CHAPTER VII
SUMMARY OF FINDINGS AND RECOMMENDATIONS

This section recapitulates the salient findings that emerge from the study briefly with reference to its objectives.

India has a virtual monopoly in the production of spun yarn that forms the basic material for the manufacture of floor furnishings and coir ropes. India's contribution to world production and export of coir products is significant. Being a major cottage industry providing employment to about a million people, coir industry plays a very important role in the national economy of India. Even then majority of the workers in this sector are woefully underemployed. Low wages and absence of continuous employment plague this industry and that is the major cause for sufferings among the coir workers.

Kerala is the traditional home of coir industry which is basically labour intensive. Natural retting facilities present in the lakes and lagoons that line West Coast of the state and the traditional expertise of the people were the reasons of its concentration in the state. The industry witnessed considerable transformation in the last two decades and that resulted in the loss of Kerala's virtual monopoly in the production of coir and coir goods. However as a labour intensive industry coir still occupies special importance to the economy of Kerala. Coconut husk the raw material of coir industry, is a ubiquitous commodity in Kerala. But bulk of which is not utilised for commercial purpose.

Coir industry was under the control of foreigners. But after independence they left the scene and most of the large factories were either closed down or
were taken over by the worker's unions. Workers attempted to run the units taken over by them on co-operative basis. But they lacked professional competence to operate them on commercial lines and also to organise exports which was the mainstay of the industry for ages. Agitations by politically motivated workers put the industry in disarray. Middlemen and private industrialists exploit and this situation and pocketed the lions share of profits derived from the industry. Co-operativisation Scheme at the National and State level was mooted to solve the problems connected with the coir industry. Thus the work, to bring all coir workers into co-operative fold to ensure them regular work and reasonable wages. The Scheme also envisaged by elimination of middlemen, stoppage of all corrupt practices, stabilisation of the industry on a sound and stable footing, establishment of improved standards and quality so as to attract and ensure a better market for coir products.

The present study was undertaken to evaluate the performance of CVCs in the state. It was also intended to examine the extent of fulfillment of the objectives of Co-operativisation Scheme and the socio-economic betterment of worker members. Further, the study was directed to find out the level of participation of members in the affairs of CVCs and to identify the major problems confronting the CVCs and the future prospects of the industry.

With the above the objectives in view 45 CVCs, falling involve three categories[A,B and C] spread over eight project areas were selected and studied. A sample of 275 worker member households from the selected CVCs were identified and a pre-tested structured schedule was administered separately among societies and households for collecting the required information.

The summary of the major findings of the study and inferences and conclusions drawn therefrom are presented in the following paragraphs. Further
certain recommendations for improving the functioning of the CVCs are also presented.

7.1 Findings

7.1.1 Performance of Coir Vyavasaya Co-operatives

The performance of CVCs in relation to their objectives was evaluated in two dimensions. The evaluation shows that:

1. Eighty four per cent of the CVCs surveyed were incurring losses. Category-wise analysis revealed that 94 per cent of B class societies were running at losses.

2. The long-term solvency position of the CVCs shows very pathetic situation. A category societies had high debt equity ratio due to excessive dependence on external source of finance. The proprietary ratio of all categories of societies were found to be very low because of poor participation of members in the share capital.

3. Ratio analysis also shows an unhealthy state of affairs with respect to short-term solvency position. A category societies had a comparatively good current ratio, its quick ratio stood above the standard level because of the non-utilisation of borrowed funds.

4. The operating efficiency of all categories of CVCs were found to be extremely poor. They all display negative net profit ratio. The net loss ratio even touched 27 per cent of the sales. Cost of goods sold ratio was found very high and that ranged from 98 to 106 per cent in the three categories of societies.
Performance of societies with respect to fulfillment of their co-operativisation objectives revealed discouraging results.

1. Contrary to its objectives the Scheme of Co-operativisation could only bring 76 per cent of the coir workers to its fold.

2. On an average the societies could provide a meagre 60 man-days of work per year with an average wage of Rs.43 per day, which is far below the minimum wage fixed by the government. Although in the initial years A category societies were able to provide up to 81 man-days with governmental assistance, it reduced to 68 man-days towards the end of the study period.

3. Only 37 per cent of the members in the register are actually interested in coir work. Others retained to obtain share capital assistance from the Government.

4. The CVCs could provide employment only to 17 per cent of its total members.

5. Majority of the coir workers[76%] are women and they are subjected to all kinds of exploitation.

6. Increased level of share capital contribution by the Government[76%], often leads to irresponsibility among the worker members and that often affected their efficiency.
7.1.2 Socio-economic Status

The analysis of the socio-economic background of the coir workers revealed the following.

