CHAPTER - VI

SUMMARY OF FINDINGS SUGGESTIONS AND CONCLUSIONS

This chapter summarises the study as a whole. The major findings of the economic analysis of the coir co-operative units in selected districts of Tamil Nadu during the study period from 1993-94 to 1999-2000 are presented in this Chapter. A few suggestions are offered for future guidance on the basis of the findings of the study.

SUMMARY

The coir industry has been organised primarily on the cooperative basis. There are at least three different types of cooperative developed for coir industry. There are i) cooperatives for Collection and distribution of husks, ii) cooperatives for production of yarn, mat and mattings, and iii) cooperatives for marketing the coir products. The Coir Board is the implementing agency for development programmes of the coir cooperatives. It has been assisting the cooperatives in various ways particularly by supplying them market information and by conducting research.

The coir cooperatives are mainly concentrated in Kanyakumari, Tanjavur and Madurai districts of Tamil Nadu. In recent years they have been facing frequent losses and in cases of continuous losses, they are forced to close. From the available data, it is observed that the causes are non-availability of raw materials, high price of raw
materials, labour problems and shortage of finance. In this context this study focuses on unearthing the reasons for losses in the coir cooperative units and identifying the most important factors. An attempt has been made to analyse the performance and the economics of the coir cooperative units in selected districts of Tamil Nadu.

The objectives of the study are i) To study the growth and development of coir cooperative units, ii) To review the performance of the coir cooperatives in selected districts, iii) To find out factor influencing for the effective performance of the units, iv) To review the problems faced by the coir cooperative units and v) to suggest measures for effective running of the coir cooperative units in Tamil Nadu.

The study is designed to use secondary data only. A sample of 24 societies was selected in the districts of Kanyakumari, Tanjarur and Madurai. These three districts were identified as they had the most concentration of this industry. The period of study covers 7 years from 1993-94 to 1999-2000. The data relating to production, sales, employment, capital, raw material and profitability were collected from the respective coir societies and the Directorate of Industries and Commerce. The variables were fitted to suitable statistical tools such as compound growth rate for finding the annual growth rate of the societies, the multiple regression for the purpose of the production function analysis and the factors influencing profit and loss.
6.2 MAJOR FINDING:

The coir cooperative units in Tamil Nadu are engaged in the production of fibre, 2 ply yarn, coir rope, mat and mattings and rubberised coir. The annual growth rate of production (22.54 per cent) sales (20.87 per cent), and wages (23.3 per cent) were impressive during the study period.

S.2.1 Production.

The location of the societies is suited to the availability of raw material and the types of labour needed. A deep fluctuating trend is seen during the period under review. Among the 24 societies only 11 (45.83 percent) societies have achieved higher than 20 percent of annual compound growth, while 6 (25 percent) societies have recorded a negative rate of growth. All the societies had under capacity utilisation in production. The major reasons are the lack of quality and quantity of raw material at reasonable prices, next to skilled labourer. The process and method of production used are not modern. The ever-increasing price of raw material and higher wages lead to high cost of production. Still there is scope for increasing the existing capacity and potential of the societies.
6.2.2 Sales

The coir societies sell their product to the central coir marketing societies and the local traders. The societies in Kanyakumari and Tanjavur sell their products to their own marketing societies. The Madurai District Societies send their product to the Marketing Societies in Salem and Chennai. The coir societies in all the 3 districts have to face severe competition from the private sector. The price of the product is mainly determined by its quality.

* Many societies had a proportional value of sales to the change in production.

* 9 societies (37.5 percent) have recorded more than 20 percent of growth rate.

* 7 societies (29.16 percent) have recorded higher than 10 percent but less than 20 percent of compound growth rate.

* 3 societies (12.5 percent) have recorded less than 10 percent while 5 societies have registered a negative growth rate.

