CHAPTER - II

REVIEW OF RELATED STUDIES

The review of past studies relating to the economic analysis of coir cooperatives are presented in the second chapter. The chapter is divided into three parts. The first part: reviews the past studies on the significance of coir industries in India. The review of the studies on industrial cooperatives are given in the second part of the chapter. The last part reviews the studies on coir cooperatives.

2.1 COIR INDUSTRIES

Shourie\(^1\) pointed out that the coir industry in India cannot grow faster unless export promotion efforts receive the maximum attention from the government. She described export promotion efforts calls for attention on the climate for exports. Overseas Market surveys, export information, export publicity packaging, finance, transport incentive and assistance for exports, quality inspection, training recognition are reward for the coir industry.

One of the problems which is assuming very grave dimensions with the passing of time in the coir industry is the abnormal hike in the cost of productions. An analytical study\(^2\) was conducted for the problems encountered by the coir industry reveals that the cost

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\(^1\) H.D. Shourie, "Blue Print for Export Promotion", Coir, Vol.XXI. No.4, October 1968, PP.55-63.
condition in the coir industry shows that the cost associated with the process of setting and defibering is very high. The yarn and all kinds of coir manufacturers produced out of it are bound to be a very high price.

Baskaran Unnithan\textsuperscript{3} focussed that the future of the coir industry in India hinges on the constructive measures adopted to increase productivity to improve quality reducing cost and above all to improve the marketing mechanism.

Pylee\textsuperscript{4} made an attempt to examine the problems and prospects of coir industry in India. He dealt with the reference to the complaints of the fibre shortage, bottlenecks of coir yarn, and coir products were the effects of these difficulties. Because of the fibre shortage, the employment opportunities in coir industries underwent difficulties. The shortage of fibre adversely affected the output of spinning and manufacturing sectors located chiefly in Kerala.

A study was conducted \textsuperscript{5} in Pollachi Taluk of Coimbatore District in order to analyse investment pattern and employment pattern in the coir industry. It reveals that the labour share to the


\textsuperscript{K. Baskaran Unnithan "Coir Industry in India with Special Reference to Marketing and Trade", Coir Board, Cochin, 1970, P. 103.}

\textsuperscript{M.V. Pylee., "A Study of the Coir Industry in India-Prospects and Problems" Coir Board, Cochin-1982.}
total cost accounted for 10.39 per cent. Further from the gross income and net income. It can be seen that the crushing units enjoys more profits than the fibre units, which implies that the vertical integration is more profitable than with a single operation unit. The results indicate the potential for increasing the turnover using more and more of raw materials like coconut husk. Similarly there exists potentiality for increasing labour and wage rate. The total labour force for different units work out to 14.32 labour days per units per day. In the case of defibring units with conveyers and 17.35 labour days per unit in the case of curling units. The units also provide employment for both men and women.

A study conducted in Kerala traced that the production was known to the people of Kerala from time immemorial. The industry providing employment to half a million people, of which 80 per cent are women. In Kerala coir industry is second only to agriculture as a source of employment. The study also finds that there are 6044 units are located in India out of which 4525 units are concentrated in Kerala. The pride of Kerala is that 99 per cent of coir goods exported from India originate from Kerala. In 1993-94 out of 158 crores of total exports 131 crores were from Kerala which account for about 90 per cent of export.

Kumarasamy Pillai\textsuperscript{7} pointed out on product diversification in coir industry in Kerala, and reported that the coir product were produced in the coastal belt of Kerala over as early in the 11\textsuperscript{th} century. Over the centuries, the same old equipment and production process were used in the industry without any significant changes. Moreover the products and the user areas also remained unchanged. However in the recent past there is welcoming change noticed in the manufacturing sector of the industry with a view to attain quality improvement and to eliminate drudgery in the production process, traditional equipments like spinning wheels are being replaced by motorised looms. Further, concerted efforts are made to identify new user areas for coir and coir products. He commented that all these developments have given a new look to the industry.

