



## PROBLEMS AND PROSPECTS OF COIR INDUSTRY

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### ABSTRACT

*Coir industry provides employment opportunities and generates income to the people particularly in rural areas and thereby promotes country's economy. It is a labour -intensive industry which provides employment to more than 7,00,000 persons of whom majority are from rural areas belonging to the economically very weaker sections of the society. Nearly 80 percent of the workers are women in the fibre extraction and spinning sectors. India accounts for more than two-thirds of world production of coir and coir products. In India, 8 percent of the coir and coir products are exported to foreign countries and remaining 92 percent is domestically consumed.*

*The coconut husk is the basic raw material for the coir industry. In India, only 50 percent of the husk is utilized by the coir industry and the remaining 50 percent is being used for the purpose of fuel. Further, 1,000 husks yield 104 kgs of fiber and the availability of the fibre from husks may vary from state to state. The industry also fetches crores of foreign exchange by export of coir and coir products. It is expected that the export will cross more than 1000 crores in 11<sup>th</sup> Plan Period. Therefore, an attempt is made in the study for highlighting various problems faced by the coir industry in Indian and indicating opportunities for its future prospects.*

**Key words:** *Coir Industry, Employment, Exports, Problems and Prospects.*

### INTRODUCTION

Coir sector plays a vital role in employment generation and economic development. Coir sector is very diverse and dynamic in its nature. It involves households, co-operatives, NGOs, manufacturers and exporters. The private coir manufacturers are the major contributors to the exports of coir and coir products. "Export of coir trade is dominated by private manufacturers who have contributed 90 percent of coir export and co-operatives and such government companies have contributed the remaining 10 percent".<sup>1</sup>

The major coconut cultivating states in India are Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Orissa, West Bengal and Assam and union territories are Goa, Andaman and Nicobar, Lakshadweep and Pondicherry. India is the largest coir producer in the world accounting for more than 80 percent of the world production of coir fibre. India exports only 8 percent of the coir and coir products to foreign countries and remaining 92 percent is domestically consumed. India earns more valuable foreign exchange through the export of coir and coir products. "The global production of coir fibre is about 3,50,000 metric tonnes. The world top producers such as India and Sri Lanka together accounted for 90 percent of the world production".<sup>2</sup>

The coconut husk is the basic raw material for the coir industry. A coconut husk consists 70 grams of pith and 30 grams of fibre. "Nearly 10,000 husks yield one tone of fibre and an equal amount of pith. In India, about 7,00,000 tonnes of coir waste is obtained from 4.8 million tones of husks, extracted from 6,000 million nuts".<sup>3</sup> "In India 13,000 million coconuts are produced but only 50 percent of the husk is used by the coir industry and remaining 50 percent of the husk is used for purpose of fuel in rural areas".<sup>4</sup> In India, it is estimated that 1,000 husks yield 104 kgs of fibre and the availability of the fibre from husks may vary from state to state. Further, one kg of fibre generates 2 kgs of coir pith.

## REVIEW OF LITERATURE

**Satya Sundaram** (2006) in his article, "*Coir Products in Demand*", had pointed out that the major problems of coir industry in India such as inadequate knowledge of the product and its end uses, non-availability of local skill and lack of accessibility to technology, lack of innovation, unskilled workers, low rate of wages, advantages of coir products are not explained to the people, proper channels of distribution is not available, agents are not appointed and target is not fixed. According to **Vijayachandran Pillai** (2002) in his study, "*Marketing Problems of Rural Coir Co-operatives in Kerala*", the private sector coir units 82 percent depends mainly on the private agents for marketing, 10 percent depends on government agencies and remaining 2 percent depends on direct sale and private exports for marketing. Further, he had stated that lack of sufficient orders and competition from other units are the chief problems of the private sector coir units

## IMPORTANCE OF THE STUDY

Economic development of any country largely depends upon the growth and development of the industrial sector. Indian Coir sector contributes to employment, income, GDP, market share, industrial production and ultimately to the country's economic development. Coir industry in India is a labour -intensive industry which provides employment to more than 7,00,000 persons of whom majority are from rural areas belonging to the economically very weaker sections of the society. Nearly 80 percent of the coir workers are women employed in the fibre extraction and spinning activities. "India accounts for more than two-thirds of world production of coir and coir products".<sup>5</sup> Kerala is the home of the Indian coir industry, particularly white fibre accounting to 61 percent of coconut production and over 85 percent of coir and coir products.

