

SWOT Analysis of Lac Industry in Purulia District

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Abstract

Lac culture is generally located in elevated terrains ranging between 300 to 900 meters above sea level having rainfall of about 100- 150 millimeters and temperature ranging between 20-30 °C. Purulia district is falling in this category. Lac cultivation was once the main economic activity of the district and it was the main source of income for villagers because the land and its texture and climate were not congenial for traditional cultivation of paddy etc. In the present analysis I also focus on the strength of the lac industry and looking forward about its opportunity in the year come. On the other hand due to advent of developed technology and its application in the agricultural and irrigation arena more and more land is being cultivated with paddy and other traditional crops. This like there is so many threat of lac culture as It has a good number of weakness in taking means of livelihood. As a result, the prominence of lac cultivation has lost its position as main economic activity. Now it plays the role of supporting economic activity. Though supporting, still it remains as an important economic activity. Thousands of villagers undertake lac cultivation throughout the year and earn sizeable income to support their families. This is the strength of lac cultivation till now. In order to make the result of the analysis concise and significant I make the point wise arrangement of SWOT analysis.

Key Words: Purulia District; Lac Culture; SWOT

1. Introduction

The district of Purulia possesses a huge untapped potentiality for lac production and it is possible to achieve a multifold increase in lac production by employing unutilized human resources. Moreover the climatic and topographical condition in this district is not favourable for cultivation of traditional cereals instead, the

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cultivation of lac is easy with least input and labours resulting in four crops in a year.

2. Materials and Methods

The main purpose of this study is to identify & analyse the problems and prospects of lac industry in the district of Purulia. The present study is based on data collected from primary as well as secondary sources. For the collection of primary data surveys have been conducted in the lac growing areas of the district of Purulia and in a few lac processing units- in Balarampur, Jhalda and Tulin. The secondary sources are-Annual Report of Shellac Export Promotion Council, Kolkata; Annual report of the Institute of Forest Productivity, Annual reports of Indian Lac Research Institute.

With a careful and thorough survey of lac agriculture and lac industry of Purulia district, it is being noticed that there are many problems in both of these. Still at the same time, it may also be said that, if solution of the problems can be achieved, there are much possibilities and prospects of lac industry of Purulia. In this perspective I am trying to discuss the SWOT (Strength, Weakness, Opportunity and Threat) analysis.

3. Results and Discussion

3.1. Strength

- The district is the world's largest processing centre thereby reflecting 25% of world's total raw material consumption which is equivalent to 43% of India's total consumption.
- Major cultivating states such as Jharkhand, Chhatishgarh, Madhya Pradesh are in close proximity of the district. Best quality of sticklac of Baisakhi variety (famous as Manbhum variety) is produced in the district.
- There is no scarcity of skilled labour in both forms of lac activities: cultivation and industry. Motivated employees also try to give their best effort in maintaining quality of their produce.
- Natural environment of this district is suitable for lac cultivation and the use of lac product is eco-friendly.
- There is a strong market demand of lac products in India and abroad. Demand of seedlac and shellac in domestic and export market is growing.
- The district is well connected by road and rail. So processing units face no problem in getting sticklac from neighbouring states and to dispose of its lac products to different sea ports and air ports. Improved communication facilities are the strength of this district.
- The district town Purulia is situated in proximity of Kolkata, the major sea-port for export market. The distance is about 270 km. More than 90% of the processed lac of the district is exported through the port. The nearest lac research institute IINRG has the infrastructure to arrange for training of lac cultivators on improved method of lac cultivation and processing.
- India is the global leader in lac production. Indian lac has a high potential of export market. The marketing channels have been developed traditionally in

favour of Indian traders. Reliability of payments from traders is also ensured. The Shellac and Forest Products Export Promotion Council, Kolkata promotes and regulates the export of lac products from India.

- Since 17th century India has been engaged in the export of lac. Existing knowledge on processing methods and on risks related to the business of the Purulia district is superior to that of other states traders.
- Government is committed to promote shellac industry. Lac Development Office Purulia has been bearing the responsibility of development of different lac schemes and extension of lac cultivation. The nationalized commercial banks in the district along with West Bengal Financial Corporation (WBFC) provide term loan, working capital loan to the lac firms. Margin money loan has also been availed under Rural Employment Generation Programme (REGP) of KVIC. These credit supports plays a vital role for the promotion and extension of shellac and button lac.