1. Majority of the coir workers did not belong to the productive age group of 16-45. Sixty nine per cent of the workers were above 46 years of age and 37 per cent of them were more than 60 years of age. Unhygienic and repulsive nature of work drives away younger generation from this traditional source of employment.

2. Child labour is rampant in this sector. Nearly two per cent workers were below 15 years.

3. The literacy rate of coir workers[86 %] was found to be lower than the general literacy rate in the state[90.92%].

4. Although majority of the workers surveyed have own dwelling houses, their conditions were deplorable. Availability of drinking water and electricity were below the state average level. Similarly basic common facilities such as public health center, schools, ration shops banks and co-operative societies etc. are not available with in a radius of two kilometers. This situation is in contrast to the claim of Government that in Kerala all the basic facilities for a household are available with in two k.ms. radius.

5. Proximity of toddy shops contributed to high drinking habits among the coir workers which again lead them to extreme poverty.

6. Thus study revealed that coir workers get only 148 man-days in an year from coir sector and 66 from non coir sector. While the coir sector contributed 56 per cent of the total man-days and 39 per cent of the total
income, the share of non coir sector was 44 per cent and 61 per cent respectively.

7. A notable feature was that when CVCs contributed 43 per cent of man-days and provided 39 per cent of the income, the private coir sector provided 13 per cent man-days, and 6 per cent of the income.

8. Higher rate of spending on medicines than food by coir worker households reveals the inherent health hazards involved in coir work.

7.1.3 Members Participation

Even though participation of members in the democratic process of the society is a vital requirement, the study revealed that coir worker members participation rate is very poor in the functioning of coir societies.

1. Majority of the members visited the societies either to receive some benefits or to enquire about the next day’s work. Training programmes offered by Coir Board were not given due weightage and publicity.

2. Members were not properly consulted during the pre-planning period. Very few workers participated[25%] in the implementation stage also. Members were not prepared to share cost and their involvement in the evaluation process of the society was also very poor[7%]. A slight improvement was noticed in A category societies in this regard.

3. It was also found that only 25 per cent of the members discussed future programme with the secretary or the business manager and extended suggestions with respect to programmes. Workers were not very eager to assist the organisation in times of need.
4. Trade unions were found to be dominating in the decision making process of the societies in spite of the fact that majority of the workers were not members of trade unions. Very often this defeats the spirit of cooperation.

5. There is no uniformity in the salary structure of secretaries and other administrative staff of CVCs and they were invariably dissatisfied. Men were reluctant to officiate as secretaries mainly because of this. This also adversely affected the efficiency of societies.

7.1.4 Working Problems

Analysis with respect to problems faced by CVCs brought to the light the following highlights:

1. Majority of the societies were not utilising the production capacity due to shortage of working capital, raw material and non-availability of labour at the right time.

2. Undue delay in releasing the sale price of yam by COIRFED creates problems for societies with respect to working capital. This in turn affects their ability to purchase raw husk in time which often results interruptions in production.

3. Lack of proper godown facilities also leads to interruptions in production.

4. Commercial banks and other financial institutions are reluctant to extent credit facilities to societies against the security of coir products.

5. Although CVCs were required to sell their yarn to COIRFED, 53 per cent of the societies were forced to sell yarn through private channels. The
unscientific way of measuring quality, delay in releasing the sale prices, non-acceptance of entire produce, discrimination amongst societies are the major factors which force societies to resort to private channels.

6. Lack of professionalism and undue politicisation in COIRFED resulted in the failure of this apex body in solving CVCs problems. The study reveals that COIRFED could not tap more than 0.1 per cent of the export market of coir products.

7. The scheme of Co-operativisation did not succeed in eliminating the number of intermediaries exploiting the coir sector.

8. Although Kerala stands 1st in coconut production in the country, only 38 per cent of the fibre potential is being utilised by the coir industry and coir co-operatives could collect only 1.52 per cent of the husk potential of the state. In this context it is paradoxical to note that, shortage of raw material as one of the major working problems of the societies.

9. It is also paradox that co-operatives face shortage of labour in a highly labour surplus state like Kerala. But it fact and that was due to uncertainty about employment and dislikes towards some process of coir work like husk beating and retting.

10. Majority of the societies were in favour of mechanising husk beating and willowing process. But they were of the opinion that quality of yarn can be maintained only through traditional spinning process.

