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MARKET SURVEY ON HANDMADE PAPER AND PAPERBOARD

Final Report

Submitted to :

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANISATION

Vienna, Austria

OPERATIONS RESEARCH GROUP

D-24, N.D.S.E. - 1, NEW DELHI

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ACKNOWLEDGMENT

We take this opportunity to appreciate and thank UNIDO and KVIC for giving us the opportunity to carry out the vital exercise of conducting marketing survey as part of the UNDP-KVIC project aimed to strengthen the handmade paper industry in India. It has been a great pleasure for us to contribute for the development of an "environment friendly" industry.

We express our deep sense of gratitude to Dr.Yashveer Singh, Chairman, KVIC for is Co-operation and appreciate the interest shown by him towards this project.

Our special thanks to Mr.Kamal Taori, National Project Director of the UNDP-KVIC project, and Chief Executive officer, KVIC, who has been a great source of inspiration to all those who are and were associated with this project in one or more ways. His experience and unflinching support, we greatly applaud.

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We would fail in our duty, if we do not thank on most valuable respondents in each segment, without whose Co-operation the market survey would have been a hardship.

CHAPTER-1

INTRODUCTION

1.1 Background

The paper mills in India can be classified on the basis of the raw material consumed - forest based raw materials, waste paper and agricultural residues. The dependence on forest-based raw materials poses serious problems, as today environment protection has transcended national boundaries and has become a global issue. Under the National Forest Policy, the government is committed to bringing 33 percent of the country under forest cover from the present 23 percent. The government is encouraging use of non-conventional raw-materials so that the growing depletion of forest resources and environmental degradation can be halted. In order to come to terms with the problem, there is an urgent need to formulate a long term strategy, which by linking the mills with farm forestry, will take care of its raw-material requirements.

India's demand for paper board is estimated to be 3.4 million tonnes and that for newsprint 1.03 million tonnes at the turn of the century. Under the assumption that 30 percent of total paper demand would be met by production based on waste paper and non-conventional raw materials, nearly 2.38 million tonnes of newsprint would be dependent on forest based raw materials.

In the face of anti-deforestation, anti-pollution policies of the government, the future of Indian paper industry rests on the small units which use non-conventional materials. Particularly, the units based on waste paper should be encouraged. Handmade paper industry is one such industry which can play a vital role in production of paper by utilising waste material, is environment friendly and can generate employment.

At present, there are about 300 Handmade Paper units in India. It is visualized by the expert groups that by the turn of the century, the requirement of paper/board would be around 32 lakh tonnes besides around 10 lakh tonnes of newsprint.

The contribution of handmade paper industry to the national production of paper is only 0.5 percent of the country's total requirement of paper. The production of handmade paper during 1989-90 was about 7,000 tonnes valued at more than Rs.7 crores.

Notwithstanding the many positive aspects of handmade paper, like environment friendliness, energy saving capacity, employment provider, etc. the handmade paper industry is sick. What ails handmade paper industry is a very pertinent question to ponder. It is understood that marketing is the grey area of this industry. Whether it is the domestic market or export, various aspects of marketing related issues regarding the overall growth of handmade paper industry have to be considered.

To gain further insight into the handmade paper market in India and economic viability of different grades of paper and board a market survey was conducted.

This report presents, the findings of the survey and on the basis of the findings gives a detailed recommendation for marketing approach for handmade paper.

1.2 Aim of the Project

The aim of the project as described by UNIDO is to set up a testing laboratory and demonstration plant for handmade paper at Sanganer with the view

i) to help the handmade paper industry in the country to start utilising a wide range and more versatile raw material and to develop appropriate pulping and paper making techniques

ii) to assist industry to produce high quality handmade paper

iii) to increase sales in India and abroad, thus improving the productivity of the industry and making it economically viable

1.3 Objective and Scope of Work

To strengthen the handmade paper industry, the study was carried out with the following objectives in mind:

- to understand the consumption trend of different varieties of handmade paper and board within different market segments

- to know the popularity of different grades of handmade paper and boards

- to know the various uses of handmade paper and paper board and their popularity

- to know the perceived advantages of handmade paper vis-a-vis mill made paper

1.4 Plan of the Study

The study was planned in two parts:

PART-I

The first part of the study involved carrying out a mini-survey among the dealers and large consumers of handmade paper and paper board. The idea of this mini-survey was that it would enhance the findings of the survey conducted by KVIC. This exercise would not only confirm and supplement the findings,but also bring to the fore insights into the domestic market.

PART-II

The second part of the survey was conducted by KVIC. The data obtained from this survey was analysed by ORG. However, the findings presented in this report are based on the data generated by KVIC survey as well as ORG survey.

1.5 Survey Methodology

The study was based on primary survey amongst three respondent categories. The first category comprised of all types of Khadi outlets such as Khadi Bhandars, Khadi Bhawans, Gram Shilpas, Gandhi Ashrams and other outlets run by various institutions. The second respondent category was private dealers of handmade paper. Wherever private dealers of handmade paper were not found large paper dealers were contacted and their opinion on the said product was elicited.

The third category of respondents were the consumers of handmade paper. Survey was carried out amongst captive consumers like important government bodies/offices etc. and non-captive consumers like large private sector companies.Besides, a few potential individuals such as commercial artists, calligraphers etc, were also contacted to elicit their views.

Besides, a sample of production units were also contacted to gain better understanding of the product and problems related to production and marketing. Sets of well structured questionnaires designed specifically for each category was used as research instrument to collect relevant information and data.

1.6 Geographical Coverage and Sample Size

As proposed, the survey was carried out in all four geographical zones of the country. The towns covered in each zone are as below:

East	West	North	South
Patna	Ahmedabad	Delhi	Madras
Calcutta	Bombay	Jaipur	Bangalore
	Baroda	Chandigarh	Sivakasi
		Lucknow	Trivandrum

In all 248 interviews were conducted under the ORG survey and 383 interviews under the KVIC survey.