3.2. Weakness

- Lower range of local sticklac production in the Purulia district. Purulia district contributed on an average only 0.77% in national production during last ten years. For processing, now district's industrialists are to depend on supply coming from other districts as well as other states' production.
- Production of raw lac is seasonal in nature. Mainly Baisakhi lac is cultivated. There is longer production cycle and a higher inventory level is maintained. During the months of January-February the production of seedlac and shellac hampers badly due to meager supply of Baisakhi lac. Inadequate extension facilities for lac cultivation and marketing are responsible for that.
- There is lack of scientific method to determine the 'chouri parta' content in stick lac. Lac content in sticklac varies between 40-60%. Price of sticklac depends on lac content which the cultivators, because of lack of proper education & training, find difficult to assess. Middlemen, having comparatively better understanding of the matter, influence the cultivators. Consequently cultivators quite often are deprived of the right price for the sticklac produced by them.
- Average education level of cultivators is low. They usually habituated with traditional method of cultivation. Obsolete and inadequate technical information is available with the cultivators in respect of lac cultivation.
- Testing facilities are not available in Purulia district. In order to examine whether there is resin in the shellac or buttonlac manufacturers have to bring products in testing facility centre in Kolkata. It is also evident that processors are not worried about the resin adulteration in their product.
- Inadequate storage infrastructure. Sticklac, specially fresh *Ari*, if kept in a heap or in bags is liable to coalesce into big lumps which become very difficult to work with in subsequent processing.
- Major processors are financially weak. The lending institutions such as KVIC, NABARD are found uninterested in providing financial assistance to the smaller lac manufacturers due to the reasons of hidden market, gambling trade as also high fluctuation in market price.

- Due to gambling, unstable and speculative market price of sticklac fluctuated abruptly. Price fluctuating compels the growers to dispose their products at the prevailing rate.
- Closed auction method is followed for raw material buying. In this process receipt of non-remunerative price for sticklac is a disheartening factor for the lac cultivators.
- Restricted marketing channels are resulting in exploitation of cultivators by the middlemen. Exploitation of growers during purchase at primary level took place in the form of less price, improper weighing, allowances of poor quality, distress sale etc.
- There is a lack of adequate market information collection and dissemination system. The processors are also negligent in creating a healthy marketing system (both forward and backward). Unhealthy competitive trade practices are ruling here due to non-existence of professional management and control in the marketing system.
- Adequate labour welfare measures (such as accidental benefit, pay holiday, puja bonus) are not provided in hand-made shellac manufacturing factories in this district. It is observed that the labourers engaged in production of hand-made shellac have been leaving these *bhatas* gradually and engaging themselves in the *bhatas* at other states like Chhatisgarh and Jharkhand at a higher wage rate. Thus the units in Purulia have been facing labour crisis day by day.
- Lac Industry association, Balarampur Kshudra Lakksha Silpa Baybasayee Samity, was constituted to promote fair trade practices amongst the traders and to fulfill the interest of lac growers. The association could not fulfill these purposes due to financial constraints.

3.3. Opportunity

- *Government initiatives to develop sticklac cultivation and processing:* Zilla Parishad of this district gives a part of money from its "Grant in Aid" fund to the Lac Development Officer as grant for the distribution of free broodlac and instruments to the lac growers. Govt. has formed "West Bengal Lac Artisan's Co-operative Society" to purchase sticklac from the lac growers at reasonable prices. To encourage the lac growers, Govt. has arranged specimen farming in demonstration plots of farmers' fields. Govt. has arranged incentives to lac industry (under the cottage and small scale categories) in the form of sanction of subsidized loan and some discount in interest on fixed capital investment for five years.
- *Various Central Government projects to promote village infrastructure:* NABARD has also different schemes in this district in order to support various promotional interventions in the Rural Non-farm sector aiming at creation of employment opportunities. These schemes cover rural entrepreneurship development programme with a view to promote and strengthen the SHG's in the district through the NGOs.
- *Building Infrastructure Facilities:* NABARD's involvement in the lac cluster development programme at Balarampur has also been thought for setting up

of common facility center for storage of raw material as well as finished products, testing facilities, information access, e-marketing and capacity building. It is also active in setting up of value added products manufacturing unit with public private partnership.

