry both in international as well as in the domestic markets. The leather industry is enjoying the status of a major foreign exchange earner in India over last thirty years. Leather sector takes up a significant place in the Indian economy owing to its substantial export earnings, creation of employment and favorable conditions for its sustained growth. Leather processing is one of the earliest industrial activities taken up by humans. The processes used in the manufacture of leather in the developing countries remain conventional and are often not optimized for chemical and water usage. In the situation, it was thought to study the problem associated with the tannery units in Tamil Nadu and same the study.

Key words- Leather, Tannery, and Tannery clusters.

I-INTRODUCTION

Leather is a distinctive commodity that links the rural farmer to the fashion world. Leather as a natural material offers several advantages over synthetics, namely, aesthetic appeal, feel, texture, and breathability. Chronologically the birth of leather in India dates back to 3000 years B.C. Leather has evolved from a commodity of necessity to a commodity of luxury over the years. It is a renewable resource based on a by-product of the meat, wool and dairy industries. Major product applications for leather are leather goods, garments, and footwear. Leather makes a contribution to the quality of everyday life and has done so for centuries. The innate strengths, innovative technology and marketing strategies have converted the competitive advantage of India into a commercial success making the country a cynosure of leather and tanning in the global leather map. The leather industry is enjoying the status of a priority sector in India since the early seventies. The Indian leather industry is well-structured and spans various segments, such as tanning and finishing, footwear and footwear components, leather garments, leather goods, including saddles and harness. More than 60 per cent of the leather produced is being converted to footwear.

II-IMPORTANCE OF LEATHER INDUSTRY

The leather industry can also accommodate about 6 million workforces directly or indirectly in near future. About 46 per cent of the production in this sector is exported and it ranks eighth in the list of India's top export earning industries and contributes roughly Rs. 10000 crores per annum, i.e. about 4 per cent to export earnings. In fact, today, almost 50 per cent of India's leather business comes from international trade.

The value added finished products presently constitute around 80 per cent of the total export and of all exports from Southern India, over 90 per cent come from Tamil Nadu. Abundant raw materials, skilled workforce, compliance with environmental standards and growth shown by the associated industries have helped this sector to grow manifold. The tanneries are spread over organized and unorganized segments and the unorganized units dominating almost 80 per cent of the total production.

III- FACTORS FOR THE GROWTH OF THE INDUSTRY

The government has introduced a number of policy changes to promote technological up-gradation of the industry and now planning to promote reverse osmosis technology to improve the quality of effluent being discharged. The industry is backed by intensive research and development involving technological up-gradation which reduces the prototype designing time span. Other factors like use of high quality materials and longtime experience in the global market have proven to be some of the major strong points of the industry.

IV- STATEMENT OF THE PROBLEM

The leather industry has commonly been associated with high pollution due to the bad smell, organic wastes and high water consumption caused during manufacturing processes. It generates waste most of the time which are discharged to rivers or to open field land areas. It has adverse effect on the environment and human due to the presence of dangerous chemical and elements such as chromium, sulfur, etc. Though the government formulated different proclamations, regulations and guidelines for implementation of its environmental policy, there are concerns and complaints on their implementations. It is an emerging problem not only for the environment but also as the social context of the country. One of the major problems confronting the tannery units is the shortage of skilled manpower, particularly for performing shop floor level operations like cutting, clicking, etc. The working environment adversely affects the employees' health by means of heat, cold, noise, fumes, cancer, and lack of sanitation, lack of breathing pure air, head ache, eye irritation, vomit sensation and heart attack. Lack of awareness amongst of the tanners about quality standards and effect of market due to poor quality of leather possess is a major problem in marketing. Therefore taking into the consideration of the above problems faced by the tannery units in the recent past an attempt has been made by the researcher to study the problems of tannery units in Tamil Nadu.

V- OBJECTIVES OF THE STUDY

This study has been undertaken to fulfill the following objectives.

1. To find out the factors influencing the tanners to start-up tannery units in Tamil Nadu.
2. To study the satisfaction level of the tanners towards tannery business in Tamil Nadu.

VI- SAMPLING DESIGN

This study is confined to the tanning units located in select tannery clusters of Tamil Nadu. There are 13 tannery clusters in Tamil Nadu namely, Ambur, Dindigul, Melpudupet, Melvisharam, Pallavaram, Pernambut, TALCO Ranipet, SIDCO Phase I Ranipet, Erode, Madhavaram, SIDCO Phase II Ranipet, Trichy and Vaniyambadi as on April 2014. In the present study, the sampling involves two tannery clusters. In the next stage, 50 per cent of the tanning units i.e. 79 tanning units were selected out of 2 tannery cluster

selected. Therefore, the sample size consists of 79 tanning units. The following table shows the sampling distribution of the present study.