The procurement price fixed by the marketing society remains stable. The coir societies could not earn a bulk amount in case they produced quality of goods. If sales promotion is modernised and if training is given to workers to handle modern techniques of production there can be a transition to better status.
6.2.3 Membership

Membership strength has almost remained constant throughout the period of study. The reason is that most of the societies are in semi-urban areas and the members are engaged in agriculture work, fishing and construction. The working and progress of the societies do not attract new members.

- Only three societies (12.5 percent) achieved around 10 percent of growth.
- The other 20 societies (83.33 percent) had less than 5 percent and one society had negative growth rate.

6.2.4 Employment and wages

The coir societies give employment to both men and women of the locality. The village artisans especially those with limited means get an opportunity to develop their skill and also to earn their livelihood.

- The employment in the societies has a downward trend.
- 5 societies (20.83 percent) only recorded above 10 percent of compound growth.
- 7 societies (29.16 percent) registered less than 10 percent.
• 12 societies (50 percent) showed a negative value of growth.
  ° The societies had reduced their workers due to low productivity.

There is no discrimination in wages. Wages depend on the physical output of the workers or consolidated basis. The societies in Tanjavur and Kanyakumari districts follow the former practice while the Madurai district units follow latter model.

• Although the number of workers came down significantly during the study period the wage rose.

• 6 (25 per cent) societies recorded above 30 percent of annual compound growth rate.

• 7 (29.16 per cent) societies achieved more than 20 percent but less than 30 percent of growth.

• 4 (16.66 per cent) societies showed below 10 percent of growth while 7 societies had negative growth rate.

The performance of wage would raise the question of stability in spite of the production, sales fluctuated deeply while the wage level -ose substantially.
6-2.5 Finance

The financial sources of the coir cooperatie societies consist of share capital paid by the members and the state government. Besides the share capital, loans are available from financial agencies such as the NCDC, THADCO, DRDA. The TAICO bank advances money in the form of working capital assistance.

The members are poor and as such their stake in share capital is very limited. The societies could not succeed in mobilising sufficient funds because of poor savings of the artisans and keen competition from organised financial institutions.

Although the government share reflects similar perspective, its share has been raised from 1996-97 on wards under the scheme of the ICDP.

- 3 (12.5 per cent) societies achieved more than 35 percent of growth rate.
- 7 (29.16 per cent) societies recorded above 10 percent of growth while 14 (58.32 per cent) societies had below 10 percent of compound growth.
Although the capital paid by the government significantly the capital structure of in most of the societies is very weak. The quantum of increase in capital was not commensurate because of steady rise in wages and raw material.

Regarding loan, there is a high degree of dependence on TAICO the Bank. Loans from the financial agencies were meagre. However the higher interest rate in banks makes the society financially non viable.

- 6 (25 per cent) societies achieved above 25 percent of growth rate.
- 5 (20.83 per cent) societies recorded more than 10 percent but less than 25 percent.
- 6 (25 per cent) societies had below 10 percent while 7 (29.16 percent) societies had a negative growth rate.

6.2.6 Raw material

Raw material purchases account for 50 to 60 percent of the cost production of the societies. All the three districts have a greater scope for utilising the raw material. The raw material is purchased from the coir marketing societies and private traders.

- 9 (37.5 per cent) societies achieved above 25 percent of annual compound growth rate.
5 (20.83 per cent) societies recorded above 15 percent but below 25 percent of growth.

6 (25 per cent) societies recorded less than 15 percent, while 5 (20.83 per cent) societies recorded negative rate of growth.

6.2.7 Hypotheses Testing

The first hypothesis is rejected because of growth of labour in coir cooperative units in Tamil Nadu not higher than the other variables such as production, sales and capital.

Since the factor elasticity of labour is not higher than the value of raw material, the second hypotheses is also rejected.

The third hypotheses is accepted, as the value of sale emerged statistically in 12 societies (50 percent) in determining the profit and loss.