Kumarasamy Pillai\textsuperscript{8} focused that the utilization of trained hands by the industry was in a low order. Until such time, it should be endeavor of the brown fibre sector to convert as much as coir fibre into yarn using the latest technology available and feed the export oriented production sector of Kerala. Pillai suggested, if Kerala can produce best variety of coir yarn, using fibre imported from the

brown fibre sector, they send value added products to meet the requirements of the export oriented production sector of Kerala.

Manikandan Pillai\(^9\) formulated the model coir village scheme and focussed on the welfare of coir workers. The scheme on model coir village programme gave major emphasis on extending assistance in improving the basic amenities and living conditions of the coir workers. The enthusiasm with which workers received the programmes and the success was a motivating factor for taking up welfare programmes for coir workers in a big way in the succeeding years. One of the component of the package was extension of the coverage of the model coir village programme to 50 more villages in Kerala and the socio economic needs of the villages selected were identified through a benchmark survey.

Sudeedharan and Sreedharan\(^10\) study on internal markets of coir and coir products reflected the export promotion activities in India is low. This has to be stepped up considerably to increase the domestic sales. Even now more than 90 per cent of the production is done in the traditional way and the maintenance of standard, quality etc., They suggested to increase the use of coir products and

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to explore the changing hope style of Indian conditions is the needed of the hour. The Government agencies should take steps to popularise the products in the hither to untapped cities and if possible private agencies should be helped to an extent to popularise these products and to sell it out.

Kutty\textsuperscript{11} recommended improving the marketing of coir and coir products in India and elsewhere would be of vital importance for survival and growth of coir industry. He recommended well organised promotional measures to carry the message coir to prospective consumers. Urban and Semi urban areas is bound to result in increased use of coir products. Kutty made some of the recommendations to promote the sales that are, sales campaign by way of advertisement in news papers, Journals and Periodicals, allowing 20\% rebate on a selected goods, participating in important National and Regional Trade exhibitions, organising of seminars/workshops in different countries to create awareness about new use of coir, sponsoring of market development missions to various countries and export development assurance to exporter etc.,

The Coir Board\textsuperscript{12} made a survey to the small scale household unit regarding employment, education, and age of coir workers. The analysis of the survey reported that a large number of household units employed workers and also engaged all the family members in coir related activities. Substitution of family labour by workers does not appear eminent from the survey results. In other words the workers were employed not to provide leisure to the family members but to the supplement the family labours whenever there is pressure of work. This is also corrobated by the relevant survey findings where, a very small percentage of the household units in which atleast one grown up child / son was not engaged in coir activities employed workers. A high percentage of the household units employed grown up child /son in coir activities.

Nandha kumar\textsuperscript{13} ideas to revive the coir industry in Kerala revealed that there were significant development in all the sectors of coir industry in Kerala in the recent past. The state accounts more than 90 per cent of total coir products exported from the country. The state only one provides 3.16 lakh of employment and earn foriegn exchange to the tune of 180 crore. The coir industry in the state set for a leap forward with modernisation of various process and introduction of new products such as coir geo textiles, coir ply,
coir pith minimise the rubberised coir used in the manufacture of matters customers upholding etc., and it is also increasing especially in the domestic market. But the state is yet exploit the full potential of natural fibre.

Joseph\textsuperscript{14} analysed the significant of the coir industry and revealed that the industry is primarily due to the fact such large number of dalits and economically weaker human beings depend for their life and the happiness on the prosperity of this industry. It is also significant because it plays a dominant role in the economy of the coconut growing sector particularly in Kerala. The study found that current level of production of coir industry utilise around 25 per cent of the annual yield of coconut husks. There is possibility to increase the utilisation at least by 50 per cent of husk production for industrial purposes. Therefore there exists vast potential for stepping up of production of coir industry in India.

Abdur Rahman\textsuperscript{15} study on export of coir industry in order to analyse the fall in the export trend of coir goods revealed the coir industry in India which continued the traditional method of production could not withstand the competition from Srilanka, in the

USA Market. The fall in production of mats and mattings in west European Countries also contributed to the fall in export of coir yarn from India. The introduction of highly competitive product and rising labour cost in European countries which made coir production no longer remunerative prompted. Many of the European mills enter to close down to their unit (or) drastically out the volume of their production.