The zonewise distribution of ORG sample size is shown below:

Category	East	West	North	South	Total
I	9	13	22	19	63
II	10	13	20	20	63
III	20	30	38	34	122
Total	39	56	80	73	248

1.7 Limitations of The Study

Every study has its own limitations. Here the effort to obtain information from the sample of respondents was subject to two major limitations.

a) **Paucity of data** : There is a general tendency particularly in the Khadi outlets, not to maintain proper data of sales and purchases. There are two types of vouchers available at the outlets. One is for all items which fall under the Khadi category, for example textiles. The other is for all products falling under the village industries category. In this situation whether honey or handmade paper is sold can not be made out. Further, what variety is sold can also not be ascertained. This led to great paucity of relevant data.

b) **Response Error:** Response error occurs in the collection of information from an individual if the reported value differs from the actual value of the variable concerned. Two types of response errors have been felt.

i) **Inaccuracy :** Inaccuracy is the error arising at the stage of assimilation of the data and making it accessible for transmission.

A respondent could have answered "YES" when he actually believed that the correct answer is "NO" or vice-versa. This is concurrent inaccuracy.

Or a respondent could have answered "YES" to a question on willingness to buy a product at a particular price and backed out at a later real-life buying situation. This is predictive inaccuracy. Almost all consumer surveys are open to such inaccuracies.

ii) **Ambiguity :** Though adequate precautions were taken ambiguity in interpreting spoken or written words or behaviour might have creeped in.

CHAPTER - 2

KHADI OUTLETS

The most popular outlets for selling handmade paper in India are the various Khadi outlets such as Khadi Bhawans, Khadi Bhandars, Gram Shilpas etc. These outlets are generally under the administrative control of KVIC/KVIB. Besides, handmade paper these outlets also sell various other products falling in the village industries category.

However, the survey revealed that 37 outlets are selling handmade paper followed closely by soap manufactured under village industries. Honey, Agarbatti (Joss sticks) are also sold by fairly high percentage of outlets (Table 2.1).

TABLE 2.1

OUTLETS SELLING H.M.P AND OTHER V.I.PRODUCTS

V.I.Products	Percent
Soap	57.1
H.M.P	58.7
Honey	52.4
Leather Products	41.3
Agarbatti	44.4
Other Household Products	34.9
Oil	23.8
Handicrafts	14.3

Base - 63 Multiple response

(ORG Survey)

Despite the fact that handmade paper is sold by large number of Khadi outlets, and also the years since 1953 have seen a significant increase in production, the total sales of handmade paper in 1991-92 was of Rs.107.21 million only. Though large number of outlets are selling handmade paper, varieties which are sold by maximum number of outlets are Coloured and White card sheet, Writing paper and Drawing paper. This is indicative that handmade paper is perhaps largely used for art work. Lack of awareness among the masses about the various usages of handmade paper may be one of the important reasons deterring sales of all varieties. Another reason attributed to low demand of other thinner varieties is the tough competition from mill made paper and the quality conscious market.

The thicker varieties of paper board and other handmade paper products such as Colour pulpboards, Greyboards, Card boards, Insulation press boards, Jackard boards etc. may find good market provided uniformity in thickness and shades and surface finish are achieved on par with mill made products.

All 37 Khadi outlets found selling handmade paper were asked about the varieties they were selling. Tables 2.2 & Table 2.3 indicate the percentage of outlets selling different varieties of handmade paper and paper product respectively. These figures are also indicative of the demand pattern for different varieties.

TABLE 2.2

KHADI OUTLETS SELLING DIFFERENT VARIETIES OF HMP

Varieties	Percent
Bond paper	48.6
Writing paper	56.7
Onion leaf paper	27.0
Coloured card sheet	67.5
White card sheet	64.8
Thick paper	45.9
Drawing paper	56.7
Typing paper	37.8
Blotting paper	10.8
Tissue paper	10.8
Water marked paper	21.6
Duplicating paper	32.4
Filter paper	10.8
Others	10.8

Base - 37, Multiple response

(ORG Survey)

TABLE 2.3

KHADI OUTLETS SELLING DIFFERENT VARIETIES OF HMPP

Varieties	Percent
Matrix paper	10.8
Handmade paper bag	24.3
Greeting card	56.7
File cover	64.8
File board	32.4
Folders	54.0
Cover Manila	32.4
Others	27.0

Base - 37 Multiple response

(ORG Survey)

Of the different varieties of handmade paper products, File covers, Greeting cards, Folders and File board were found to be sold by maximum number of outlets. These products are mainly used by the captive consumers. Carry bags which is relatively a new value added product of handmade paper industry was reported to be sold by only 9 out of 37 outlets. It was expected that this product would do very well in the market but for certain inherent lacunae in the product, as reported by respondents. Once these lacunae like crude finish, adhesion of seams choice of colours and sizes are overcome the product is likely to find good market. As in the Western countries there is already a shift from use of plastic carry bags to bags made of recycled and handmade paper, there is no reason why this shift will not take place in other developing countries like India.And this shift can be affected only when there is a proper and appropriate marketing strategy for these value added products.

2.1 Popularity of Different Varieties of HMP/HMPP

To gain further insight into the handmade paper market all Khadi outlets selling HMP were asked to opine on the popularity of different varieties of HMP and HMPP. The responses, however, were natural corollary to the responses indicated in tables 2.2 and 2.3 in the sense that the most popular varieties were those that were stocked and sold by maximum number of khadi outlets. Tables 2.4 and 2.5 however indicate the opinion of outlets on popularity of different varieties of HMP/HMPP.

TABLE 2.4
POPULARITY OF DIFFERENT VARIETIES OF HMP/HMPP

Varieties of HMP	Percent
Coloured card sheet	48.6
White card sheet	37.8
Bond paper	27.0
Drawing paper	13.5
Writing paper	13.5
Varieties of HMPP	
File cover	51.3
Greeting/Wedding Card	32.4
Folder	21.6
File Board	18.9
Envelope	10.8

Base - 37 Multiple response

(ORG Survey)

TABLE 2.5

POPULARITY OF DIFFERENT VARIETIES OF HMP/HMPP

Varieties	Percent
Impression paper	4
Bond and Manifold	4
Wrapper	4
Letter pads	4
Fancy cover	4
Inland letter	4
File cover	20
Card sheet	32
Card mix	4
Paper sheets	4
Typing paper	8
Rice paper	4
Silk card sheet	8
Plain sheet	4
Drawing paper	20
Jute paper	4
File board	4
Marble paper	4

Base : 25 Multiple response

(KVIC Survey)

A comparative look at the figures of ORG Survey and KVIC Survey suggests that Coloured and white card sheets, Drawing paper and Bond paper are popular varieties of handmade paper, while File covers, Greeting/Wedding cards, File board etc are the popular varieties of converted items.