6.2.8. Problems

The study reviewed some of the problems faced by the coir cooperative units in Tamil Nadu. They are; lower capacity utilisation in production, low procrement price of the marketing societies, inadequate finance etc.
6.3. SUGGESTIONS

The following suggestions are offered to overcome the problems and keep the coir cooperative units economically viable:

1. To solve the problem of raw material and production the societies should take steps to open Husk Banks for procurement of husk in rotation to fibre extraction societies. Similarly steps should be taken by the Coir Board to establish a "Raw Material Fibre Bank" to ensure the supply of quality raw materials to the societies at a fair price.

2. Instructions may be issued to the primary units to procure raw material only from fibre cooperative units. If fibre is not available from the authorised dealers, the District Industries Centre may issue 'No stock certificate' to the primaries for purchase from traders.

3. To solve the marketing problems of the primary societies, the District Industries Centre may instruct the marketing society (i) to pay 75 per cent advance to the primary societies for their finished goods, and (ii) to grade the coir yarn for fixing the selling price.

4. Steps should be taken to refix the procurement price of coir and coir products from time to time in consultation with the cooperatives. Further, adequate collection depots have to be
opened by the marketing society and the TANCOFED (Tamil Nadu Coir Federation) to undertake the purchase of coir yarn from primary societies. This will enable them to reduce the burden of high cost of transporting the yarn and fibre to the depots of the marketing society.

5. A separate marketing society should be established in Madurai for making it easier for the societies in Madurai and nearby districts to market their finished products.

6. Publicity is an important task in the modern world to popularise the product. Advertisement for coir products through the T.V, News papers and the Radio will help.

7A Proper training and education is necessary for workers for reducing waste and producing quality goods. Further social security measures such as medical, education, recreation allowances /arrangements are of vital importance.

SA The thrift amount collected from the department may be refunded annually during festival seasons instead of bonus till the societies earn profits enabling them to declare bonus.

9. The physical strength and financial soundness of the societies can be improved, if there is growth in their membership and share capital. Hence strengthening of the membership and increasing the share base should be attempted by these societies.
10. The Director of Industrial Coir Cooperatives should work out a meaningful member education programme for these societies exclusively and enlighten them through study circles, meetings, publicity, propaganda, etc.

11. The government agencies should delegate the authority now concentrated in their hands to officers at lower levels to avoid the delay in sanctioning assistance.

12. The elaborate procedures and formalities of sanctioning assistance should be simplified to the extent possible. The government agencies should ensure promptness in the matter of the payment of sale proceeds. The Scheme for working capital assistance should be extended to coir cooperatives on the basis of their performance.

13. To solve the problem of lack of supervision, the official posted to the societies may be instructed to reside near the societies. Frequent visits by the industrial officer (supervisor) of the District Industries Centre to the societies will improve the effectiveness of supervision. The government should depute only coir trained officials as Secretaries of the primary societies and should avoid their frequent transfer. At least one clerk of each society may be given training in coir production.
14. In order to control the dormancy of the units the state government should give high priority to the programme of revitalisation so that the actual reorganisation of coir cooperatives could be completed in a phased manner by taking up at least one-third of the societies for revitalisation. To achieve this target, adequate provision should be made in the plan for assisting the cooperatives by way of managerial assistance, interest subsidy, etc.

6.4. CONCLUSION

The various facts and finding relating to the working of the coir cooperatives in Tamil Nadu clearly indicate that the present position of the units is not satisfactory. The state is favorably endowed with coir production, yet the economic progress of the societies is rather disappointing. The bulk of the coir units have been running and operating on losses for several years. The cooperative coir sector has to play a very prominent role in the balanced regional development and the creation of employment opportunities. If the state government, the cooperative department, and the office bearers and members of these coir industrial cooperatives make sincere efforts for improving the working of the industrial units, it would certainly help in bringing about a basic change in the operational efficiency and economic performance of the coir units. The basic objectives of cooperation could also be achieved if the coir cooperatives function on a sound footing.