

Problems Faced by Coir Manufacturers and Exporters in Pollachi Taluk

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ABSTRACT

The Indian Coir Products are in great demand in the international market because of their special attributes like fitness, price, craftsmanship, quality, attractiveness and Eco-friendly, biodegradable renewable natural resources, non-pollutant, usage of the product is up to the expected level when compared to plastic and other environment pollutant item. But, in reality the coir industry has stuck to traditional methods of production for historical and sociological reasons. The marketing efforts of coir exporters is more or less confined to the age old conventional pattern and have not been very successful to create a niche for this product in the target market. It is a fact that the lack of overseas market intelligence especially for favourite designs, colours etc., and insufficient marketing efforts are serious impediments to increase coir exports. This research article aims to measure the nature of problems faced by the exporters of coir in Pollachi taluk. The study observed that majority of the coir manufactures and exporters hailing in Pollachi taluk are very small entrepreneurs, mostly business is owned and operated by sole proprietor, with a minimum number of employees, with less business operation experiences and with a small capital investment of ` .25 Lakhs. With the smallness of business size most of the entrepreneurs and factors face issues like: poor assess to expert consultation services, issues of delayed payment by the foreign buyers, difficulties in availing government assistance in overcoming export barriers and high cost of capital to finance exports operations etc.

INTRODUCTION

Coir enjoys its dignified status as a fine decorative

material in the mansions of the rich and as an article of utility in the huts of the poor. It thus caters to the needs of all classes of the society. Coir industry is one of the traditional agro- based cottage industries concentrated in the coconut producing states in the country. Coir industry in India has a very long and glorious past. It continues to play a prominent role in the national economy of India. "Return to nature" concept has now brought intensive affinity for coir and coir products all over the world. India is one of the top producers and exporters of coir in international market. The Indian Coir Products are in great demand in the international market because of their special attributes like fitness, price, craftsmanship, quality, attractiveness and Eco-friendly, biodegradable renewable natural resources, non-pollutant, usage of the product is up to the expected level when compared to plastic and other environment pollutant item.

Coir Export in India fetched around Rs.1500 crores in 2015-16 as against Rs.1052 crore in 2014-15. There is a huge market for Indian Coir products abroad and at present exports are being done to more than 112 countries. More than 40per cent of the production is being exported. In 2016 domestic sales was valued at Rs 3000 crores. The exports had grown by 30per cent in value and 28per cent during this financial year. Coir exports from India had maintained a continuous growth trajectory even during the global economic crisis. Coir Board has targeted to double the export of coir and coir products from India within the next three years. During 2015-16, the growth percentage of exports, compared to the previous year, was 20 in terms of quantity and 16.6 in terms of value. During 2016-17 the growth

percentage was increased to 27.3 in terms of quantity and 20 in terms of value. There has been an increasing trend in the exports of coir and coir products year to year, it is expected that the trend will continue during the coming years also. For the Indian coir exports the US is the largest market accounting for 37 per cent. The domestic market for coir products is currently estimated at Rs 2000 crore and this is expected to grow to Rs 3500 crore by 2017. The Coir Board has earmarked Rs.4.59 crore financial assistance in 2012-13 for the development of coir industry in various states.

Nature of Problems Faced by Coir Industry in India

The coir industry has stuck to traditional methods of production for historical and sociological reasons. The industry cannot go on far into the future, with its present method of production, mechanisation of defibring and spinning sectors would displace labour in large numbers. Inadequacy of raw material is one reason for the decrease in employment and the high cost raw material in the cost production. Primary coir is the large employer unit but mostly underemployment, part-time employment and secondary employment. With below par sustenance wages conditions of work to a large mass of unorganised casual workers. The entrepreneurial initiative in coir is essentially individualistic with a property orientation; even there are some corporate facades. The role of professionalism is somewhat restrained by the very definition of trade structure large business house of a country have chosen to keep away from coir and again, expatriate interest from consuming countries and multinational have been kept away.

The organisation of overall industry is fragile. The weakest link in its economic strength is a discarded waste husk becoming the primary raw material, lack of integration with the effective farming lobby of growers of coconuts, absence of large corporate and professionalism – absence of even remote nexus with product sector. These factors are inescapable realities not readily conducive for exponential forward in growth in volume: value, product profile and quality of coir industry. The growth of coir in quantity or quality terms in its traditional setting is not optimistically promising while the economic disabilities of the commodities and the weakest of the trade and explicit coir areas, the social issues of the coir workers are compounding the complex problems. When it is take into account the market, the domestic market within the country largely by private traders. The internal consumption coir yarn in India is about 85 per cent and

only 40 per cent of the indigenous production of coir door mat, mattings etc., is estimated to be consumed within the country.