Looking back at the Tables 2.2 and 2.3, we understand that the varieties which are stocked and sold by maximum number of outlets are the varieties which are most popular in the market. And this is not very surprising as it is a general market rule that dealers will mostly sell what is in demand.

2.2 Popular Usages of Handmade Paper

The survey revealed that though awareness with regard to handmade paper per se was fairly high, the respondents in Khadi outlets feel that awarness w.r.t. 'usages' of HMP is relatively low.

The most popular usage, however, as expressed by over 75 percent outlets is for File cover. Other popular usages are for making cards for various occasions like wedding or greeting cards etc, and for drawing purpose. The use of handmade paper for decorative purpose was reported to be very low.

While File covers, as expressed, is used by offices in general and government offices (captive consumers) in particular, cards for New Year was reported to be the largest component of the total market for greeting cards. The major competition handmade paper cards face is from UNICEF, CRY, Blind Cards, Archies etc.

2.3 Regularity in Supply

All outlets selling HMP were asked whether they receive the supply in time or not. Though more than 60 percent outlets stated that supply is more or less in time, it was also expressed that this is not true for all varieties. And revamping the supply position is rather necessary if HMP is to do well in the market. There still exists a demand and supply gap. And if this continues for a long time, as a market rule the demand may gradually start declining. One good reason for this situation is that the producers are not fully aware of what is being demanded in the market. On the other hand the consumers and traders too do not know who produces what. Despite the fact that KVIC helps in marketing handmade paper through Khadi Bhawans, Khadi Bhandars, Gram Shilpas, etc. most of the manufacturing units try to procure orders somehow and then supply directly to the client. This also results in the production of only those varieties for which the order is placed, affecting regular supply of other varieties.

2.4 Problems faced in Selling

One basic problem expressed by more than 30 percent Khadi outlets is that there are limited consumers of handmade paper and the demand is also not very high.Inadequate supply, poor quality and cost factor are some other significant problems faced by the outlets in selling handmade paper.

Informal discussion with respondents revealed that most of the outlets do not have proper storing facilities and selling counters for paper. This demotivates the marketing personnel to make efforts for pushing handmade paper.

However, the view expressed in general was that people at large are ignorant about the usage of HMP. And those who are aware, carry some fixed ideas such as while writing ink spreads on the paper, handmade paper is basically for art work, making files etc.

These misconceptions and infrastructural problems ultimately affect sale of the product. While educating consumers, proper infrastructural improvements from marketing angle is also necessary to contain these problems.

The survey would carry little meaning if reasons for not selling handmade paper was not elicited from outlets not selling the product. The reasons for not selling handmade paper is highlighted in the table below:

TABLE 2.6

KHADI OUTLETS NOT SELLING HMF/HMPP - REASONS

Reasons	Percent Outlets
Less demand	69.2
Poor quality	3.8
Expensive	11.5
Irregular supply	3.8
Others	30.8

Base : 26 Multiple survey

(ORG Survey)

Out of a total 63 contacts made by ORG in this category of dealers 26 outlets were non-sellers of handmade paper. Interviewing these outlets, it was found that low demand was the most important reason preventing them from selling HMP.

The KVIC in their survey covered 71 such outlets which were non-sellers of HMP. Out of these 71 outlets 23 outlets were such which had made some attempt to sell HMP in the past. The following table, however, shows reasons of the remaining 48 outlets which never made any attempt to sell HMP.

TABLE 2.7

REASONS WHY NO ATTEMPT WAS MADE TO SELL HMP/HMPP

Reasons	Percent Outlets
Less Demand	33.3
Lack of space	16.6
Less supply/not available	16.6
Lack of marketing facility	6.2
Never thought of/No idea	10.4
No instruction from H.O.	4.1
Far from city	2.0
Existence of another HMP sale shop	4.1
Lack of funds	4.1
Never tried	2.0

Base : 48

(KVIC Survey)

The above figures show that less demand is again the main reason why outlets never attempted to sell HMP. Another important reason stated by many outlets is that they do not have proper space to stock the product, and most of the outlets do not have proper selling counters or display shelf. Coupled with this in the reason of less supply and customer's choice not available. Availability of HMP per se may be there but when it comes to customers asking for specific varieties the outlets are found wanting.

These problems require serious attention and if such a huge number of Khadi outlets are to be motivated to sell HMP, proper marketing support and trained salesmen are to be provided.

CHAPTER - 3

DEALERS AND TRADERS

The domestic market for handmade paper, with all its shortcomings has been developed through the efforts of KVIC, KVIBs and a few private dealers, stationery dealers and the production units themselves. While KVIC and KVIBs, through the Khadi outlets cater to the captive market, private dealers cater mostly to the open market. It is estimated that the requirement of paper and paper board by Central and State Governments and Public Sector undertakings is to the order of 7 lakh tonnes per annum. On the other hand non-captive/open market has tremendous scope to expand, provided product development/product research is made and production is regulated according to the market requirements. The federation, if formed and activised can effectively play their role in organising production and supply to the private dealers also. There is a growing demand for converted items like letter head pads, visiting cards, greeting and invitation cards required by large industrial houses, big hotels, public sector enterprises including banks. But the experience revealed that products conforming to certain standards are not available in required quantities and shades to cater to the needs of such clientele.

To understand perceptions and attitude of private dealers, survey among a sample of private paper dealers was also conducted. While the survey conducted by ORG covered 63 such outlets, out of which only 30 outlets were found to be dealing in handmade paper, the survey conducted by KVIC covered 25 private outlets.

It was found that handmade paper was largely sold by wholesalers and to some extent by general stationery stores. There were very few retail outlets selling the product. The largest selling varieties, however, are Card sheets followed by Drawing paper. The popularity of these varieties is in conformity with what the respondents of Khadi outlets opined. The tables below show the percentage of private outlets selling different varieties of handmade paper, paper products.