- *Wide application of value added products:* Lac basically yields three useful materials- resin, dye and wax. These are natural, renewable, nontoxic and eco-friendly and can be put to an unbelievably wide range of applications: 1) wood finishing, 2) printing ink, 3) electrical industries, 4) leather and foot wear industries, 5) pharmaceutical, confectionary and fruit coating, 6) cosmetic industry, 7) hat industry, 8) photography industry, 9) rubber industry, 10) paint industry, 11) automobile industry, 12) grinding wheels, 13) paper varnish etc.
- *Tremendous scope for increasing the global demand for lac:* A definite demand already exists for lac derived materials. Besides there also exists a tremendous potential for much higher consumption due to global trend for safer natural products. Great scope of value-addition for export market is also noticed. There is a scope for achieving reasonable and steady price level by adopting production and marketing strategies to strengthen demand in the global market.
- *Huge potential for boosting domestic lac consumption :* From the survey (2011) conducted by Transfer of Technology Division, IINRG, Ranchi we see that domestic consumption of lac and its value added products is about 3000 M.T. which was 46% of total export in this year. IINRG initiates strong measures to boost internal lac consumption in order to stabilize the domestic price of lac.
- *A sizeable unutilized infrastructure for lac processing:* In the year 2011-12 lac processing units in this district is 143. Once upon time it was 500 in the decade of sixties. Numbers of causes are there for shut down. But they can be again revived by concerted efforts of GOs and NGOs under the prevailing production and industrial scenario.
- *Untapped potential for greater utilization of by-products like lac dye, wax etc:* From processing of 40 kg sticklac we can obtain 5 kg of by-products. This can again be used in further preparation of shellac by common effluent treatment plant. But unfortunately these by-products of this industry remain unexploited due to lack of technological know-how, commercial application and short sightedness of the existing entrepreneurs.

3.4. Threat

- *Seasonal production of raw material:* The raw lac appears in the market generally in two seasons (May-June and October- November). Consequently, the local factories depend for about six months in a year on lac brought from adjacent areas. In the slack seasons small factories are forced to close for six months. They re-opened when local lac is available.
- *Shelf life problems of sticklac and finished products:* The sticklac can be stored upto three years. But the quality of lac resin (melting power, adhesive power, colour etc) is going to deteriorate after few months. The tendency to form

lumps, forming hard blocks of lac is being noticed due to improper storage of sticklac, which is very difficult to work for subsequent processing. Inadequate storage infrastructure creates problem in the storage of lac products and the essential properties of these products are deteriorated due to loss of fusibility and solubility.

- *Import of sticklac*: Import of sticklac to meet export requirement of seedlac and shellac has been increasing since the beginning of the 21st century. The import of lac starting with 600 M.T. in the year 2001-02 now reached 6797 M.T. in the year 2014-15.
- *Manual processing and inadequacy of processing knowledge*: In every step of lac industry, there are still old methods in practice. Though some improved technologies have been discovered, these could not be introduced for various reasons. Old methods are labour intensive. Unit cost of production by using labour intensive technology is higher than that by using capital intensive technology. Growers and small manufacturers face the problem of lack of dissemination of the correct knowledge with regard to lac cultivation and processing.
- *Low productivity*: Traditional cultivation practices have not been sustainable due to high pest infestation and over exploitation of host plants. The cultivators do not adopt any new scientific method which can enhance the intensity of lac cultivation. In this method production of lac is small quantity and there is absence of constant impetus for lac growers to produce more.
- *Lack of quality awareness of broodlac*: The old method does not give sustained supply of broodlac which is required twice in a year and thus resulting non-availability or low availability of broodlac of proper quality. Quality of sticklac is also hampered.
- *Quality inconsistency*: One of the major threats of the processes of the indigenous factories is the non uniformity of qualities of the products. Moreover there is a tendency of admixture seedlac with rosin in the preparation of button lac and shellac and made the product as low graded quality. The good-will of Indian traders has been decreasing.

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