Because of the emergence of plastic fiber, the substitute for fiber, the demand for coir fiber declining day by day. In spite of positive growth of coir products from India a general lowering trend has been noticed in the international market in the demand for coir products vis-a-vis other competing products. The reasons for this trend could be attributed to the ever increasing shift competition synthetic floor coverings and cheaper natural substitutes like gross products backed by aggressive marketing efforts. The marketing efforts of coir exporters is more or less confined to the age old conventional pattern and have not been very successful to create a niche for this product in the target market. It is a fact that the lack of overseas market intelligence especially for favourite designs, colours etc., and insufficient marketing efforts are serious impediments to increase coir exports. The traditional coir items such as coir mats, mattings, rugs carpets etc. have not shown appreciable growth of exports. The high tariff rate for coir existing in various importing countries is one of the main hurdles for promoting coir and coir products. The tariff regime prevailing now varies between 2 to 30 per cent in various countries according to the information collected by the coir board. Apart from the tariff, very often several non-tariff barriers are impeding the growth of export market for coir products. They include allegations of child labour, restrictive banking facilities, import quota restriction, anti-dumping measure etc.

Economic Significance of Pollachi and the Nature of Problems Faced by the Coir Manufactures and Exporters

India accounts for more than two-thirds of the world production of coir and coir products. Kerala is the home of Indian coir industry, particularly white fibre, accounting for 61 percent of coconut production and over 85 per cent of coir products. The Coir industry in Kerala is totally depending on Tamil Nadu in terms of coir fibre supply. Only a very little quantity fibre is being produced in Kerala and Kerala is procuring approximate 90 per cent of coir fibre from Tamil Nadu of total consumption in the state. Pollachi, located 40km from Coimbatore, has 6.30cr coconut trees, cultivated across 30,000 acres, which yield 10 million coconuts daily. Each coir manufacturing factory requires about 50,000 coconut husks daily. Pollachi saw a boom in the coir industry. The number of

factories doubled, increasing the cost of raw material. Since 2014, the Coimbatore district has been witnessing drought, which has resulted in reduction of coconut production in Pollachi area, this situation in turn resulted in increasing the raw material cost i.e., the cost of coconut husk. With the industry slowing down, thousands who were rendered jobless have either migrated to Tirupur garment factories or work as labourers in various developing resorts in Pollachi. Moreover, the coir fiber industry in Pollachi has seen a 50 per cent decline in domestic supply and a 30 per cent reduction in exports leaving thousands of people jobless. As per data available with various coir manufacturing associations in the district, the number of units has reduced by 40 per cent over the last one year, due to various reasons including a spike in manufacturing costs and the availability of cheaper fiber from Indonesia and Philippines.

Statement of Problem

The Development of Coir Industry has taken place in areas where there is concentration of coconut cultivation and availability of coconut husks. It is an undeniable fact that the steady increase in the export indicates a fast expanding export market for coir. The marketing efforts of coir manufactures and exporters are more or less confined to the age old conventional pattern and have not been very successful to create a niche for this product in the target market. It is a fact that the lack of overseas market intelligence especially for favourite designs, colours etc., and insufficient marketing efforts are serious impediments to increase coir exports. Similarly, it has been understood from the elaborate literature reviews that though India has evolved several modern methods both in terms of

product and marketing there are several potentials which manufactures have not been able to tap. Since the manufacturers and exporters faces certain issues pertaining to their geographical area, which differs from other regions where coir products are produced and exported.

Aims of the Study

- To assess the business profile of the exporters of coir in Pollachi taluk.
- To measure the nature of problems faced by the exporters of coir in Pollachi taluk.