Christy Fernandez suggested that modernization of coir industry is of prime importance to meet the growing challenge of the new millennium. The modernization of coir industry has been very slow especially in the field of spinning and product manufacturing sector, due to various socio - political factors. Modernization in the spinning sector to some extend was achieved by introduction of low cost motorised spinning ratts. The intermediate technology developed for the production of quality yarn, that has reduced the drudgery and helped to improve the productivity. This has led to an increase in wage earning capacity of the workers without labour displacement.
Soundarapandian and Shini Philip\textsuperscript{17} identified some of the constraints faced by the coir industry in Kerala and detailed the major problems in coir industry is nonavailability of coconut husk at Cheaper rate. Because of the non availability of husk production was decreasing. In Kerala only 30 percent of the husk is utilised for coir production. The study also details another problem that during monsoon the workers employment opportunities declined due to the inappropriate climate condition. The final problem of the industry is that there is a decrease in production due to the lack of demand in the market for the traditional method of production. The study clearly suggested the industry cannot go forward with its present method of production.

The Coir Board\textsuperscript{18} conducted a survey on the brown coir fibre sector revealed that the production of brown fibre has been steadily on the increase in India over the last few years. Kerala has a steady increase in the output of brown fibre. The study identified presently the value addition in brown fibre sector is comparatively low although unretted fibre has been increasingly used for the production of coir door mats and mattings in the traditional sector. The study also touched on export sector explained that the brown fibre has not


shown any appreciable increase despite the coir goods had an increasing trend.

2.2 IJIOUSTRJAL COOPERATIVES

Mahender Singh dealt with various financial and marketing facilities of the Industrial Cooperatives. In his book on "Cooperative in Asia" he has analysed the working problem of industrial cooperative of the Asian countries. He pointed out that many of the Industrial Cooperative in the developing Asian Countries have limited membership and their business turnover is small.

Mohan Dharia gave some ideas about industrial cooperatives. In his opinion, the industrial cooperatives have the merit of combining freedom and opportunity for ordinary people with the benefits of large scale management and organisation. He is hopeful that industrial cooperatives alone can setup the rate of growth of cottage and small scale industries in the hither to industrially backward rural areas of the country. However the analysis has failed to explain the strategies by which the industrial cooperative could be brought under the general planning process in the country.

Mehta\textsuperscript{21} gave details about the origin and growth of Industrial cooperatives in India. According to him, a large number of societies in India today are conversions of property concerns into cooperatives to seek benefit employed by the cooperatives including loans. Mehta's quite optimistic that the industrial cooperatives and the financial leads would be taken better care of by the industrial finance corroborating of India in the days ahead. But Mehta's analysis does not include discussions on the strategies necessary for rendering industrial cooperative, financially strong enough to cater to the requirements of rural based small scale and cottage industries.

Abell and Mahoney\textsuperscript{22} analysed the workers participation in the societies which range from very under developed forms to more mature and developed forms. Their article "Economic and social potential of industrial cooperatives in developing countries states that the more developed forms of participation have a majority representation of workers right up to the highest decision making body. They feel that every worker member of the industrial cooperative societies become active and endeavor ceaselessly for its growth. The industrial cooperative cannot register the expected rate of growth with regard to productivity and profitability. The analysis

\textsuperscript{21} S.C. Mehta, "Industrial Cooperatives in India", Atmaram and Sons, New Delhi, 1975, Pp7-15.
of Mahoney is quite elaborate and highly descriptive. It has failed to spell out, in clear terms, the method by which the worker members of Industrial Cooperatives could be infused with high sense of dedication for all round growth of societies in which he hold membership.

Rayudu\textsuperscript{23} analysed the problems of the societies that the cooperative societies do not have sound financial resources to carry out their production activities without interruption. The raw material and other input available only during certain season. Due to inadequate financial resources the societies are not able to stock the required quantity of raw materials and other inputs. At the same time they are paying higher price during off season and untimely purchases. Similarly the societies could not construct their godowns to stock raw materials and finished goods.