TABLE 1
Sampling Distribution

S. No.	Tannery Cluster	No. of Tanning Units	Sample Units
1.	Ambur	96	48
2.	TALCO Ranipet	63	31
Total		159	79

Source: Central Leather Research Institute

VII- INSTITUTIONAL PROFILE OF TANNERY UNITS

The institutional profile of the sample tannery units is analyzed on the basis of their years of existence, type of ownership, amount of investment, monthly turnover, nature of operation, scale of operation and cluster belonging to.

TABLE 2
Profile of the Sample Tannery Units

Unit Profile		Number of Respondents	PERCENTAGE
Years of existence	Below 10	13	16.45
	11 to 15	18	22.78
	16 to 20	28	35.44
	Above 20	20	25.31
Type of ownership	Sole proprietorship	40	50.63
	Partnership	20	25.31
	Company	19	24.05
Amount of investment (Rs. in crore)	Up to 2.50	22	27.84
	2.51 – 5.00	20	25.31
	5.01-7.50	15	18.98
	7.51-10.00	10	12.65
	Above 10.00	12	15.18
Monthly turnover (Rs. in crore)	up to 1.00	15	18.98
	1.01-2.00	20	25.31
	2.01-3.00	30	37.97
	Above 3.00	14	17.72
Nature of operation	Raw to semi-finished	2	2.53
	Raw to finished	26	32.91
	Semi-finished to finished	19	24.05
	Raw to wet blue & wet blue to finished	2	2.53

	Wet blue to finished & EI to finished	5	6.32
	Wet blue to finished	14	17.72
	Crust to finished	1	1.26
	E.I to finished	10	12.65
Scale of operation	Small scale	44	55.69
	Medium scale	23	29.11
	Large scale	12	15.18
Cluster belonging to	Ambur	48	60.75
	TALCO Ranipet	31	39.24

Source: Primary Data

Table 2 reveals the profile of the select tannery units in Tamil Nadu. Out of 79 units, 16.45 per cent have existed for below 10 years. 22.78 per cent of the units have 11-15 years of existence. 35.44 per cent and 25.31 per cent of the tannery units have 16-20, and above 20 years of existence in that order. Out of 79 tannery units, 50.63 per cent of the units belong to sole proprietorship, 25.31 per cent of the units are partnership firms and 24.05 per cent of the units are companies. In regards to investment, 27.84 per cent of the units have invested less than Rs.2.50 crores in their business, 25.31 per cent have invested Rs.2.51-5.00 crores and 18.98 per cent of the units have invested Rs.5.01-7.50 crores. 12.65 per cent and 15.18 per cent of the units have investment of Rs.7.51-10 crores and above Rs.10 crores respectively in their business.

Regarding monthly turnover, 18.98 per cent of the sample units' monthly turnover is up to Rs.1.00 crore. 25.31 per cent and 37.97 per cent of the units' monthly turnover are Rs.1.01-2.00 crores and Rs.2.01-3.00 crores respectively. 17.72 per cent of the units' monthly turnover is above Rs.3.00 crores. Of the 79 tannery units, 2.53 per cent, 32.91 per cent, 24.05 per cent and 2.53 per cent are engaged in raw to semi-finished, raw to finished, semi-finished to finished and raw to wet blue & wet blue to finished process respectively. 6.32 per cent, 17.72 per cent, 1.26 per cent and 12.65 per cent of the tannery units are engaged in wet blue to finished & EI to finished, wet blue to finished, crust to finished and EI to finished process respectively. Majority of the sample tannery units (55.69 per cent) are small scale units. 29.11 per cent and 15.18 per cent of the tannery units are medium scale and large scale units respectively. 60.75 per cent of the sample tannery units are located in Ambur leather cluster and 39.24 per cent of the tannery units are located in TALCO Ranipet leather clusters of Tamil Nadu respectively.

VIII-FACTORS INFLUENCING RESPONDENTS TO STARTUP TANNERY UNITS

Understanding the reasons of the owners to startup tannery units may help the authorities and policy makers to frame suitable policies for the further growth and development of tannery sector. Several factors motivate the owners to startup tannery units. The self-employment, improvement in social status and to earn money encourages owners to startup tannery units. The following table depicts the motivating factors of the tannery owners to startup tannery units in Tamil Nadu.