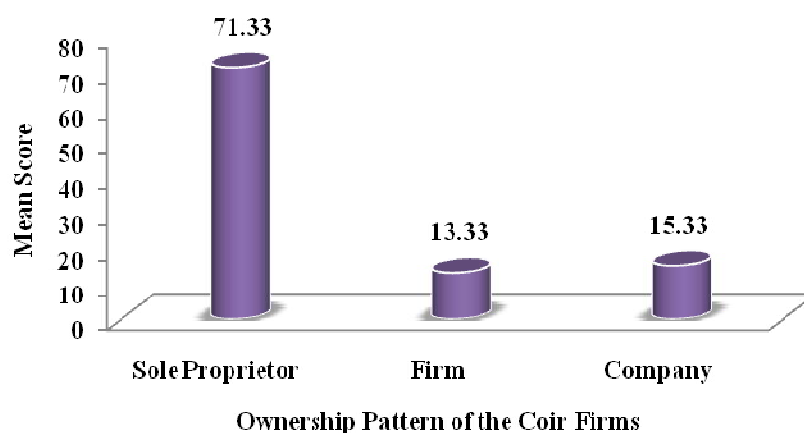
Research Methodology

This study is focused on the coir firms operating in Pollachi taluk of Coimbatore district. Current empirical study is both explorative and descriptive in nature. Questionnaire was used to collect the primary data from the selected respondents for the analysis. Three hundred coir manufacturing and exporting firms operating around Pollachi was chosen as the sample population. Coir industry is a major contributor to the economy of Pollachi, this industry give huge opportunities to employment of local residents and outsourcing of small works to various other industries.

Data Analysis and Findings

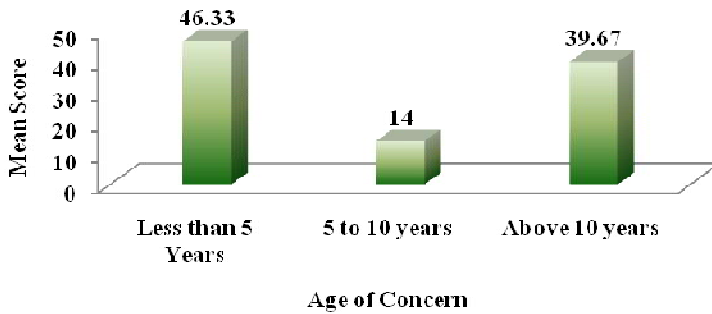
Out of 300 respondents' surveyed 71.33 per cent of coir firms were owned as sole proprietorship, 15.33 per cent of respondents' form a part of coir manufacturing companies and rests of 13.33 per cent of respondents' are running firms i.e., a commercial partnership of two or more persons, especially when unincorporated.

EXHIBIT: 1
OWNERSHIP PATTERN OF THE COIR FIRMS



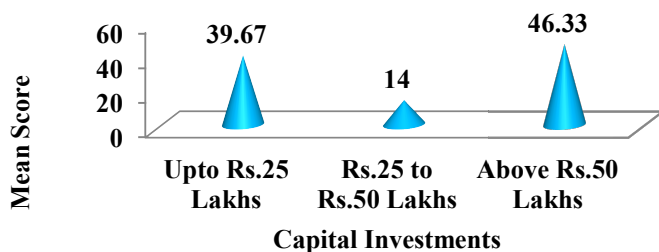
It has been 46.33 per cent of respondents' are running the firm for the past 5 years or less than that. Similarly 39.67 per cent of sample populations' are engaged in coir manufacturing business for the past 10 years or more than that and 14 per cent of coir manufacturers' have said that they are running the firm for the past 5-10 years.

**EXHIBIT: 2
AGE OF CONCERN**



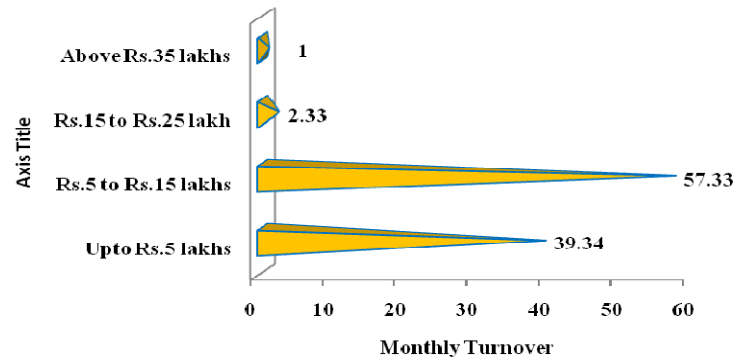
It has been inferred that, 46.33 per cent of the coir manufacturers' have invested around `50 Lakhs as the capital to start the business. Batch of 39.67 per cent of respondents' have invested a capital of `25 Lakhs and 14 per cent of sample populations' have invested a capital of in their business.