## OBJECTIVES OF THE STUDY

The main objectives of the study are

- To find out the various problems faced by the coir industry in India
- To indicate the future prospects for the coir industry in India

**STATEMENT OF THE PROBLEM**

Coir industry in India is an agro-based, village and cottage industry which affected by large number of problems in the form of labour material, machinery and finance. These problems may affect the growth and development of coir industry. Further, it has great opportunities for investment, employment, production, workers, technology, marketing, productivity, profitability and earning more income. Therefore, an attempt is made in the study for indicating various problems faced by the coir industry in India and also available ample opportunities for its future and prospects.

**PROBLEMS OF COIR INDUSTRIES IN INDIA**

Despite of favourable contribution to employment and income of the people and country's economy in innumerable ways, the Coir Sector does not get the required support from the government, banks, financial institutions and other lending institutions in order to provide quality goods and services, to meet the competition, to create demand and to attract customers in both National as well as International markets. Even though the Coir Sector has potentials in India, they are facing a number of problems. The major problems faced by the coir industries in India are enumerated below.

***Material Problems***

Material is the basic and prime input to any industrial concern. The operation of the coir units depends on the availability of the coconut husk (basic raw materials). Further, the coir units are facing several problems day by day in procuring and using the raw materials. Coir industry in India is suffering a number of material problems like non-availability of materials, shortage of materials, poor quality of raw materials and high cost of materials.

***Labour Problems***

Labour is one of the most fundamental factors of production which determine the success of an industrial unit. There are a number of unskilled workers engaged in coir units and their productivity is very low when comparing other village industries. A major portion of the workers in coir industry are women especially in the spinning as well as manufacturing sectors and their productivity is very low when comparing men workers. Labour absenteeism, low rate of wages, labour turnover, routine work, low labour productivity are the major problems of labour in coir industry.

***Financial Problems***

The coir units have more borrowed funds rather than the owned funds for its establishment as well as operation purposes. They depend on State Financial Corporations, Commercial Banks and Creditors for its requirements of both long-terms and short-term capital requirement purposes. They have no access to other sources of long-term funds like capital markets. The financial problem of coir units are timely non-available of borrowings, higher rate of interest, security, bank's rigid procedures. The credit worthiness of coir borrowers is generally weak and therefore they face reluctant creditors who may be induced to lend only at a very high rate of interest.

***Production Problems***

Coir units are unable to compete with other small scale industries due to non-availability of modern technology. Most of the coir units are using traditional methods and rats to the coir production. The traditional methods and techniques lead to low productivity. Thus, Poor labour productivity, machine breakdowns, low rate of demand, power cut problems and higher rate of power charges are the chief production problems of coir units.

***Marketing Problems***

Marketing of finished products is another major problem faced by the industrial units. A number of marketing problems faced by coir industry like transport expenses, salesman expenses, involvement of agent, middlemen charges, substitute goods, market rate fluctuations and inadequate storage facilities for coir and coir products are some of the hardships faced by the industry.

***Infrastructure Problems***

Inadequate infrastructure facilities are the major problems for slow growth and development of coir industries in India. Most of the coir units working in rural areas encounter several problems like lack of power supply, water, roads, communication, canteen facilities and transports. Therefore, the inadequate infrastructure facilities will affect both quality and quantity of coir production and that leads to under-utilization of machine capacity and natural resources.

