

Producer Companies in Handicrafts Sector

Background:

The producer company has been carved out of a cluster which may have upto five hundred artisans depending on the crafts and geographical area. The Producer company shall comprise all the producers (Craft persons) of the cluster who shall voluntarily join the company. The Company will be governed by the Board consisting of persons elected or appointed as Directors and the Board will be accountable to the Members. The Board of the Company shall have at least five and not more than fifteen Directors. The Board may co-opt one or more Expert Directors not exceeding one-fifth of the total number of Directors for such period as the Board may deem fit. The Membership shall be voluntary and available to all eligible persons who agree to make use of the services of the Company and are willing to abide by the provisions of the Memorandum and the Articles of Association of the Company.

Legal status of company:

- (i) The company will function under the rules governing it under the Indian Companies Act, 1965.
- (ii) The Company shall be administered by a Board consisting of persons elected or appointed as Directors, The Company shall co-operate actively at local, national and international level with other producer companies, cooperatives, other entities and organizations. Membership shall be limited to the craft persons of the identified Handicrafts Cluster.
- (iii) The Company shall co-operate actively at local, national and international level with other producer companies, cooperatives, other entities and organizations.

Financing detail:

- (iv) The authorized share capital of the Company is Rupees 100000 (Rupees One Lakhs Only) divided into 10000 (Ten Thousand Only) equity shares of Rs 10/- (Rupees Ten Only) each. The shares held by Members in a Producer Company shall as far as may be, in proportion to the patronage of the Company.
- (v) There shall be Limited Return on share capital. The surplus arising out of the operations of the Company shall be distributed amongst the members as Patronage Bonus after providing for limited return on share
- (vi) The capital, transfer to reserves, providing for development of business, education of members etc. as may be decided by the Board/General Body of shareholders.

Activities:

Producer Companies will run on commercial lines that will have more marketing intelligence and will be run by a professional management team having their own interest within the company. The company shall carry on business of production, processing , promotion, designing, marketing , of handicraft Items including support and allied activities and job works related with aforesaid works and organise marketing events , display , exhibition, trade fairs in India or abroad for overall development of handicrafts produced in the cluster and socio-economic development of the craft persons associated with the cluster and to render technical services, consultancy services, research and development, financial assistance and other activities for the promotion of the interests of the members, development and expansion of allied activities as may be conducive for the promotion of the handicrafts cluster.

At present 67 clusters have been selected for converting them into producer companies for developing the handicraft cluster as business model for sustainable development of artisans in a time period of 3 years by ensuring self-sustainment of the SHG/artisans of these clusters. So far, 57 producer companies have been formed with the assistance of the office of Development Commissioner (Handicrafts) throughout the country.