Nadharini\textsuperscript{24} on management of cooperative Enterprises focused the relationship between the member and their cooperatives. The study revealed that this relationship was not only limited to the capital invested but also extends beyond share holding to the utilisation of services rendered by the cooperatives and more

\textsuperscript{22} Peter Abell and Nicholas Mahoney, "Economic and social Potential of Industrial Cooperatives in Developing Countries", Economic and International Cooperative Adherance, London, 1980, Pp.\textsuperscript{23} C.Rayudu, Industrial Cooperatives, Northern Book Centre, New Delhi, 1992,Pp17-19
members should be brought into the fold of cooperatives so that they could become economically viable. He has also suggested cooperatives could bring economics of scale.

Jose\(^{25}\) study on Cooperatives for Rural Development dealt with the role of cooperatives. He pointed out that they are sin-qua-non to carry out people plan and development of rural economy. He adds that the growth of agriculture, dairy, fishery, poultry and other cottage and village industries owe a great deal to the growing importance of cooperatives. But the role of cooperative is analysed from a point of view of production. One cannot but conclude, that their performance is far from satisfactory. Nevertheless in the opinion of Jose, cooperative have played a pivotal role in fastening the growth of rural areas which has been a subject of very serious concern for the government of India.

2.3 COIR COOPERATIVES

Gopalakrishnan\(^{26}\) Asari gave a clear account of Rural Coir cooperatives, that they have been introduced with a view to add to the production of Coir and Coir products and to take care of the welfare of people employed in the coir industry. Asari details the structure and functioning of Coir Cooperatives in Kerala. The Coir

Cooperatives should prove themselves to be the pivots for trade union activities while performing functions such as the increasing the marketing facilities for coir products, purchase and sale of husks and getting the member by cheap loans, bonus and subsidies. According to him illiteracy among the employees in the coir industry and sound political problems have been responsible for the slow and unsteady growth of coir cooperatives.

Dinesh\textsuperscript{27} study on organising the Coir Cooperatives, revealed that it is necessary to organise large cooperatives combining the operations right from the primary process to the finished products and also to promote marketing. The societies should be large enough to incorporate a variety of processing activities including marketing so that they might function as viable institutions if a right type of cooperative organisation is created. Incorporating requirement of workers, the activities of these institutions could be further diversified either in coconut based processing and production activities or in such activities which could be developed base on local raw material or agricultural products.


\textsuperscript{27} C.Dinesh, "Coir an industry in search of viability", Ceres, Vol.XIV, March 1985, Pp.32-35.
Thomas Isacc\textsuperscript{28} and others on modernisation and employment reviewed that the scheme of cooperativisation in Kerala, was slowly ground to a halt. They revealed even though there were around 420 coir spinning cooperatives with nearly 0.23 million members today, the share of cooperative in total production was only about 10 to 15 per cent. They were able to provide work for only around 30 per cent of members, and even these face severe underemployment. The basic reason for this dismal performance was the failure to procure sufficient raw husks. The cooperatives that pay full minimum wages and other benefits to the workers were unable to compete with the private sector in the husk market. While private entrepreneurs were able to offer higher prices for the husks because of the saving made by circumventing the minimum wage requirements.

Rajagopal\textsuperscript{29} analysed the organisational and managerial perspectives of all women coir cooperatives. For the purpose of the study 60 women members from all women coir fibre societies of east Godavari district of Andra pradesh were selected. The study revealed that improper accounting systems, low wage structure and lack of infrastructure were some of the reasons for the failure of the societies. The study suggested that need for training to both members and workers to provide quality of goods.

Badar Alam Iqbal explained on development of coir goods. The main object must be to make improvement in the working as well as the economic conditions of a labour force. Keeping this mind, Alam suggested the strengthening of coir cooperatives because cooperatives assure the optimum flow of workers. He suggested If cooperative work properly and efficiently they will prove to be highly beneficial to entire labour force engaged in the manufacture coir products.