**EXHIBIT: 3
CAPITAL INVESTMENTS**



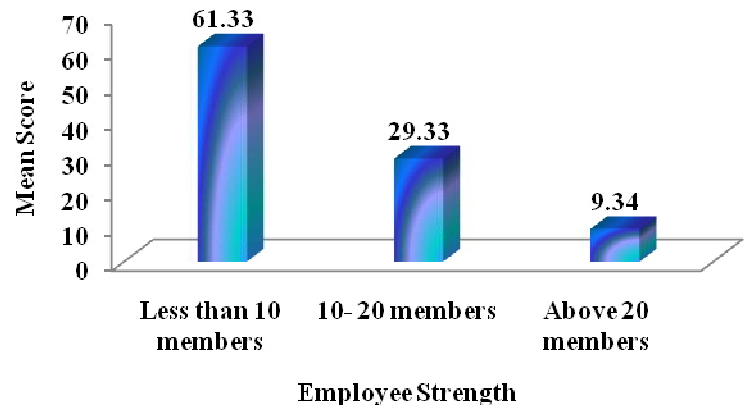
Out of 300 respondents' surveyed, 57.33 per cent of the firms yield turnover of `5 to `15 lakhs per month. Similarly 39.34 per cent of the coir manufacturers' make a turnover of `5 lakhs and 2.33 per cent make a turnover of `15 to `25 lakhs per month. And the rests of 1 per cent of sample populations' yield turnover of `35 lakhs or more than that per month.

**EXHIBIT: 4
MONTHLY TURNOVER**



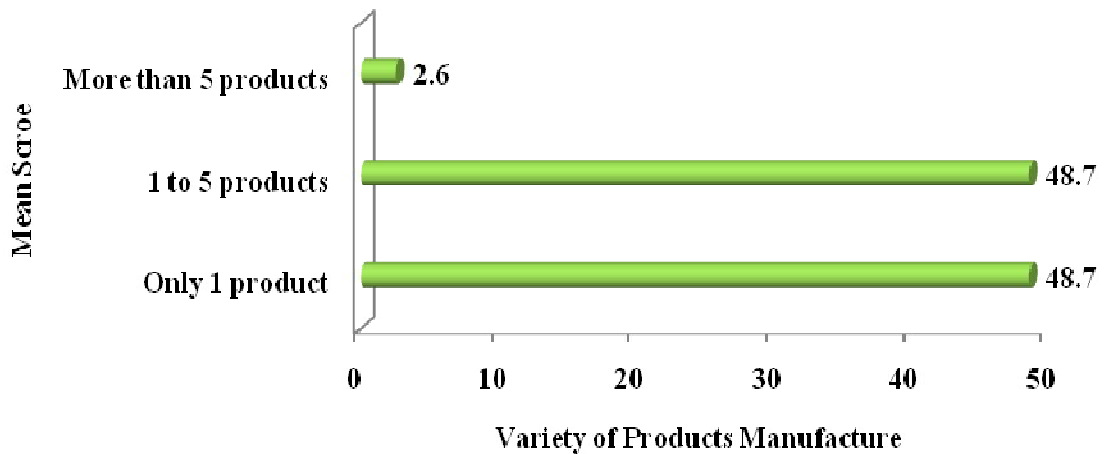
The study findings reveal that 61.33 per cent of coir manufacturers' have hired only 10 employees in their organization. Followed by, 29.33 per cent of respondents' organization constitutes of 10-20 members. On the other hand, 9.34 per cent of manufacturers' have opined that their organization consists of more than 20 workers.

**EXHIBIT: 5
EMPLOYEE STRENGTH**



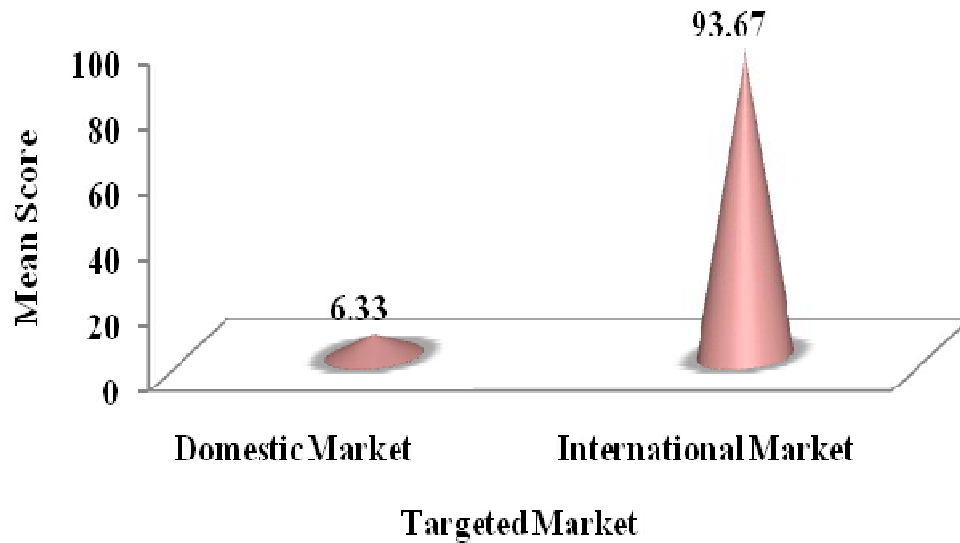
Among 300 coir manufacturers' surveyed, almost i.e., 97.40 per cent of coir manufacturers' produce only one product (48.70 per cent) or otherwise 1 to 5 products (48.70 per cent) in their firms. Subsequently it has been observed that 2.60 per cent of coir manufacturing in Pollachi Taluk produces more than 5 types of products using coir products.