TABLE 3
Factors Motivating the Respondents to Startup Tannery Units

Motivating Factors	Number of Respondents	Percentage
Incidental entry	5	6.32
To make use of incentives and subsidies	6	7.59
Self-interest	8	10.12

To improve social status	8	10.12
Desire for independence	10	12.6
To secure self-employment	10	12.65
To earn money	12	15.18
To continue family business	20	25.31

Source: Primary Data

Table III shows the motivating factors of the respondents to startup tannery units. Respondents ranging from 6.32 per cent to 10.12 per cent are influenced by factors such as incidental entry, to make use of incentives and subsidies, self-interest and to improve social status by introduction of tannery units. 12.65 per cent, 12.65 per cent, 15.18 per cent and 25.31 per cent of the respondents were influenced by desire for independence, to secure self-employment, to earn money and to continue family business introduced by tannery units.

IX- RESPONDENTS' SATISFACTION WITH TANNERY BUSINESS

Leather industry is considered to be very ancient and some say it is of more than two centuries old in Tamil Nadu. The art of tanning of hides and skins is prevalent since time immemorial. Some time ago, it was done in primitive tanning methods and passed on with various improvements from generation to generation. After Independence, the leather industry has made a fast technical and technological advancement. Many people established modern tanneries and started doing high quality finished leather meant for shoes, garments, goods, upholstery, etc. A lot of modern units also came up for shoes, garments and goods. Tannery segment is prominent in terms of exclusivity, flexibility, scope of novelty and modernization, meeting the requirement of the suppliers on time and such wealthy prospects in business tradition. In this context, an attempt has been made to examine the association between institutional and demographic variables and satisfaction towards tannery business in Tamil Nadu.

TABLE 4

Association between variables of tannery business and satisfaction level

Variables	Chi Square value	D.F	Table value at 5%	Results
Years of Existence	15.906	12	21.026	Not significant
Type of Ownership	7.273	8	15.507	Not significant
Amount of Investment	12.511	16	26.296	Not significant
Monthly turnover	7.589	12	21.026	Not significant
Scale of operation	4.864	8	15.507	Not significant
Cluster	2.066	16	26.296	Not significant
Nature of operation	8.585	28	48.278	Not significant
Gender	1.526	4	9.488	Not significant
Age	23.730	12	21.026	Significant
Education	12.347	12	21.026	Not significant
Monthly income	10.769	12	21.026	Not significant

Source: Primary Data

The calculate chi - square value is less than the table at 5 per cent level of significant, for yea of existence, type of ownership amount of investment, monthly turnover, scale f operation, cluster, nature of operation, gender, education and monthly income. Thus, for the above variables there is no significant association is found between the variables of tannery units and their satisfaction towards tannery business. Hence, the null hypothesis (Ho1) is accepted.

Further in regard to age the calculated chi – square value is (23.730) greater than the table value (21.026) at 5 per cent significant level. Hence, there is a significant association between age of the tanners and their satisfaction towards tannery business. For this reason, the null hypothesis (Ho2) is disproved.

X-CONCLUSION

Leather sector is one of the important sectors for the most part of its contribution in the employment and export. This sector contributes considerably to total manufacturing output and exports of the country. Even though the Indian environmental regulations for the tanneries are equally stringent as the international regulations, the pollution of the tanneries is still heavy, and it is a problem for the people living nearby, and for the river and ground water. Most of the tannery units do not comply with the regulations and therefore have a poor environmental performance. In addition, majority of the tanners are making low quality products, for which there are no demanding customers asking for clean products. It is imperative to recognize that the opportunities for technological upgrading that could trigger a better use of resources and hence reduce the production of waste. Thus, it needs to overcome its weaknesses, but it will only be possible once the government realizes the importance of the leather sector to the economy. So as to examine the problems of the tannery units, the present study was conducted with a sample size of 79 tannery units in the select clusters of Tamil Nadu. The study suggests that measures like training and development to the farmers, bilateral trade agreements, eco-leather industry parks, use of vegetable tanning method, incentives to tanners, research and development network with other organizations, collective market orientation, participation in trade fairs and exhibitions, check to corruption, modernization of tanneries, government support and assistance, occupational safety and health regulations, financial assistance, sufficient budget allocation, development of infrastructure and human resource development will prospect the tannery units in Tamil Nadu.

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