Coir Board conducted a study on marketing of coir and coir products indicated that the expanding role of cooperative societies in developing a stable internal market for coir yarn, since cooperative movement took birth in coir sector is commendable. At the same time change in policy towards modernization sets in new trends in the industry that would result in its organisation on modern lines and making it productively more efficient and remunerative. The joint effort of policy formulators, producers, workers, exports, traders, labour leaders, and all these interested in the development of the industry will no doubt.


31 Editor, "Marketing of Coir and Coir Products” Coir News, Vol.XXVI, Janua
Vijayachandran Pillai\textsuperscript{32} conducted a study on Plight of Rural Coir Cooperatives in Kerala. A Case study explained that the important problems faced by the coir cooperatives in Kerala. The study stalled the capacity utilisation of cooperatives in the spinning and manufacturing sectors was found to be low. The average capacity utilisation of the spinning cooperatives was 43.38\% and the manufacturing sector was 61.25\%. The study also found that all sample units in the two sectors were facing problems in the procurement of raw materials. The main reasons identified are shortage and poor quality of husks, shortage of finance, competition from private sector units. It was also found that majority of the cooperatives (65.48\%) were not able to get the working capital requirements in time and in the marketing of the product is concerned the price fixed by coirfed was comparatively low, the primary cooperatives were selling the yarn to the private agents at a comparatively higher price.

Vilayachandran Pillai\textsuperscript{33} on the performance of coir cooperatives in Kerala revealed that the five variables analysed show a negative picture about the performance of both the primary and manufacturing societies. The number of working societies has

showed a negative growth rate in the case of both the societies during the period under review. The growth of membership in societies also showed a negative trend, but with a little improvement in primary societies. The annual husk collection per worker by the primary societies was found to be very negligible too. Both the cooperative could not provide employment to a major percentage of worker members during the period under review. The analysis of wages paid per worker by both the societies also showed that only a negligible amount could be earned by the workers from the societies. The analysis concluded, the performance of the primary and manufacturing societies in Kerala is not effective.

Vijaya chandran Pillai\textsuperscript{34} analysed the prospects and problems of coir cooperatives in Kerala with a comparison of Private units. The study reveals that the cooperative coir units are working under than the private units. The cooperative units in spinning and manufacturing sectors utilised their capacity only at low level. The most prominent reason behind the capacity under utilisation is the shortage of raw material followed by finance and shortage of working capital. The other reasons for capacity under utilisation are competition from private units, out dated loom, shortage of skilled worker, shortage of order etc., Therefore steps should be taken by the
Government agencies in the coir sector to open "Raw materials bank" in both the spinning and manufacturing sectors to ensure regular and timely supply of quality raw materials to the cooperatives at the fair prices. He suggested the scheme of working capital assistance by the government agencies should be extended further on the basis of actual performance of the cooperatives.

A study was conducted by Vijayachandran pillai on Financial problems of Rural Coir Cooperatives in Kerala found out that majority of the Cooperatives were not able to meet the working capital requirements in time. The major reason for the inability to meet the working capital requirement in time, in the order of ranks, delay in getting sale proceeds from government agencies and lack of working capital assistance from government agencies and banks, apart from the above major reasons besides there were some reasons, for the slow level of working capital these are complicated procedures and formalities in sanctioning assistance, inability to repay the loans and borrowings on account of low rate of investment. The requirements of working capital were for purchase of raw material, payment of wages to the workers, and meeting other expenses of production.

Ambili Kumar \(^{36}\) on productivity of coir cooperatives in Kerala revealed that the productivity of the labourer declined because of the yam manufactured in mechanized ratts was not treated as best quality but as second grade by the coir fed, and no coir society use the all 100 mechanised ratts which was provided by under the ICDP to each industrial unit without considering the actual requirements. The productivity of the workers has came down not only because of lack of experience, but because of the over burden of work assured by them also. The study also finds that the problem of power shortage and the resultant power cut has its own role in bringing the industrial units, where mechanised ratts are used in to losses. And also non availability of enough working capital was reputed to the serious problem that affect the working and profitability of the coir cooperatives. The study suggests that financial assistance is necessary to be extended to the cooperative sector, for strengthening these types of organizations and thus to offer prospect to the poor.