**PROSPECTS OF COIR INDUSTRY IN INDIA**

The perspective issues relating to the industry is that support because it gives livelihood for lakhs of workers by utilizing the discarded material of coconut. The industry also fetches crores of foreign exchange by export of coir and coir products. It is expected that the export will cross more than 1000 crores in 11<sup>th</sup> Plan Period. Government of India is providing a number of assistance to the coir units in the form of subsidies and training to the coir entrepreneurs for promoting coir industry in India. The Government of India is providing a wide net work of developmental institutions for promoting coir industry in the country like Coir Board, DIC, TIIC, SIPCOT etc. "The District Industries Centre have been acting as a nodal agency at pre-investment and post-investment stages and providing all the essential facilities to SSI entrepreneurs under one roof".<sup>6</sup>

***Employment Opportunities***

Being labour-intensive industry, coir industry provides self-employment opportunities to the people with small size of investment and little efforts and reduces unemployment and under employment problems. "The extensive improvement in the utilization of coconut husk from 50 percent to 60 percent will lead to employment generation up to 8,00,000 workers during the end of 11<sup>th</sup> Five Year Plan Period".<sup>7</sup>

***Entrepreneurship Development***

Coir industry is a great opportunity to the people for establishing as well as operating the industrial units without experience. It creates a good amount of savings and entrepreneurial skill among the people particularly in rural areas. Coir entrepreneurs also improve social welfare of a country. Thus, large amount of human resources is not only mobilised but also utilized by the coir sector for emerging as well as promoting entrepreneurship especially in rural areas and thereby improving the country's economy.

***Income Generation***

Coir industry generates income to the people viz., owners and workers. It generates more income to the entrepreneurs with low capital investment and less training. Further, it also generates income to the people those who are engaged in coir industry. The Coir industry enormously contributes to reduce unemployment, to alleviate poverty, to improve the standard of living of the people, to provide income and to protect wealth of the people in the Indian society. It is the social uplift to the people especially those who are living below poverty line. Out of 80 percent of the women workforce, a major portion of the women workers are economically very weaker sections of the society. In India, alone, about half a million people depend on this industry for their livelihood.

***Regional Dispersal of Industries***

The migration of people from rural to urban areas for employment and earning more income leads to many evil consequences like overcrowding, pollution, creation of slums, etc. These problems in the Indian society can be solved by establishing and operating coir industry in terms of utilizing local and available natural resources and bring about dispersion of industries in various parts of the country and thereby promoting balanced regional economic development.

***Technological Development***

During initial stage, Coir industry was started as well as operated on traditional way. Now-a-days, it is avenue for absorbing innovation. They provide ample opportunities for the development of technology and

technology in turn, creates an environment conducive to the development of coir units. They also facilitate the transfer of technology from one to the other. As a result, the economy reaps the benefit of improved technology.

**Promotion of Exports**

India exports 14 items of coir and coir products to more than 105 countries in the world and India has earned more foreign exchange through exports of coir and coir products to foreign countries. Indian coir and coir products have greater demand in the international markets due to its special features like colour, design, quality, uses, price, attractiveness and craftsmanship. Therefore, coir industries in India have potential for better overseas marketing.

**Better Industrial Relations**

Industrial disputes are reduced and efficiency of employees has increased through better industrial relations between the owner and workers. The waste of production and working days are comparatively less in coir units. Therefore, the better performance of coir industries in India in terms of number of units, investment, production, employment and exports leads to the growth and development of the country's economy.

**Government Supports**

The government of India provides various assistances through Coir Board and DIC for promoting the coir industry in the form subsidies and trainings. The subsidies include power subsidy, capital subsidy and machinery subsidy and tax concessions. Further, Government is conducting various training programmes to the coir entrepreneurs or the coir manufacturer for promoting coir industry. Special training programmes have been formulated for women artisans. Modern traditional rats would be provided to the trained women so as to increase employment and earnings.

**CONCLUSION**

Even though a number of problems faced by the coir industry in India, it has various opportunities for further growth and development purposes. Coir industry has very wider scope for future prospects in terms of availability of coconut husks, providing employment, reducing unemployment, generating income, alleviating of poverty, improving standard of living of the people, creating great demand in both domestic as well as international markets, developing entrepreneurship and promoting country's economy. Therefore, it is concluded that Government of India through Coir Board aims at promoting coir industry in terms of reducing the various problems faced by the coir industry in India and opening the gateway for future prospects of coir industry.

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