TABLE 3.1

OUTLETS SELLING DIFFERENT VARIETIES OF HMP/HMPP

Varieties	Percent Outlets
Bond Paper	26.7
Writing Paper	20.0
Onion leaf paper	3.3
Coloured card sheet	50.0
White card sheet	53.3
Thick paper	30.0
Drawing paper	56.7
Typing paper	10.0
Blotting paper	16.7
Tissue paper	3.3
Water marked paper	13.3
Duplicating paper	3.3
Filter paper	10.0
Others	3.3

Base - 30, Multiple Response

(ORG Survey)

TABLE 3.2

OUTLETS SELLING DIFFERENT VARIETIES OF HMPP

Varieties	Percent Outlets
File Cover/Bond	36.7
Folders	20.0
HMP Bag	16.7
Cover Manila	10.0
Greetings/ Wedding Cards	36.7

Base - 30, Multiple Response

(ORG Survey)

The above tables only reinforces that Card Sheets, Drawing Paper, Thick Paper Sheets, etc are the most popular varieties of handmade paper and File Cover, Folders and Greeting Cards the popular varieties of value added paper products. These varieties are sold by large number of private dealers. As private dealers are professional business people, it would be unlikely that they will stock, or deal in products/varieties for which there is no demand. At the same time they are the people who can create demand and promote the use of handmade paper. A concerted effort to motivate more and more private dealers to deal in handmade paper will go a long way in generating demand for handmade paper in general and among the non-captive market in particular.

There are few varieties like Cover Manila which was hardly stocked by Khadi outlets. Similarly other items can also be identified which may not necessarily be demanded by the captive consumers but can find good market among the non-captive segment.

The KVIC survey too showed findings which are not much at variance with the findings of ORG, as indicative from the table below :

TABLE 3.3

OUTLETS SELLING DIFFERRENT VARIETIES OF HMP

Varieties	Percent Outlets
Fancy & Gift Articles	4.0
Stationery	12.0
File Covers/Pads	12.0
Note Books/Note lets	8.0
Duplicating Paper	8.0
Type Paper	4.0
Bond Paper	16.0
Drawing sheets	16.0
Greeting/Wedding Cards	24.0
Card Boands	12.0
Silken Thread Paper	8.0
Letter Heads	4.0
Envelopes	4.0
Post Card Pads	4.0
Wrapping Paper	12.0
Filler Paper/Pads	16.0
Shas Kin Paper	4.0
Blotting Paper	8.0
Colour Paper	4.0
Card Sheets	24.0
Paper Bags	12.0
Paper Boxes	8.0

Base : 25 Multiple Response

(KVIC Survey)

3.1 General Status of Dealers of HMP

It was found the annual sales of most of the dealers is above Rupees 2.0 lakhs. (Refer Table 3.4). Most of these dealers were attracted to this business perceiving good demand from customers, (tables 3.4 & 3.5).

TABLE 3.4

ANNUAL SALES OF HMP AS REPORTED BY No.OF DEALERS

Annual Sales	No. of Dealers
Less than 0.25 lakhs	2
0.25 to 0.50 lakhs	1
0.50 to 1.0 lakhs	6
1.0 to 2.0 lakhs	-
More than 2.0 lakhs	13
Total	25

No Response : 3

(KVIC Survey)

TABLE 3.5

HOW CAME IN THE BUSINESS OF HMP

	No. of Dealers
Introduced by Friends	-
Through KVIC/KVIB	4
Order by Government	1
Demand of Customers	8
By production Centers	3
Traditional	4
Own development	1
High sale potential of HMP	1
Others	3
Total	25

(KVIC Survey)

Almost 50 percent of these private dealers were financed by KVIC/KVIB while almost 28 percent depended on self finance.

It was also reported by large number of dealers (approx. 65 percent) that they convert handmade paper into other consumer products. The most common and popular converted items reported were Envelopes, Cards for various occasions, Paper Bags, Files etc. It was found that by and large the dealers received their supply of handmade paper from the manufacturing units and also from registered institutions. The most common practice of payment followed by the dealers is credit for three months. However, payment at the time of delivery is also followed by quite a number of dealers. Advance payment was reported by very few dealers.

During the course of the survey the dealers were asked whether they need any help from KVIC/KVIB. Most of the dealers expressed that they would welcome help from KVIC/KVIB, particularly financial assistance and product research help such as laboratory facility to test the paper.

3.2 General Opinion of dealers regarding different aspects related with hand made paper

The general opinion of majority of the dealers contacted was that the supply side of handmade paper is irregular. And with irregular supply the dealers find it difficult to cope with the demand of customers. Also there is variation in the specification of the supplies received. In the event of irregular supply almost 50 percent dealers go for mill paper to meet customers' demand, while the remaining 30 percent try to place order with other HMP units. What needs attention is the 50 percent dealers going for mill paper. They are the people akin to a dissatisfied customer, and may gradually take into their fold other dealers too. And it is certainly not desirable that such large percentage of private dealers, who otherwise may help give a boost to handmade paper industry should, out of dissatisfaction shift to mill paper.

3.3 Cost

Cost plays a very important role in the success or failure of a product. The respondents were asked to give their opinion on the cost of handmade paper as compared to mill made paper. More than 50 percent respondents expressed that handmade paper is costlier than mill made paper (Table 3.6). This may be true to the extent that the cost of paper depends on the variety, for example File Cover made of handmade paper may be cheaper than mill made. On the other hand there are varieties of fancy items which prove costlier than their mill made substitute.

TABLE 3.6

OPINION ON THE COST OF HMP AS COMPARED TO MILLMADE

Opinion	Percent Dealers
Costlier	50.8
Reasonable	12.7
No difference	1.6
Cheaper	12.7
Can't say	22.2

Base 63

(ORG Survey)

3.4 Reasons for Likes/Dislikes

To elicit specific reasons for liking or disliking handmade paper dealers were asked what did they particularly like and dislike about handmade paper. While many expressed that they liked the quality of handmade paper, more than 20 percent dealers opined that they like handmade paper because it is more durable.

Roughness, variation in thickness, absorbing moisture and non-availability were some of the points which were disliked by most of the dealers. In other words, quality and proper supply system should be ensured for the improvement of this sector.

A general impression about handmade paper given by all dealers is shown in the tables below :

TABLE 3.7

OVERALL IMPRESSION ABOUT HMP

Opinion	Percent Dealers
Luxury Item	20
Exclusive Item	20
Need of the hour	5
Fashionable Item	35
Can't say	20

Base : 20

(ORG Survey)

TABLE 3.8

OVERALL IMPRESSION ABOUT HMP

Opinion	Dealers %
Luxury Item	8
Exclusive Item	44
Need of the hour	40
Fashionable Item	40
Can t say	4

Base : 25 Multiple Response

(KVIV Survey)

The findings of both the surveys (ORG & KVIC) indicated that the general opinion, the dealers have about handmade paper is that it is an exclusive and fashionable item and is used by select class of people. Though this might be true to some extent but not necessarily for all varieties of handmade paper. But this opinion of the dealers can also be considered as [illegible] indication that the elite and the fashion conscious class is a good potential target towards which promotional steps may directed.