11. Field level experience revealed hat younger generation are not at all prepared to work in coir industry because of the repulsive nature of work and low wages. This reveals the gloomy feature of the coir industry. However, compared to private sector, workers prefer co-operative sector
due to higher wages and bonus benefits. They were compelled to seek private sector employment only because of continuity of work.

12. Category-wise analysis of societies revealed that the problems are common to all categories of societies. But in certain respects like employment opportunities, productivity and sales A category societies are slightly better. It was also worth noting that A category societies are top in making losses.

13. Field level experience further showed that norms applied for categorisation of CVCs were illogical and unjust. Societies with decades of good track record and sound fixed assets were put in B and C groups neglecting all types of governmental assistance. While newly started CVCs were brought under A category.

14. Coir and coir products have good prospects in the domestic as well as international market because of their unique quality of durability, biodegradability and eco-friendliness. But India could tap only 4 per cent of the world market potential for coir products. Coir co-operative sector in Kerala couldn't tap even one per cent of the export market that India has.

15. The organised selling channels of coir products were confined to the institutional level ignoring the household sector of the country which is unexploited. The unique properties of coir are not known even within India.
7.2 Recommendations

Having identified the problems confronting the coir sector in Kerala and the CVCs in particular, the following recommendations are made for the considerations of policy makers and planners for the development of this sector.

1. Husk beating is to be machanised taking into consideration of shortage of labour and the repulsive nature of the work. Societies may pool their resources to purchase the machine.

2. Necessary amendments shall be made in the by-laws of societies to enable this process.

3. Once the husk beating and willowing process are mechanised the traditional retting of green husk can be banned and the CVCs can collect the required fibre from those CVCs having mechanised beating facility. Banning of retting will solve environmental pollution arising out of retting of green husk.

4. Co-operative credit institutions and commercial banks should extent timely working capital assistance for procurement of raw husk during the months of January- April as during this season husks yield maximum fibre. Efforts should also be made to extent credit facilities on the security of coir products.

5. The salary structure of secretaries and administrative staff in different categories of societies should be made uniform with incentives based on volume of business.

6. Awareness among worker members be created so as to attract able members to the Board of Directors.

7. Government assistance need to be channalised to CVCs directly and not through COIRFED.
8. De-centralisation in the working of COIRFED is to be affected especially in the areas of marketing and procurement. Professionally qualified and experienced personal shall be appointed as top executive of COIRFED so as to improve its competitive efficiency and to tap potential export market.

9. Scientific method of measuring quality of yarn by COIRFED and clear norms for releasing sales price be formulated and implemented.

10. Flexibility in the operation of CVCs for producing variety of yarn suiting the requirements of local markets be introduced.

11. Governmental subsidy and other assistance to CVCs are be linked with volume of production and days of employment days generated and not on the basis of sales to COIRFED.

12. As category-wise provision of assistance to CVCs is illogical and unscientific it should be discarded.

13. Since mechanised spinning led to increased cost of production, it should be restricted to areas where there is shortage of spinning labourers. Similarly traditional hand spun yarn production be encouraged or promoted in areas where labourers are available.

14. Genuine coir workers shall only be admitted as members of CVCs and any future assistance to societies be restricted on the basis of number of active coir workers.

15. The dual system of audit of CVCs is to be dispensed with and Coir societies are to be audited by Coir Directorate rather than by Dept. of Co-operation.

16. The functions of COIRFED are to be restructured. Centralisation of procurement and marketing activities result in high extra cost. Therefore these activities are to be decentralised. Moreover, professionally qualified and experienced personnel shall be appointed and make the COIRFED competitive and tap the export market. Scientific equipment are to be
used for measuring quality of coir yarn and uniformity in criteria shall be applied. For releasing sale price clear norms shall be implemented and circulated to its primaries.

17. Appropriate collection mechanism should be introduced in order to exploit the raw material potential of the State.

18. The coir exporting countries should come together and form strategic alliances to meet global challenges and creating awareness of the biodegradability, eco-friendliness etc. of coir products. Therefore a better understanding and co-operation among coir producing and exporting countries is the need of the day.

Globalisation and liberalisation taking place all around has thrown in new challenges in every economic activities. Coir sector is not an exception to this general rule. The COIRFED, Coir Board and CVCs have to understand this reality and to work in unison to exploit the situation.

Diversification is essential to gain competitive advantage. Research and Development should be conducted on a war footing to find alternate coir products and their uses.

If CVCs are enabled to increase their quantity of production and thereby the volume of business, their amount of loss can be reduced. If this is so, the societies can provide more days of employment to their worker members, which will help them to earn more wages and thereby improve their economic and social conditions.