EXHIBIT: 6
VARIETY OF PRODUCTS MANUFACTURE



It is evident from the above table that, majority i.e., 93.67 per cent of coir manufacturers’ always target on the International market to trade their products. On the contrary, 6.33 per cent of manufacturers’ are selling their products in the domestic market.

EXHIBIT: 7
TARGETED MARKET



This sub section of the study analyses about the coir manufacturers’ level of perception on nature of problems encountered.

TABLE: 1
PROBLEMS FACED BY COIR INDUSTRY IN EXPORTING GOODS

Problems	Sum	Mean	Rank
Lack of Export Marketing Research	1241	4.14	6
Lack of Competitive Price	1177	3.92	16
Lack of Experts in Export Consulting	1362	4.54	1
Payment Delays From Overseas Buyers and Distributors	1268	4.23	2
Ineffective National Export Promotion Program	1212	4.04	13
Foreign Government Rules and Regulation	1234	4.11	9
Exchange Rate Fluctuation	1216	4.05	12
Lack of Government Assistance in Overcoming Export Barriers	1256	4.19	3
Poor Product Design and Style for Export Markets	1244	4.15	5
High Cost of Capital to Finance Exports	1250	4.17	4
Un-availability of Technology	1223	4.08	10
Lack of Financing Assistance	1240	4.13	7
Uncertain Orders/No Regular Orders	1225	4.08	10
Power Fluctuation	1237	4.12	8
Increasing in Labour Cost	1210	4.03	14
Non-Availability of Regular Supply of Raw Materials	1183	3.94	15
Lack of Expert in Export Consultancy	1168	3.89	17

Source: Primary Data

Majority of the coir manufactures and exporter of coir product functioning in Pollachi claim that they lack experts support for right and valuable consultation, which they consider as the major drawback for their promotion and development, this variable is ranked in first place with the mean score of 4.54. Subsequently it has been inferred that the sample subjects' are affected by the payment delays from overseas buyers and distributors, lack of government assistance in overcoming export barriers and high cost of capital to finance exports. These variables are ranked in second, third and fourth position with an average score of 4.23, 4.19 and 4.17, respectively. Similarly the manufacturers' in Coir industry have opined that they face various problems like poor product design & style for export markets, lack of export marketing research, lack of financing assistance, power fluctuation, foreign government rules and regulation, uncertain orders/no regular orders and un-availability of technology in running the business. Followed by, the respondents' have said that they are affected by the barriers like exchange rate fluctuation, ineffective national export promotion program, increasing in labour cost, non-availability of regular supply of raw materials, lack of competitive price and lack of expert in export consultancy in the Coir manufacturing industry.

Conclusion

The study observed that majority of the coir manufactures and exporters hailing in Pollachi taluk are very small entrepreneurs, mostly business is owned and operated by sole proprietor, with a minimum number of employees, with less business operation experiences and with a small capital investment of ` .25 Lakhs. With the smallness of business size most of the entrepreneurs and factors face issues like: poor assess to expert consultation services, issues of delayed payment by the foreign buyers, difficulties in availing government assistance in overcoming export barriers and high cost of capital to finance exports operations etc.

The Government Agencies like policy makers, Coir Board of India and other voluntary organisation have to realise the fact that the golden fiber coir has higher market demand in various world countries. As coir products are considered as substitution for the protecting mother earth from various natural hazards and coir product can be easily substituted many of modern day product like: floor mats, doors, separators, car and household decorative products, coir can be used in prevention of soil erosion, used as mud for cultivation of crops, flowers and plants etc. The Government Agencies like policy makers, Coir Board of India and other voluntary organisation have to provide required assistance and support to the small manufacturers and exporters of coir product both to

earn more foreign exchanges, to retain Indian competitive position in coir exports and also for the retaining of the entrepreneurs in the business in long run.

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