3.5 Varieties in Demand

Refering to specific varieties in demand majority of the dealers (approx. 30 percent) indicated that Card Sheets have the maximum demand followed by File Covers, Drawing Paper, File Boards, Folders etc. Varieties like Silken Thread Paper, Pale Colour Bond Paper etc. have little demand. And as the dealers would concentrate more on the varieties which have demand it is essential that appropriate steps be taken [illegible] possibly be done by motivating dealers to sell these varieties by giving them some incentives. As is evident that the demand presently is for varieties which are mainly consumed by captive consumers and if the non-captive consumers are to be targeted, other value added products and stringent quality control supported by right publicity campaign is imperative. And private dealers can play a significant role in this.

As mentioned earlier, the survey conducted by ORG, covered 63 private dealers of paper/paper products. Out of these, only 30 dealers were found to be selling handmade paper. The various aspects with regard to this is already discussed in the earlier sections. One important question addressed to all non-sellers (33) of handmade paper was to elicit reasons for not selling.

A very high percentage of dealers expressed that there is very little demand for handmade paper, hence it does not make business sense to sell products which have less demand. Further, some added that what ever demand is there (mostly from captive consumers) is met by KVIC/KVIB outlets. The non-captive consumer is a very sensitive buyer and generally the quality and uncertainty about regularity in supply customers choice not available are discouraging factors for them to get into this business (refer table 3.9).

TABLE [illegible]

Reasons for not selling HMP

Reasons	Percent Dealers
Less Demand	84.8
Poor quality	18.2
Irregular supply	15.1
Low margin of profit	3.0
Expensive	3.0
Others	15.1

Base : 33 (non sellers)

Multiple Response

Further probing of these dealers revealed that [illegible] per cent of these dealers were contemplating to get into the business of handmade paper within a period of one year provided they get good incentive and support from KVIC/KVIB with regard to surety for quality product and [illegible] to scheduled [illegible] the buyer.

CHAPTER - 4

CONSUMERS

For any marketeer, consumer is the ultimate goal whom he would like to impress and influence and the consumer is also the final judge for the product. For this it is imperative for the marketeer to understand his consumer well - his preferences, his consumption habit (w.r.t the specific product), his likes and dislikes. This helps him to adopt an appropriate approach for his customer. As this is true for all products, so is it true for handmade paper too.

To have an understanding of the consumers, survey was conducted among a sample of both captive and non-captive consumers and they were interviewed to elicit opinion and reaction to various aspects of handmade paper.

4.1 Awareness

Of the total sample of [illegible] respondents interviewed under [illegible] survey and 122 under ORG survey, more than 85 percent respondents showed awareness of handmade paper. The high awareness level is a very encouraging sign and the job of the marketeer becomes one step lesser - to create awareness. A concerted effort to motivate people to use handmade paper and perhaps create awareness about the varieties and different usages of handmade paper is required. The table below shows the awareness with regard to different varieties of handmade paper.

TABLE 4.1

AWARENESS OF DIFFERENT VARIETIES OF HANDMADE PAPER

Varieties of HMP	Aware (%)	Not aware (%)
Bond Paper	48.7	51.3
Writing paper	54.6	45.4
Onion leaf paper	42.8	57.2
Coloured card sheet	59.7	40.3
White card sheet	63.9	36.1
Thick paper	53.8	46.2
Drawing paper	68.1	31.9
Typing paper	47.0	[illegible]
Blotting paper	53.8	46.2
Tissue paper	39.5	60.5
Water marked paper	23.5	76.5
Duplicating paper	42.0	58.0
Filter paper	35.3	64.7
Others	6.7	93.3

Base : 119 Multiple response

(ORG Survey)

The high awareness with regard to drawing paper is in conformity with more number of Khadi outlets and private dealers selling this variety. Awareness [illegible] is also quite high, but surprisingly, awareness of water marked paper is comparatively low. It was presumed that since water marked paper is mostly used for making degrees or certificates, its awareness would be fairly high, but sometimes research findings do negate pre-conceived notions.

With regard to handmade paper products, awareness of Greeting cards was highest. This was followed by awareness of File Cover, File Board and Folders. Interestingly awareness of handmade Paper bag, which has been launched newly is also fairly high, though its sale is not so high, (Table 4.2).

TABLE 4.2

AWARENESS OF DIFFERENT VARIETIES OF HANDMADE PAPER PRODUCTS

Varieties	Aware (%)	Not aware (%)
Matrix paper	10.1	89.9
Handmade paper bag	41.1	58.8
Greeting card	80.7	19.3
File cover	79.0	21.0
File board	61.3	38.7
Folders	60.5	39.5
Cover Manila	30.3	69.7
Others	13.4	86.6

Base - 119 Multiple response

(ORG Survey)

Further, to gauge awareness of the social advantages of using handmade paper, a few statements highlighting the positive aspects of handmade paper were read out to the respondents and they were asked to indicate whether they agreed to these or not. (Refer tables 4.3 and 4.4

TABLE 4.3

RESPONDENTS AGREEING/DISAGREEING TO DIFFERENT ATTRIBUTES OF HANDMADE PAPER

Statement	Percent Agreeing	Percent Disagree-ing	Can't Say
a) Production of handmade paper provides more employment as compared to mill paper products	79.0	10.1	10.9
b) Handmade paper products convert waste to wealth	72.3	9.2	18.5
c) Mill sector has an adverse impact on environment	71.4	9.2	19.3
d) Large number of trees are saved if handmade paper products are used.	71.4	8.4	20.2

Base : 119

(ORG Survey)

TABLE 4.4

Statements	Per cent Aware	Per cent Not aware
a) Production of handmade paper provides more employment as compared to mill paper products	76.1	20.6
b) Handmade paper products convert waste to wealth	81.8	15.0
c) Mill sector has an adverse impact on environment	85.8	12.1
d) Large number of trees are saved if handmade paper products are used.	83.8	12.1

Base - 247

(KVIC Survey)

NOTE: As there are few 'No response' and can't say percentages will not add up to 100 [illegible] consumers are aware about the positive aspects of using handmade paper. Inspite of it over all findings of the survey reveal that the demand is not very high. The reasons attributed to this (as per the survey) is that:

- i. there is a wide demand and supply gap
- ii. the quality is not up to the mark
- iii. there is lack of consistency in the quality
- iv. supply is irregular
- v. customer's choice is not available, though there may be demand
- vi. ignorance of sales person at the counter regarding various varieties
- vii. attitude of sales person to motivate buyer and help him find the right choice

4.2 Consumption Pattern

The major portion of the handmade paper is consumed by the captive consumers viz. government agencies and public sector undertakings. The varieties generally consumed by this segment are File covers, File board, Wrappers, Cover paper for text books, Greeting cards, Drawing papers etc. The non-captive consumers like business houses, hotels, manufacturing companies etc, consume lesser and their demand is also for finer varieties like Deluxe Stationery, Guest Stationery Coasters, Dolliers etc, besides the varieties consumed by captive consumers.

The survey among consumers, who were from both the segments, captive and non-captive, showed that 61 percent were currently using handmade paper, 15 percent have used it sometime earlier but have discontinued for some reason or the other and 23 percent were non-users (Table 4.5).

Table [illegible]

CURRENT/LAPSED/NON-USER OF HMP

Status of user	Percentage
Current user	61.3
Lapsed user	15.2
Non-user	23.5

Base : 119
(ORG Survey)

The KVIC survey also showed that approximately 64 percent of the respondents interviewed were currently using handmade paper while 17 percent were non-users and approximately 10 percent have discontinued use of handmade paper.

Most of the current users reported that they use Coloured/White Card sheets, Drawing paper, Writing paper etc under handmade paper category and File paper, File [illegible], [illegible] Cards, Folders etc. under the converted item category. (Refer table below).

TABLE 4.6

USERS BUYING DIFFERENT VARIETIES OF HANDMADE PAPER

Varieties of HMP	Percent respondents using
Bond paper	9.6
Writing paper	16.4
Onion leaf paper	6.8
Coloured card sheet	32.9
White card sheet	34.2
Thick paper	13.7
Drawing paper	19.2
Typing paper	17.8
Blotting paper	8.2
Tissue paper	6.8
Water marked paper	6.8
Duplicating paper	19.2
Filter paper	2.7
Others	6.8

Base : 73 Multiple response

(ORG Survey)

TABLE 4.7

USERS BUYING DIFFERENT VARIETIES OF HANDMADE PAPER PRODUCT

Varieties of HMP	Percent respondents using
Matrix paper	-
Handmade paper bag	1.4
Greeting card	17.8
File cover	53.4
File board	23.3
Folders	16.4
Cover Manila	12.3
Others	4.1

Base - 73 Multiple response

(ORG Survey)

TABLE 4.8

PERCENT RESPONDENTS PURCHASING DIFFERENT VARIETIES OF HMP/HMPP FOR PRIVATE USE

Varieties of HMP	Percent respondents using
Letter heads	14.5
Stationery	15.0
Greeting/Invitation cards	7.2
Envelopes	1.6
Paper bag	0.8
White/colour board	5.7
Drawing paper	8.1
Silk paper	2.8
Marble paper	0.8
Brown paper	1.2
Research Cards	0.8
Index Cards	0.8
Art paper	0.8
Letter pads	5.7

Base - 247

(KVIC Survey)

4.3 Source of Purchase

The most common source of purchase of handmade paper for over 20 percent of the total respondent currently using handmade paper are the Khadi outlets. Another important place for purchasing handmade paper are the stationery stores as reported by almost 70 percent respondents. However, a fairly significant percentage of respondents reported buying from Super markets too.

Respondents were asked to comment if they face any difficulty in getting the handmade paper. The table below indicates the type of problems faced by percent respondents. As high as 80 percent of the respondents opined that the HMP was not available near by (Table 4.9)

TABLE 4.9

RESPONDENTS FACING PROBLEM IN GETTING HMP

Type of problem	Percent respondents
Not available near by	80.5
Though available, shortage of variety	37.7
Non-availability of adequate quantity	35.0

Base - 159

(KVIC Survey)

4.4 General Opinion on HMP

While most of the respondents were fully aware of the positive aspect of using handmade paper at the same time about 60 percent respondents opined that handmade is the "need of the hour" It is worth pondering that where such a high percentage of consumer segment is aware about so many good points of handmade paper, what actually prevents them from using it.

Other opinions expressed by consumers is that it is an 'Exclusive item', 'Fashionable item' etc. (Refer Table 4.10).

TABLE 4.10

PERCENT RESPONDENTS'S OPINION ABOUT THE NATURE OF HMP

Opinion	Percent respondents
Luxury item	9.7
Exclusive item	42.5
Need of the hour	58.7
Fashionable item	28.7
Others	4.8

Base - 247

(KVIC Survey)

When asked what did they dislike about handmade paper, majority of the respondents expressed that the problem of non-availability of their choice was greatly disliked, followed by those who did not like the uneven size and finish of the product.

4.5 Reasons for not using/Discontinuing HMP

Poor quality and customers choice not available were the two main reasons highlighted by majority of respondents for not using handmade paper (Tables 4.11 and 4.12)

TABLE 4.11

REASONS FOR NOT USING HMP

Reasons	Percent respondents
Cost	23.8
Customer's choice not available	23.8
Poor quality	45.2
Do not require	7.1

Base : 42 (Non-users)

(KVIC Survey)

TABLE 4.12

REASONS FOR DISCONTINUATION

Reasons	Percent respondents
Poor quality	45.2
Expensive	55.5
Not easily available as per requirement	66.7
Limited choice	50.0
Others	44.4

Base : 18 (Lapsed-users)

(KVIC Survey)

It is evident that poor quality, irregularity in supply and non-availability of customers choice are the deterring factors which either prevent consumers to use the product or make him discontinue it. And dissatisfied customers is more dangerous as they can gradually take into their folds other dealers too.

CHAPTER - 5

CONCLUSION AND RECOMMENDATIONS

There is a growing awareness and market preference for products free from pollution and environmental impact. Thus, Gandhian Economics and thoughts of Dr. Kumarappa on rural Industry are much more relevant today than at the time when they were enunciated. Handmade paper, which is one of the good examples of 'environment friendly' products is finding good demand in the western countries. In India the age old tradition of making handmade paper was adversely affected with the advent of British rule establishment of a number of paper mills and forcing a large number of skilled paper makers out of their profession.

It was only after KVIC took up the industry in 1953 that it directed its efforts towards saving the industry from going into obsolence. The efforts of KVIC since then have certainly shown positive growth, but still steps have to be taken as market situation has also been changing.

Based on the survey conducted by ORG and KVIC and after examining the facts and figures the following steps are suggested towards strengthening handmade paper industry.

5.1 Strengthening the Captive Market

The major portion of the handmade paper products are consumed by the captive market. Still there exists vast potential for sustained demand from this sector. At present total paper consumed by the government is about 7 lakh tonnes per annum. If only 10 percent of this is reserved for the handmade paper industry it will be 7 times the present quantum of production. This would not only help all existing HMP units to work round the clock but would also pave way for the growth of units in this sector thereby generating tremendous employment potential.

Apart from reserving certain items, price preference also needs to be given to handmade paper.It is suggested the KVIC - UNDP project take up this matter with the Central and State Governments to work out the modalities for this. Further, steps to be taken prior to this are:

i) Perfect liaison should be established between the KVIC - UNDP project and HMP marketing federation

ii) Capacity and capability of each individual unit, willing to take up Govt. orders, be assessed before taking up bulk orders. This will help maintain time schedule deliveries

iii) System for perfect quality control and strict pre-despatch inspection should be evolved

5.2 Developing non-captive market

While the captive segment can not be ignored dependence on only the captive segment will not help the industry in the long run. The non-captive market has to be developed to give the industry a boost.

This is the most competitive and quality conscious market. Prompt service and perfect quality control are the pre-requisites to any approach adopted for developing this market. This segment can be classified into two broad segments viz. institutional and non-institutional. While the demands of institutional segment will be large, the demands of non-institutional segment will be smaller. To tap these segment different marketing approach will have to be adopted.

At present, the producers are small and can not market their products aggressively. And there is no organization that can compensate for this weakness of the industry.

5.3 Setting up of a marketing organization

Presently the marketing channels available to the handmade paper sector fall too short of the requirements and lack in effectiveness. The Directorate has one sale unit in Bombay which markets a meager quantity to the tune of Rs.50 lakh per annum. The paper is being marketed basically through three channels viz.

i) Production unit itself
ii) KVIC affiliated outlets
iii) Private dealers

But none of these three channels are effective in promoting the product well. Given the present situation, setting up of a central marketing cell is required. The sole objective of this cell should be to channelise whole of the handmade marketing. The cell should comprise of professionals who can give a fillip to the industry. It should ensure systematic marketing by market analysis to gauge the need and demand, to interact with production units to ensure quality assurance, timeliness, good packaging and attractive prices.

5.4 Involvement of NGO

It is suggested that different NGOs be involved in training and also setting up production units in regions where there is scarcity of production unit. But this will also require generating demand in those regions. Setting up the unit alone will not suffice. Besides, organizations like AIMO, FIEO, Cultural organizations and environment conscious class should also be involved in various activities related with handmade paper industry.

5.5 Behavioural Changes

Certain amount of behavioural and attitudinal changes are required in the sales personnel of Khadi outlets in general and KVIC in particular. With dynamic marketing skills adopted by the organised sector, it is rather imperative that KVIC also bring about certain changes in its approach to marketing its products.

Besides this, behavioural and attitudinal changes of the manufacturing units is also required. For instance to produce quality products it is essential that these units maintain cleanliness and dust free atmosphere in the premises, particularly in sections where wet processing is done. The quality of raw material should also be selective keeping in view the end uses of the product to be made. The attitude of the marketing people in the KVIC sector also need to undergo a vast change in tapping the non-captive segment. The non-captive consumer is a very sensitive buyer and will require proper attention and professional approach. An indifferent attitude (which unfortunately has been the case) towards the customers directly affects the sale of the product.

5.6 Production Sub System

Training artisans : Proper training to artisans should be imparted so that they are able to produce quality products and products as per specification. Picking up the craft by way of legacy may not be enough to produce product that can compete in the open market.

Constant Feedback

Mechanism to provide constant feedback about the product in demand should be evolved. It has been observed that there is a gap between demand and supply. The producers do not know what is being demanded in the market. Conversely the consumers and traders do not know who produces what. Therefore, a strong vertical linkage with the marketing cell and horizontal linkages with the production units could provide valuable feedback.

Apart from this there should be proper method to maintain records of sales and purchases. There is a tendency to neglect one of the most important task - maintaining records. This has led to great paucity of relevant data to study the trend and past performance of the industry. Also, proper data storing and providing information on location, production capacity, areas of specialisation, time lag for supply, contact addresses etc, will be of immense value.

More number of smaller units than few larger units

To enhance management and maintain quality control, it is suggested that there should be more number of smaller units than few larger units. This will also facilitate better distribution of product and the units will be more sensitive to R & D feedback. All units producing many varieties should be discouraged. The marketing cell, on the basis of unit's capacity, efficiency, expertise, and location should identify varieties to be manufactured by each unit. Ideally each unit should specialise in the production of only a few varieties. This will ensure good quality control, efficient handling of orders and adherence to time schedule.

Setting up value added production unit: Initially at least 4 exclusive value added production units, one in each region should be setup. These units should produce up market items like personalised stationery, shopping bags, greeting cards etc. New product designs should be introduced and designers from institute like National Institute of Design may be hired. These units can co-ordination and interact with the marketing cell.

Besides these some other suggestions to promote handmade paper are:

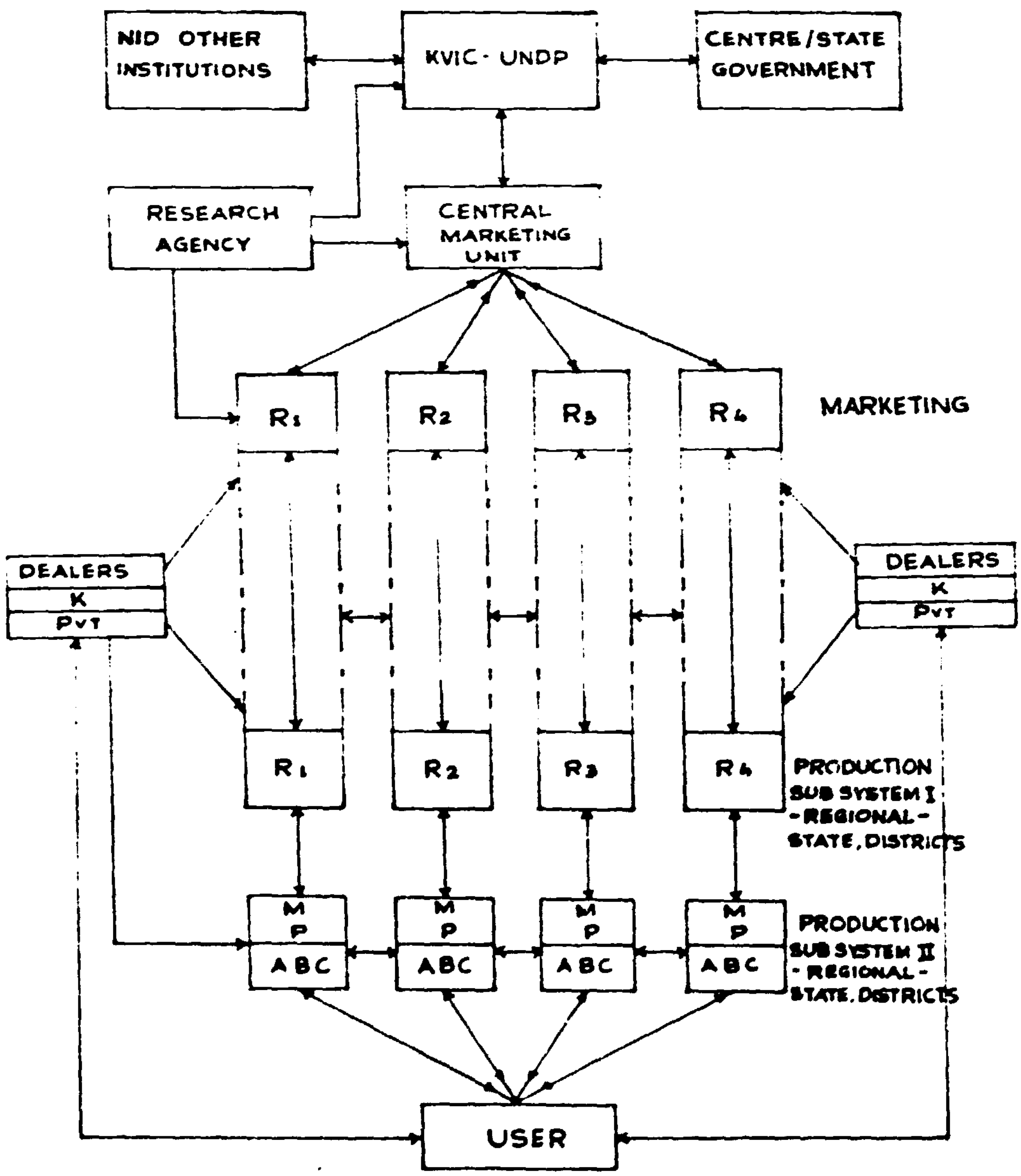
Publicity

i) Heavy publicity campaign should be taken up to create large scale awareness regarding the positive aspects of handmade paper in general and usages of different varieties in particular. The campaign should consist of a mix of push and pull strategies, with advertising used to gain customer acceptance and trade promotion to get retailer push.

5.7 Focused Strategy

Based on the survey findings and above discussion and to cater to such a vast country like India with diverse cultural and regional variations a focussed strategy by segment addressing both need generation objective and demand generation objective is suggested. The suggested strategy can be well understood by the diagram below :

ROLE PLAYERS AND THE INTERLINKAGES



K - KHADI OUTLETS
PVT - PRIVATE OUTLETS
M - MARKETING CELL
P - PRODUCTION CELL
R1-4 - REGION 1.2.3.4

[illegible] involvement medias of newspapers and magazines, but the electronic media and point-of-purchase displays should also be used to create awareness and spur sales. The campaign should be directed both to cater the need and also to create demand. The campaign will have to be carefully designed as the same campaign may not be applicable to all the consumer segments and thus the message context, medium used will have to be carefully research upon. The feedback from the marketing units may help to assess the need and demand of the consumer segments.

Trade promotion should comprise both price-off and free gift schemes.

Last but not the least a monitoring cell under the KVIC-UNDP project should be formed to evaluate and monitor the implementation of the marketing strategies suggested by various experts. This cell should closely monitor the implementation of the strategies and should be able to identify the bottlenecks and take corrective measures to overcome them.

The interlinkages and role of the functionaries are :

KVIC - UNDP

* Interacting and liasoning with the Government (to discuss policy issues like uniformity in tax, quota reservation etc), research agencies, institutes like NID for introduction of new design, developing tactical strategies, identifying key players for each segment of strategy, coordinating and monitoring of the project.

Central Marketing Unit

* Co-ordinating with KVIC-UNDP and the marketing units of the 4 regions

* advertising and promotional steps

* Carry out ABC analysis of the existing HMP units for :

A - Export worthy units/value added units having necessary infrastructure, adequate installed production capacity, technical and managerial capability.

B - Units with limited capacity but producing good quality papers for non-captive domestic market.

C - Units for feeding captive markets

* [illegible]
  of R_1, R_2, R_3 & R_4, conduct swot analysis to finalise limited range of 2 to 3 types of papers foe each unit.

* To have strong interlinkages with R_1, R_2, R_3 and R_4 ; NGO s Research Agencies; to network information regarding need and demand of consumers.

* Establish contacts with Chambers of Commerce (FICCI, CII, ASSOCHAM, PHD) to popularise products

* To procure orders

* Organising Training Programme

* The R & D cell of CMU interlinkages with Production units to establish codes, specification of quality control.

Marketing Units
(R_1, R_2, R_3 & R_4)

* to maintain vertical linkages/with CMU & production units horizontal linkages with each other for better marketing and effective distribution

* to interact with Research Agencies, NGO's for networking information regarding need and demand of consumers.

* Establish contact with large co-operate sectors to popularise handmade paper.

* To interact with dealers

Production cell
(R_1, R_2, R_3 & R_4)

* to interact with Marketing units of their region; to have strong vertical linkages with the production units of A,B,C HMP units spread across states/districts.

* to strategise production to meet demand, consumer choice

Marketing Units (M)

* Consists of marketing divisions of various A, B, C, HMP Units.

* To interact with Marketing Units of R_1, R_2, R_3 & R_4, and with dealers

* To co-ordinate, monitor their production unit for required production and quality control.

Production Units (P)

* To interact with their marketing units, Dealers and users.

* To strategise production

The focussed strategy should be governed by a strong infrastructural and communication network. As this strategies has tactical implications, KVIC-UNDP can play a prominent role to identify the key players for the successful implementation of the project.